

## Family Assets for Independence in Minnesota Research Report

September 2001

Center for Social Development  
George Warren Brown School of Social Work  
Washington University in St. Louis

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## **Preface and Acknowledgements**

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This report on Family Assets for Independence in Minnesota (FAIM) is funded by the Ford Foundation and the State of Minnesota. Both deserve recognition for their commitment to research on IDAs. Without research, we cannot learn whether IDAs are successful, for whom, and under what program circumstances. Analyses in the FAIM study include both individual and institutional characteristics, so we can say something about both IDA programs and IDA participants in relation to savings performance.

We would like to express our appreciation to Denise DeVaan, the FAIM Statewide Coordinator, and Shirley Fasching and Christine Hale from Ramsey Action Programs. For this report, FAIM staff used the Management Information System for Individual Development Accounts (MIS IDA) and spent considerable time working with Center for Social Development (CSD) staff on quality control of data. Their time and effort made this report possible. We are also grateful to the host organizations in Minnesota and to the staff who run the IDA programs.

At CSD, I am grateful to Michal Grinstein-Weiss and Mark Schreiner, who led the analysis and writing; Margaret Clancy, who managed the project and worked with Minnesota IDA staff to ensure quality of the data; and Jenny Kraus and Suzanne Fragale, who formatted and prepared this report. In analytical approach and format, this report borrows considerably from our latest research report on the American Dream Demonstration (Schreiner et al., 2001).

States play an important role in policy innovation in the United States, often influencing federal policy. Therefore, it is important to undertake policy research at the state level. This is the first detailed study of a state-sponsored IDA program. As such it offers a somewhat different perspective than the American Dream Demonstration (ADD), the only other detailed analytical study of IDAs at the present time. Hopefully, more state IDA programs will be studied in the future.

Michael Sherraden, Director  
Center for Social Development

# Executive Summary

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While saving is not easy for anyone, it is more difficult for the poor because they have few resources relative to subsistence requirements and they lack access to some public-policy mechanisms that subsidize saving.

Individual Development Accounts (IDAs) are designed to improve access to savings institutions for the poor. Savings in IDAs are matched if used for home ownership, post-secondary education, or microenterprise. Participants also receive financial education and support from IDA staff.

Do IDAs work? Data from this study on Family Assets for Independence in Minnesota (FAIM) suggest that the poor can save and accumulate assets in IDAs:

- Average monthly net deposits per participant were \$25.00.
- The average participant saved 85 percent of the monthly savings target (matchable amount).
- The average participant made a deposit in 9 of every 12 months.
- With a match rate of 3:1, participants accumulated about \$100 per month or \$1,200 per year in IDAs.

## **Family Assets for Independence in Minnesota**

The Minnesota Community Action Agencies Association initiated IDA legislation in collaboration with Women Venture and the Wendell Phillips Federal Credit Union and with the support of several Indian Tribes. The FAIM Pilot Project for IDAs was established by the Minnesota Legislature in 1998.

The purpose of the FAIM Pilot Project is to help working poor Minnesotans to build wealth and to achieve long-term economic self-sufficiency. FAIM is scheduled to run for four years (2000-2003).

## **Data**

This report contains quantitative data on FAIM programs and participants collected from the Management Information System for Individual Development Accounts (MIS IDA), a system designed and supported by the Center for Social Development at Washington University in St. Louis. The University of Minnesota will provide qualitative data on FAIM.

## Participant Characteristics

Overall, participants are mostly “working poor” because FAIM targets this group. This targeting is probably a large part of the explanation for the high level of education in FAIM and for the high proportion of people who had a bank account at enrollment. Among the “working poor,” participants in FAIM are more disadvantaged in that they are disproportionately female, never-married, and with children.

**Gender.** There were more females (83 percent) than males (17 percent).

**Age.** The average age at enrollment was 36, with a low of 17 and a high of 66. About 92 percent of participants were between 20 and 49 years of age.

**Race/ethnicity.** Thirty-five percent of FAIM participants were people of color. Participants self-identified as African-American (16 percent), Asian-American or Pacific-Islander (2 percent), Caucasian (65 percent), Latino or Hispanic (3 percent), Native American (11 percent), or “Other” (2 percent).

**Household type.** Most households had one adult with children (53 percent). Other household types were one adult without children (11 percent), two or more adults with children (32 percent), and two or more adults without children (4 percent).

**Education.** Looking at education, the highest grade completed was less than a high-school diploma (7 percent), a high-school diploma or GED (22 percent), some college but no degree (42 percent), a 2-year college degree (9 percent), or a 4-year college degree or more (20 percent). Most participants (71 percent) attended some college. Given their income, participants in FAIM were highly educated; 29 percent had a college degree of some sort, and 93 percent completed high school.

**Employment status.** Participants in FAIM had a high incidence of employment: 88 percent worked full-time or part-time. Most FAIM participants were employed full-time (58 percent). Others were employed part-time (30 percent), unemployed (1 percent), not working (3 percent), a student and not working (1 percent), or a student and working (8 percent). *Not working* includes homemakers, the retired, and the disabled. *Unemployed* includes people who were laid-off and are awaiting a call-back or who were seeking employment. Almost all of the participants worked or were students (96 percent).

**Income/poverty level.** On average in FAIM, household income divided by the family-size-adjusted poverty guideline was 105 percent (median 103 percent).<sup>1</sup> About 14 percent of participants were under 50 percent of the poverty line, and 3 percent were over 200 percent of the poverty line.

**Welfare status.** We asked the participant had formerly received AFDC/TANF (63 percent) or received TANF at enrollment (12 percent). Altogether, 64 percent of participants had received or were still receiving either AFDC or TANF.

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<sup>1</sup> These data omit cases for which total income is missing.

**Received SSI/SSDI.** Some FAIM participants received Supplemental Security Income or Supplemental Security Disability Insurance (10 percent).

**Received food stamps.** Some participants received food stamps (19 percent). Altogether, 69 percent of participants had received TANF, SSI/SSDI, and/or food stamps at enrollment or before.

**Passbook savings account.** In addition to the IDA, some FAIM participants had a passbook savings account (50 percent).

**Checking account.** More participants had a checking account (75 percent). About 39 percent had both a passbook savings account and a checking account. About 87 percent had at least one of the two types of savings accounts, so 13 percent were “unbanked.”

**Home ownership.** Some FAIM participants (owned a house 25 percent).

**Vehicle ownership.** More participants owned a vehicle (82 percent).

**Direct deposit.** Some participant used direct deposit into the IDA (15 percent).

**Health-insurance coverage.** Most participants had private health insurance or Medicaid (77 percent).

**Life-insurance coverage.** Fewer participants had life insurance (37 percent).

## Participation in FAIM

**Enrollment.** A *participant* is defined as someone who enrolled in FAIM and who had an account statement in MIS IDA. As of March 31, 2001, FAIM had 513 participants.

**Exit.** About 16 percent of participants had exited without a matched withdrawal. The cumulative risk of exit in the first 6 months was 6 percent, and it was 15 percent for the first 12 months. As of March 31, 2001, 84 percent of participants were active. These and other outcomes will change over time.

## Savings Outcomes

Following are the savings outcomes for FAIM as of March 31, 2001:

**Gross deposits.** The average participant had participated for 10.2 months and had gross deposits of \$28.06 per month (\$286 total).

**Unmatched withdrawals.** About 20 percent of participants made unmatched withdrawals. For participants who made unmatched withdrawals, the average number was 1.2, and the amount removed was \$112. With an average match rate of 3:1, this implies, on average, a cumulative loss of potential matches of about \$336.

**Net deposits.** *Net deposits* are defined as deposits plus interest (net of fees) minus unmatched withdrawals. Aggregate net deposits in FAIM were \$135,165. Net deposits per participant were \$263. The *average monthly net deposit* (AMND)—defined as net deposits divided by months of participation—was \$25.00. Median AMND was \$30.10. With a match rate of 3:1, the average participant in FAIM had accumulated about \$100 per month.

The match dollars that corresponded to net deposits was \$405,495. If all net deposits were used in matched withdrawals, total asset accumulation would be \$540,660. With exits included, this was \$1,054 per participant; with exits excluded, it was \$1,249 per participant.

**Matched withdrawals.** Eight participants, or 1.6 percent of FAIM participants, had a matched withdrawal as of March 31, 2001. Four of these matched withdrawals represented participants who reached their IDA goal and “graduated” from the program. The average value of a matched withdrawal was \$213, and the average value of the matched withdrawal plus match per participant was \$852. Five matched withdrawals were for home purchase, and 3 were for post-secondary education.

About 98 percent of participants had no matched withdrawals as of March 31, 2000. Of these, 63 percent intended to buy a home, 22 percent intended to spend the money on microenterprise, and 15 percent planned for post-secondary education.

**Net deposits as a percentage of the pro-rated match cap.** On average, participants had net deposits of 85 percent of the monthly savings target. At this pace, they will use 85 cents of every dollar of match eligibility.

**Deposit frequency.** On average, participants made a deposit in approximately 9 months per year. Some evidence (Schreiner et al. 2001) suggests that frequent depositors accumulate more savings than infrequent depositors.

**Savings rate.** On average, AMND was 2.4 percent of monthly income (median 1.3 percent).

**Financial education.** Required financial education is a central feature of IDAs in FAIM. The average participant attended 8.6 hours of general financial education. Financial education was not associated with AMND. About one-third of FAIM participants, however, had not attended any financial education classes as of March 31, 2001.



## Participant Characteristics and Savings Outcomes

The results summarized below are derived from multivariate regressions and control for a wide range of program and participants characteristics.

**Gender.** Gender had no link with savings.

**Race/ethnicity.** Compared to Caucasians, Native Americans were less likely to exit. Strictness in enforcing rules related to exit might have influenced this result. There were also some differences in AMND among the groups. For example, compared with Caucasians, AMND was \$7.00 less for Native Americans and \$3.60 more for “Other.” These differences were not due to race/ethnicity *per se* but rather to a constellation of socially produced characteristics correlated with both race/ethnicity and savings.

**Education.** Education was linked with the risk of exit, though not as might be expected. People who completed high school or earned a GED were more likely to exit than people who did not complete high school. AMND was highest for people who completed high school or earned a GED.

**Employment.** Employment status was associated with the risk of exit and saving performance, though not as might be expected. Compared to the full-time employed, students, the unemployed, and people who were not working both were less likely to exit and saved \$3.00 more.

**Receipt of public assistance.** About 69 percent of participants in FAIM had received some form of public assistance at enrollment or before. People who received SSI/SSDI were less likely to exit than people who did not receive SSI/SSDI. Other than that, current and former receipt of public assistance was not associated with AMND.

**Income.** Average income/poverty in FAIM was 105 percent (median 103 percent). The level of income was not associated with the risk of exit nor with AMND. Therefore, participants with lower incomes saved at a higher rate (AMND/monthly income).

**Insurance coverage.** Health insurance did not have a statistically significant association with exit nor with AMND. Life insurance was not associated with the risk of exit, but it was correlated with higher AMND.

**Asset ownership.** Participants who owned a checking account or a car were less likely to exit. Participants who owned a checking account, however, had lower AMND.

Overall, the savings outcome results in FAIM so far are hopeful. At the outset, the median net worth (assets minus liabilities) of participants was \$10.00. After an average of 10.2 months in the IDA program, they had accumulated assets (savings plus match) of more than \$1,000. Most said they wanted to purchase a home. It will be interesting to see how many are successful in doing so.

## **viii Family Assets for Independence in Minnesota (FAIM), Research Report**

Initial findings from FAIM will raise questions, spark debate, and inform policy. The goal of this study and of future research—in FAIM and elsewhere—is to build knowledge about how programs that aim to encourage saving and asset accumulation can be more inclusive, successful, and generate greater net benefits.

# 1. IDAs and FAIM in Minnesota

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A decade ago, Sherraden (1991) suggested that anti-poverty policy should promote not just income and consumption, but also savings and investment. The theory was that the poor could save and accumulate assets if they had opportunities and incentives to do so. Sherraden proposed progressive asset-building policy in the form of Individual Development Accounts (IDAs).

## Individual Development Accounts

IDAs are subsidized savings accounts. Unlike other subsidized savings accounts such as Individual Retirement Accounts (IRAs) or 401(k) plans, IDAs are targeted to the poor, provide subsidies through matches rather than through tax breaks, and require participants to attend financial education. Participants accrue matches as they save for purposes which build assets that increase long-term well-being and financial self-sufficiency. Examples of matched uses of withdrawals include home purchase, post-secondary education, and microenterprise. Funds may come from public or private sources, and funding partnerships are common. IDAs are a conceptually simple community-development and public-policy tool that may be adapted to a wide range of applications and circumstances.

Research was built into the design of IDAs in the United States (Sherraden *et al.*, 1995). The first large-scale, national test of IDAs is the American Dream Demonstration (ADD). Over the course of the four-year demonstration, CSD has produced monitoring reports of the ongoing ADD research. The most recent results are in Schreiner *et al.*, 2001. Recognizing the importance of evaluation, the State of Minnesota included research in their IDA plans. Chapter 6 of this report compares research results for the Family Assets for Independence in Minnesota (FAIM) Pilot Project with ADD.

## Family Assets for Independence in Minnesota

In the 1998 state legislative session, the Minnesota Community Action Agencies Association initiated IDA legislation in collaboration with Women Venture and the Wendell Phillips Federal Credit Union and with the support of several Indian Tribes. Through inclusion in the Children and Families omnibus legislation, the Minnesota Legislature passed the FAIM Pilot Project for IDAs into law.

The FAIM Pilot Project Policies and Procedures Manual (2001) gives the following statement of purpose:

The Family Assets for Independence in Minnesota (FAIM) Pilot Project exists to help working poor Minnesotans build wealth and achieve long-term economic self-sufficiency. It is believed that the combination of developing assets and increasing income over time will sustain economic self-sufficiency.

## 2 Family Assets for Independence in Minnesota (FAIM), Research Report

The mechanism for developing assets (purchase of a home, pursuit of a higher education, establishment of a small business) is matching the savings of participants.

This research report contains quantitative data on FAIM programs and participants collected from the Management Information System for Individual Development Accounts (MIS IDA), a system designed and supported by the Center for Social Development at Washington University in St. Louis. The University of Minnesota Family Social Science School, led by Dr. Jan Hogan, will provide qualitative information on FAIM.

The FAIM Pilot Project is divided into eight geographic regions:

- Northland Foundation Regional Cluster (Region 1)
- Northwest Minnesota Foundation Regional Cluster (Region 2)
- Minnesota Tribes (Region 3)
- West Central Initiative (Region 4)
- Initiative Fund Regional Cluster (Region 5)
- Southwest Minnesota Foundation (Region 6)
- Initiative Fund of South Central Minnesota Regional Cluster (Region 7)
- Metro Area Regional Cluster (Region 8)

Seven regions are in Greater Minnesota, six of which form the original McKnight Initiative Fund regions. A seventh Greater Minnesota region is composed of the two participating Indian Tribes. The eighth region is in the seven-county metro area.

FAIM operates through a statewide multi-site collaborative consisting of 23 Community Action Agencies (CAA), White Earth Indian Tribe, Leech Lake Indian Tribe, the City County Federal Credit Union, and WomenVenture. The FAIM collaborative follows identical policies and procedures, financial education requirements for participants, data collection and reporting requirements, and the sharing of federal, state, and private funds for match requirements. Its Council—consisting of representatives of CAAs and each of the partners—provides monitoring oversight. Lead Agencies help coordinate activities of Site Agencies in each of 8 geographic regions. The coordinators of each Site Agency meet regularly to coordinate activities, to collect lessons learned about the project, and to help solve problems that arise.

For monitoring and reporting, individual Site Agencies report demographic data, and the financial institutions that hold the accounts report monthly savings information to Ramsey Action Programs (RAP), the Fiscal Agent. In turn, MIS IDA produces a monthly statement that is mailed to participants and that shows the matchable balance, the corresponding match, and the matchable balance plus the match.

Staff members at RAP record three types of data in MIS IDA:

- Demographic and socio-economic data on participants at enrollment.
- Monthly IDA cash-flow data from account statements.
- Intermittent events such as attendance at financial-education classes or program exit.

Appendix B provides demographic and saving information for participants in each of the eight regions.

## Program Characteristics

All FAIM Site Agencies follow the same general program rules and procedures. The following information summarizes the structure of the FAIM Pilot Project.

### Account Structure

**Time cap.** The time cap is the number of months after opening an account in which a participant may make matchable deposits. Although deposits after the time cap are not matchable, participants can still make matched withdrawals for six months after the time cap. In FAIM, the time cap for each participant is based on the number of months from the date the account was opened through December 31, 2003. The mean time cap was 45 months, with a low of 34 and a high of 48.

**Lifetime match cap.** Savings in FAIM are capped using a *lifetime match-cap structure* (this refers to the lifetime of the program, not the lifetime of the participant). The lifetime match cap is the limit on the amount of matchable deposits possible before the time cap, and is calculated for each participant by multiplying \$30 by the number of months that have expired before the time cap. The mean match cap in FAIM was \$1342.40.

**Monthly savings target.** The total match cap divided by the time cap. In FAIM, the mean monthly savings target is \$30.00. The monthly savings target is the amount which, if saved each month and not removed in unmatched withdrawals, will produce net deposits equal to the total match cap in the last month before the time cap. FAIM programs explicitly ask participants to save \$30 a month.

**Match rate.** The number of dollars disbursed by the IDA program to a vendor for each dollar withdrawn in a matched withdrawal. The match rate in FAIM is 3:1, or up to \$1080.00 of match dollars per year, for a four (4) year period. A combination of federal, state, and private dollars fund the match. Federal matching dollars are provided through the Assets for Independence Act (AFIA). Private funders are the Bush Foundation, Family Housing Fund, Greater Minnesota Housing Fund, Ecolab Foundation, St. Paul Companies, FirstStar Banks, TCF Foundation, Northland Foundation, Southwest Minnesota Foundation, United Way of the St. Paul Area, West Central Initiative Fund and The Minneapolis Foundation.

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### Matchable uses

Approved uses of IDA match funds include:

- Post secondary educational expenses
- Home Purchase
- Microenterprise

### Participants

Enrollment in FAIM began in December 1999. As of March 31, 2001, FAIM had 513 participants. The mean number of participants per month is 347.5, with a low of 23 and a high of 445.

### Financial Education

Besides matches, a key feature of IDAs is required financial education. Financial education in FAIM took two forms, general and asset-specific. Program staff record hours attended by each participant. All programs in FAIM require participants to complete a 28 hour-curriculum, *Financial Strategies for Success*. Participants also work with coaches to help select the particular asset they want to purchase.

**General financial education.** The general financial education, or *Dollar Works* curriculum, totals 18 hours and includes topics such as credit/debt management, budgeting, credit repair, borrowing, and personal financial planning.

**Asset-specific education.** The 10 hours of asset-specific education covers *Homestretch—First Time Home Buyer Education*, Small Business, or Higher Education.

## 2. Participant Characteristics

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This chapter describes characteristics of the 513 participants in FAIM as of March 31, 2001. A *participant* is defined as an enrollee with at least one account statement in MIS IDA. This excludes enrollees who never opened an account and enrollees who opened an account but who did not have an account statement in MIS IDA by March 31, 2001. It includes enrollees who have account statements but who have exited without a matched withdrawal. Participant characteristics are measured at enrollment.

The characteristics of participants in FAIM are defined below and then summarized in Table 2.1. Overall, participants mostly come from the “working poor” because FAIM targets this group. This targeting is probably a large part of the explanation for the high level of education in FAIM and for the high proportion of people who had a bank account at enrollment. Among the “working poor,” participants in FAIM are more disadvantaged in that they are disproportionately female, never-married, and with children.

### Participant Characteristics

#### Demographics

**Gender.** Female (83 percent) or male (17 percent).

**Age.** The average age at enrollment was 36, with a low of 17 and a high of 66. About 92 percent of participants were between 20 and 49 years of age.

**Race/ethnicity.** Thirty-five percent of FAIM participants are people of color. Participant self-identification herself or himself as African-American (16 percent), Asian-American or Pacific-Islander (2 percent), Caucasian (65 percent), Latino or Hispanic (3 percent), Native American (11 percent), or “Other” (2 percent).

**Residence.** Participant resides in an area with a population of 2,500 or more (66 percent) or with a population of less than 2,500 (34 percent).

#### Household Composition

**Marital status.** Never-married (47 percent), married (25 percent), divorced or separated (27 percent), or widowed (1 percent).

**Household type.** Whether the household had one adult with children (53 percent, and 95 percent of these are single mothers with children), one adult without children (11 percent), two or more adults with children (32 percent), or two or more adults without children (4 percent).

**Children.** Number of people 17 years of age or younger in the household. The average number of children was 1.9, and most households (86 percent) had at least one child.

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**Adults.** Number of people 18 years of age or older in the household. The average number of adults was 1.4, and 64 percent of households had only one adult.

### Education and Employment

**Education.** Whether the highest grade completed corresponded to less than a high-school diploma (7 percent), a high-school diploma or GED (22 percent), some college but no degree (42 percent), a 2-year college degree (9 percent), or a 4-year college degree or more (20 percent). Most participants (71 percent) attended some college.

**Employment status.** Whether employed full-time (58 percent), employed part-time (30 percent), unemployed (1 percent), not working (3 percent), a student and not working (1 percent), or a student and working (8 percent). *Not working* includes homemakers, the retired, and the disabled. *Unemployed* includes people who were laid-off and are awaiting a call-back or who were seeking employment. Almost all of the participants worked or were students (96 percent).

**Self-employed.** Whether the participant had a business or self-employment income (15 percent).

### Financial

**Income/poverty level.** On average in FAIM, household income divided by the family-size-adjusted poverty guideline was 105 percent (median 103 percent).<sup>1</sup> About 14 percent were under 50 percent of the poverty line, and 3 percent were over 200 percent of the poverty line.

**Welfare status.** Whether the participant had formerly received AFDC/TANF (63 percent), or received TANF at enrollment (12 percent). All together, 64 percent of participants had received either AFDC or TANF at or before enrollment.

**Received SSI/SSDI.** Whether the participant received Supplemental Security Income or Supplemental Security Disability Insurance (10 percent).

**Received food stamps.** Whether the participant received food stamps (19 percent). All together, 69 percent of participants had received TANF, SSI/SSDI, and/or food stamps at enrollment or before.

**Passbook savings account.** Whether, in addition to the IDA, the participant had a passbook savings account (50 percent).

**Checking account.** Whether the participant had a checking account (75 percent). About 39 percent had both a passbook savings account and a checking account. About 87 percent had at least one of the two types of savings accounts, so 13 percent were “unbanked.”

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<sup>1</sup> These data omit cases for which total income is missing.



**Home ownership.** Whether the participant owned a house (25 percent).

**Vehicle ownership.** Whether the participant owned a vehicle (82 percent).

**Direct deposit.** Whether the participant used direct deposit into the IDA (15 percent).

**Health-insurance coverage.** Whether the participant had private health insurance or Medicaid (77 percent).

**Life-insurance coverage.** Whether the participant had life insurance (37 percent).

### **Relationship with Host Organization or Partner Organizations**

**Previous relationship with host organization.** Whether the participant had received services from the host before FAIM (48 percent).

**Referred by partner organization.** Whether the participant was referred to the IDA program by a partner organization (14 percent).

**General financial education.** All sites in FAIM require general financial education. The mean attendance was 8.6 hours, with a low of 0 and a high of 18. Sites also offer asset-specific financial education.

Table 2.1 Participant Characteristics (N=513)

Demographics		Education and Employment		Home Ownership	
<b>Gender</b>		<b>Education</b>		Yes	25
Female	83	Did not Complete High School	7	No	75
Male	17	Completed High School or GED	22	<b>Vehicle Ownership</b>	
<b>Residence</b>		Attended College	42	Yes	82
Population 2,500 or more	66	Completed 2-year Degree	9	No	18
Population less than 2,500	34	Completed 4-year Degree or more	20	<b>Matchable Uses</b>	
<b>Race/Ethnicity</b>		<b>Employment</b>		Home Purchase	63
African-American	16	Employed Full-time	58	Self-employment	22
Asian-American or Pacific Islander	2	Employed Part-time	30	Post-secondary Education	15
Caucasian	65	Unemployed	1	<b>Previous Relationship with Host</b>	
Hispanic	3	Not Working	3	Yes	48
Native American	11	Student, not Working	1	No	50
Other	2	Student, also Working	8	Missing	3
<b>Age</b>		<b>Self-employed</b>		<b>Referred by Partner Organization</b>	
13 to 19	1	Yes	15	Yes	14
20s	25	No	85	No	83
30s	40	<b>Financial</b>		Missing	4
40s	27	<b>Income/Poverty (%)</b>		<b>Direct Deposit to IDA Account</b>	
50s	6	0 to 49	14	Yes	15
60 to 72	1	50 to 74	14	No	83
Missing	1	75 to 99	18	Missing	2
<b>Household Composition</b>		100 to 124	17	<b>Bank Account</b>	
<b>Marital Status</b>		125 to 149	16	Passbook Savings Account	50
Never Married	47	150 to 174	11	Checking	75
Married	25	175 to 199	4	Both	39
Divorced or Separated	27	200 to 686	3	Either	87
Widowed	1	Missing	3	<b>Hours of General Financial</b>	
<b>Household Type</b>		<b>Receipt of AFDC/TANF</b>		Zero	32
One Adult with Children	53	Never	36	1 to 6	14
One Adult without Children	11	Formerly	63	7 to 12	17
Two or more Adults with Children	32	Currently	12	13 to 18	35
Two or more Adults w/o Children	4	<b>Received Food Stamps</b>		Missing	3
<b>Adults in Household</b>		Yes	19		
1	64	No	80		
2	33	Missing	1		
3	2	<b>Received SSI/SSDI</b>			
4	0	Yes	10		
5 or more	1	No	88		
<b>Children in Household</b>		Missing	1		
0	14	<b>Health-Insurance Coverage</b>			
1	28	Yes	77		
2	28	No	21		
3	16	Missing	3		
4	9	<b>Life-Insurance Coverage</b>			
5 or more	4	Yes	37		
		No	60		
		Missing	3		

### **3. Enrollments, Deposits, Withdrawals, and Savings Outcomes**

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This chapter presents data from FAIM through March 31, 2001, on enrollments, deposits, unmatched withdrawals, matched withdrawals, the uses of matched withdrawals, and other savings outcomes. These outcomes matter not only because they suggest how people save in IDAs but also because they may inform efforts to expand access to IDAs. For example, financial intermediaries that might hold IDAs would want to know the likely number, frequency, and size of deposits and withdrawals. Likewise, new IDA programs might use the figures to plan and to set benchmarks.

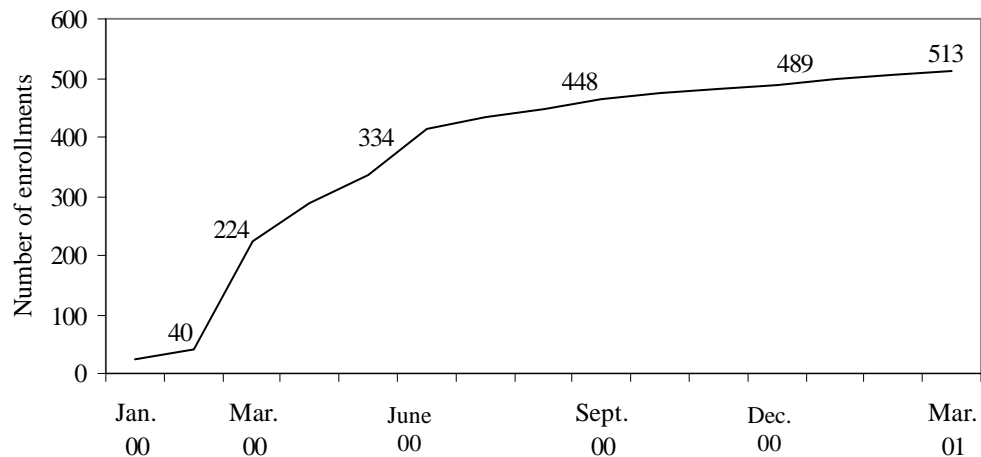
MIS IDA records the following information and savings outcomes for FAIM participants as of March 31, 2001:

- FAIM had enrolled 513 participants.
- Eight participants, or 1.6 percent, had made matched withdrawals.
- About 20 percent of participants had made unmatched withdrawals from matchable balances.
- Net deposits were, for the average participant, \$263.
- Net deposits plus match per participant were \$1,054. With a match rate of 3:1, participants accumulated about \$1,200 per year in IDAs.
- Average monthly net deposits per participant were \$25.00.
- The average participant made a deposit in 9 of 12 months.
- The average participant saved 85 percent of the monthly savings target.
- The savings rate for the average participant was 2.4 percent.

#### **Enrollments**

FAIM enrolled most of its participants (334), in the first six months. As of March 31, 2001, cumulative enrollment was 513 (see Figure 3.1). The goal of FAIM was to have 466 active participants over a four-year period. FAIM had 513 participants cumulatively enrolled because some of the drop-outs have been replaced.

**Figure 3.1 Enrollments in FAIM (Cumulative)**



### Deposits

Net deposits in IDAs result from a number of types of cash flows, both deposits and withdrawals. Figure 3.2 depicts cumulative deposits and withdrawals in FAIM through March 31, 2001.

*Gross deposits* are defined as cash flows into an IDA, including the interest net of bank fees. As of March 31, 2001, cumulative gross deposits by the 513 participants in FAIM were \$146,885 (Figure 3.2 and Table 3.1). All the participants but one had made a deposit, and the gross deposit per participant was \$286. The average length of participation was 10.2 months, and the average number of months per year with a deposit was 8.8 (deposit frequency was 73 percent). Gross deposits per month in all months were \$28.06 (median \$30.00). Excluding months without deposits, gross deposits per month were \$38.28 (median \$30.00).

**Table 3.1 Deposits, Withdrawals, and Matches (Cumulative Dollars)**

Type of cash flow	Amount	Match	Amount plus Match
Gross deposits	146,885		
Total unmatched withdrawals	(11,720)		
Net deposits	135,165	405,495	540,660
Matchable balances	133,461	400,384	533,845
Matched withdrawals	1,704	5,111	6,815

*Unmatched withdrawals of matchable balances* are defined as cash flows out of an IDA back to a participant that could have been matched but that were withdrawn for a non-matchable use. There is a loss of the match unless the funds are re-deposited. As of March 31, 2001, cumulative unmatched withdrawals in FAIM were \$11,720 (Table 3.1). Twenty percent of the participants made these withdrawals, with 1.18 withdrawals per participant, each with an average value of \$95 (\$110 per participant with an unmatched withdrawal).

*Net deposits* are defined as matchable balances, that is, gross deposits minus total unmatched withdrawals. As of March 31, 2001, cumulative net deposits in FAIM were \$135,165 (Figure 3.2 and Table 3.1). Average net deposits for all participants were \$263. The *average monthly net deposit*—defined as net deposits divided by months of participation—was \$25.00 per participant, or 85 percent of the monthly savings target.

The match rate per dollar of net deposits was 3:1, so the match that corresponded to net deposits was \$405,495 (Table 3.1). If all net deposits were to be used in matched withdrawals, total asset accumulation would be \$540,660. With exits included, this was \$1,054 per participant; with exits excluded, it was \$1,249 per participant.<sup>1</sup>

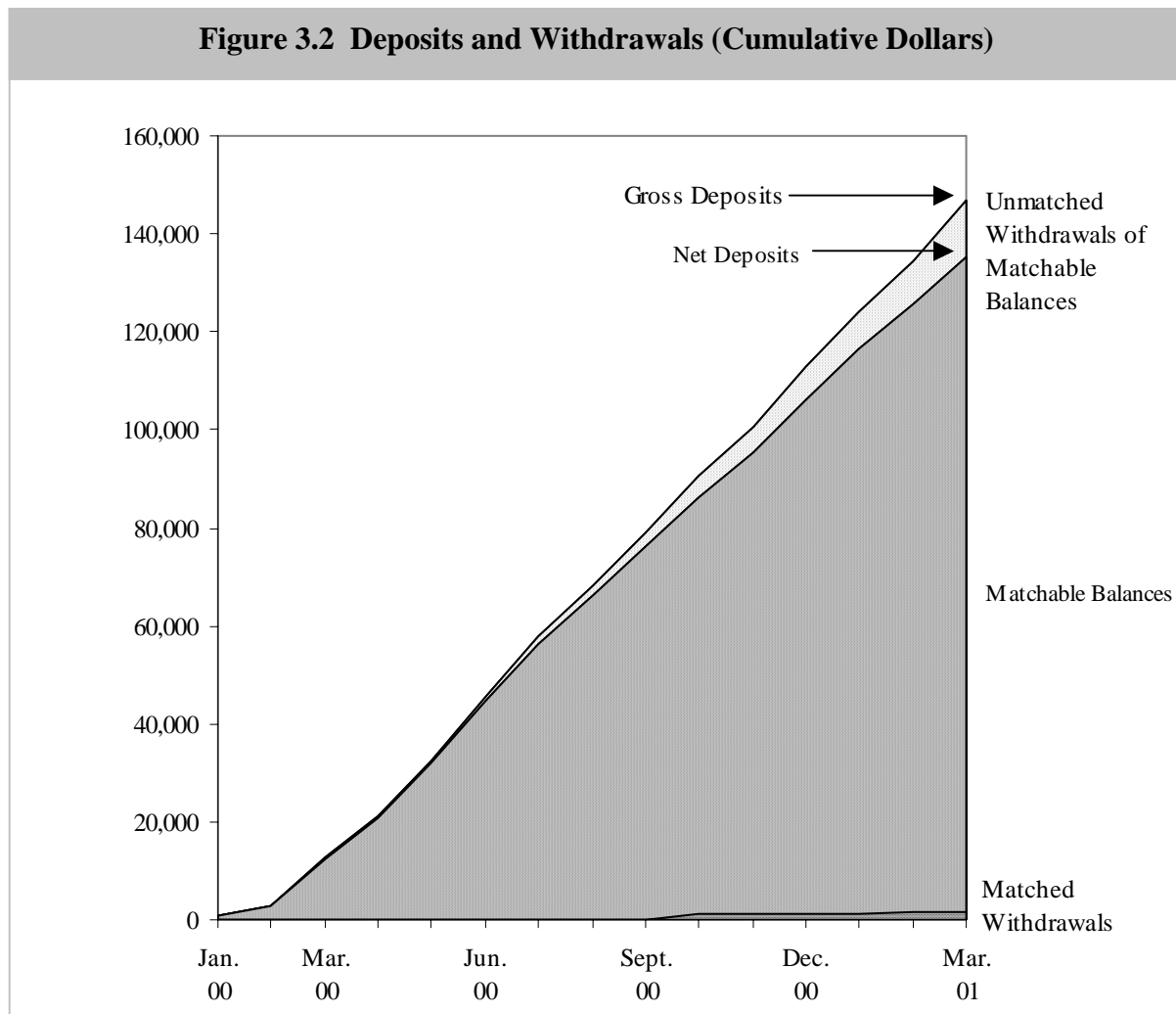
Net deposits have two components: match-eligible balances, and matched withdrawals.

*Match-eligible balances* are defined as balances under the match cap (adjusted for previous matched withdrawals) that may be matched. In FAIM as of March 31, 2001, the match-eligible balance was \$133,461 (Figure 3.2 and Table 3.1). The match rate per dollar of these balances was 3:1, so the potential match was \$400,384 for a total potential asset accumulation of \$533,845.

<sup>1</sup> Participants will make more deposits and more unmatched withdrawals in the next three years before the end of FAIM, so this figure is not a good estimate of the asset accumulation that will take place in FAIM.

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*Matched withdrawals* are defined as withdrawals for matchable uses. Cumulative matched withdrawals in FAIM through March 31, 2001 were \$1,704 (Figure 3.2 and Table 3.1). The match rate per dollar of matched withdrawals was 3:1, so the match disbursed was \$5,111. Cumulative actual asset accumulation through matched withdrawals was \$6,815.



### Matched Withdrawals

Only 8 participants, or 1.6 percent of the FAIM population, had a matched withdrawal as of March 31, 2001. Four of these matched withdrawals were by participants who reached their IDA goal and exited the program. The average value of a matched withdrawal was \$213, and the average value of the matched withdrawal plus match per participant was \$852.

The low number of matched withdrawals up to this time has two possible explanations. First, the program has existed for only 15 months, and the average participant has been in the program for only 10 months. Usually matched withdrawals increase as participation lengthens because it takes time to build balances for a given planned use. Second, the program does not expect people to withdraw at this stage, especially due to the program policies that discourage lump-sum deposits and that force people to wait in order to take full advantage of all of their match eligibility. Because their match eligibility increases with each year, they are more likely to wait longer to make matched withdrawals.

**Uses of matched withdrawals.** Matches are restricted to withdrawals used to invest in three main assets: a home, post-secondary education, or microenterprise. As of March 31, 2001, 8 participants in FAIM had a matched withdrawal. Five were for home purchase, and 3 were for post-secondary education.

**Intended uses.** As of March 31, 2001, 98 percent of FAIM participants had not made a matched withdrawal. Of these, 63 percent reported that they intended to buy a home. About 15 percent intended to use their IDA for post-secondary education, and 22 percent intended to invest a microenterprise.

### Unmatched Withdrawals

*Unmatched withdrawals* are all funds withdrawn that could have been matched but that were not matched; therefore, there is a loss or potential loss of match funds. This includes funds withdrawn and not matched upon exit from FAIM, balances left in an account upon exit (when withdrawn, these funds will not be matched), and funds withdrawn but not matched during participation.

As of March 31, 2001, 20 percent of participants had unmatched withdrawals (1.18 withdrawals per participant with an unmatched withdrawal). The average unmatched withdrawal was worth \$95 (\$112 per participant with an unmatched withdrawal). Total unmatched withdrawals in FAIM were \$11,719 (Table 3.2). On average, participants with unmatched withdrawals had gross deposits of \$170 and withdrawals of \$110 (65 percent of their gross deposits).

<b>Item</b>	<b>Total</b>
Value (\$)	11,719
Number	124
Percentage of Participants with a Withdrawal	20
Average Amount Withdrawn	95
Withdrawals per Participant with a Withdrawal	1.18
Value per Participant with a Withdrawal (\$)	112

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Twenty percent of the participants had unmatched withdrawals in an average of 10.2 months of participation. Without these withdrawals and with all else constant, average AMND would increase 9 percent (from \$25.00 to \$27.25). Given the average match rate of 3:1, the average unmatched withdrawal of \$86 cost \$258 in lost cumulative potential matches.

### Savings Outcomes

Savings and asset accumulation in IDAs are built up from several elements. Deposits and interest increase balances; fees and withdrawals (matched or unmatched) decrease balances. Match rates affect total accumulation, and income affects the level of resources available to be saved.

No single number captures everything about each element. We define six measures to summarize the combined effects of different elements on savings outcomes in FAIM: net deposits, net deposits plus match, average monthly net deposits, deposit frequency, net deposits as a percentage of the pro-rated match cap, and savings rate.

### Net Deposits

*Net deposits* are defined as deposits plus interest (net of fees) minus unmatched withdrawals. The measure includes matched withdrawals, but it excludes deposits in excess of the match cap or deposits after the time cap. Unmatched withdrawals are savings in an IDA account, but they cannot be matched, so they are not counted as net deposits.<sup>2</sup>

Net deposits measure assets accumulated in an IDA up to a point in time. Greater net deposits imply greater asset accumulation. The measure does not account, however, for differences in the length of participation, time caps, or the timing of cash flows. The definition of net deposits also ignores the possibility of future unmatched withdrawals from current balances.

Average net deposits in FAIM as of March 31, 2001 were \$263. The median was \$331.<sup>3</sup> The smallest net deposit was -\$0.18, and the largest net deposit was \$783. About 16 percent (80 participants) of participants had exited without a matched withdrawal (and so had zero net deposits), and 1.4 percent (7 participants) had zero net deposits but had not exited.<sup>4</sup>

Net deposits is not a very useful measure, however, because it does not control for length of participation; all else constant, participants who started sooner will have higher net deposits.

The box on the next page illustrates savings outcomes (including net deposits) for a hypothetical IDA.

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<sup>2</sup> For the same reason, net deposits are zero for participants who exit without a matched withdrawal, even if their account has a balance on exit.

<sup>3</sup> The median has the same number of participants above it as below it.



### Savings Outcomes for a Hypothetical IDA

To illustrate the measures of savings outcomes, Table 3.3 shows cash flows for a hypothetical IDA account. Figure 3.3 depicts the evolution of the balance.

The example participant opened the account on January 1. The match rate was 3:1, the match-cap structure was annual, the annual match cap was \$300, the time cap was 12 months, the total match cap was \$300, and there were no fees. The first deposit of \$100 was on February 1. On March 1, \$1.00 of interest (a monthly rate of 1 percent) was credited. (The unrealistically high interest rate of one percent per month is used here only for illustration. The hypothetical example is not meant to represent the typical experience in FAIM in any way.) On April 1, there was an unmatched withdrawal of \$25 and an interest credit of \$1.01. On May 1, the participant deposited \$50, and \$0.77 in interest was credited. Finally, on June 1, five months after the account was opened, interest of \$1.28 was credited, and the participant closed the account with a matched withdrawal of \$129.06.

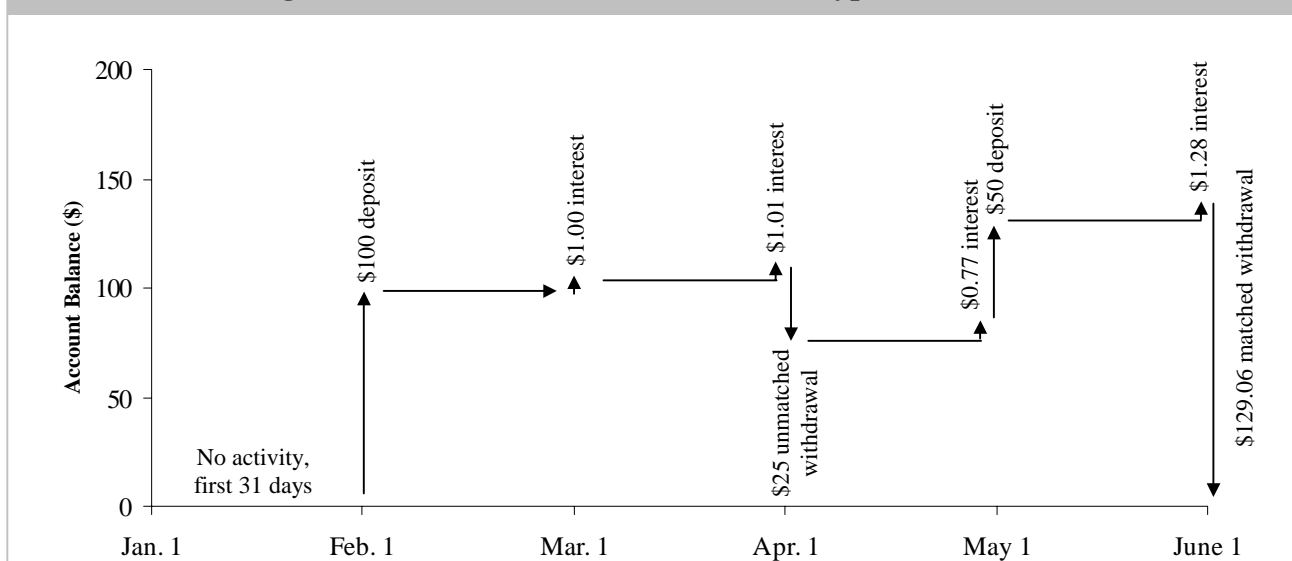
In this example, net deposits were \$129.06. This is the sum of deposits (\$100 + \$50 = \$150) and interest (\$1.00 + \$1.01 + \$0.77 + \$1.28 = \$4.06), minus unmatched withdrawals (\$25).

**Table 3.3 Cash Flows in a Hypothetical IDA in Dollars**

Date	Deposit	Interest	Matched withdrawal	Unmatched withdrawal	Balance
Jan. 1	0.00	0.00	0.00	0.00	0.00
Feb. 1	100.00	0.00	0.00	0.00	100.00
March 1	0.00	1.00	0.00	0.00	101.00
April 1	0.00	1.01	0.00	25.00	77.01
May 1	50.00	0.77	0.00	0.00	127.78
June 1	0.00	1.28	129.06	0.00	0.00
Total	150.00	4.06	129.06	25.00	N/A

Monthly interest is 1 percent, the match rate is 3:1, the total match cap is \$300, and the time cap is 12 months.

**Figure 3.3 Evolution of the Balance of a Hypothetical IDA**



## Net Deposits plus Match

*Net deposits plus match* is defined as net deposits plus the corresponding match.<sup>5</sup> Net deposits plus match includes any previous matched withdrawals. This measure tells the asset accumulation that would take place through IDAs if all net deposits were removed in matched withdrawals.

### Example: Net Deposits plus Match

In the hypothetical example, net deposits were \$129.06, and the match rate was 3:1. Net deposits plus match were thus \$516.24, found as  $\$129.06 + 3 \cdot \$129.06$ .

The average net deposits plus match in FAIM were \$1,054, and the median was \$1,323. The smallest net deposit plus match was -\$0.18, and the largest net deposit plus match was \$3,131.

Like net deposits, the measure of net deposits plus match has some drawbacks. It does not control for length of participation, and it depends on the match rate, which is not an outcome of participant behavior but rather an element of the institutional structure set by the program.

## Average Monthly Net Deposit

*Average monthly net deposit* (AMND) is defined as net deposits per month of participation for a participant. AMND is the key measure of savings outcomes in this report. Unlike net deposits, AMND controls for the length of time that a participant has had the opportunity to save. All else constant, greater AMND implies greater asset accumulation.

### Example: Average Monthly Net Deposit

The example participant was in the IDA program for 5 months. Net deposits were \$129.06, so the average monthly net deposit for this example participant was \$25.81, found as  $\$129.06 / 5$ .

For FAIM as of March 31, 2001, average AMND was \$25.00. Thus, a year of participation produced net deposits of \$300. If these patterns hold, then with the average match rate of 3:1, participants will accumulate about \$1,200 in one year. If they continue at this pace and stay in the program for 45 months (the average time cap), then they will accumulate \$4,500. Median of AMND \$30.10. Among the eight geographic regions, AMND ranged from a low of \$15.24 to a high of \$30.21 (Table 3.4).

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<sup>5</sup> Of course, some current balances may eventually be removed as unmatched withdrawals.

**Table 3.4 Savings Outcomes by Geographic Region**

	AMND (\$)	Deposit Frequency (%)
Northland Foundation Regional Cluster (1)	28.83	81
Northwest Minnesota Foundation Regional Cluster (2)	25.46	81
Minnesota Tribes (3)	15.24	48
West Central Initiative (4)	26.80	74
Initiative Fund Regional Cluster (5)	27.88	74
Southwest Minnesota Foundation (6)	25.04	75
Initiative Fund of South Central Minnesota Regional Cluster (7)	30.21	88
Metro Area Regional Cluster (8)	26.04	72

### Deposit Frequency

*Deposit frequency* is defined as the number of months with a deposit divided by the number of months of participation. It shows how steadily a participant saves through time. A participant with a deposit each month has a deposit frequency of 100 percent. As a participant misses months, the measure gets smaller; someone with no deposits at all has a frequency of zero. Deposits of accrued interest are ignored; if not, frequency would be 100 percent for most participants.

#### Example: Deposit Frequency

The example participant made deposits in 2 of 5 months, so deposit frequency was 40 percent.

The mean deposit frequency for FAIM was 72 percent, and the median was 80 percent. The typical IDA participant made a deposit in about nine of the twelve months. Deposit frequency among the regions varies between 48 percent and 88 percent (Table 3.4).

Greater deposit frequency may lead to higher AMND; Chapter 5 suggests that a move from the 25<sup>th</sup> percentile in frequency (53 percent) to the 75<sup>th</sup> percentile (100 percent) was linked with an increase in AMND of \$10.34. This is not a strong result, however, because saving may cause frequency, even if frequency also causes saving.

## Net Deposits as a Percentage of the Pro-rated Match Cap

*Net deposits as a percentage of the pro-rated match cap* is defined as the ratio of average monthly net deposits to the monthly savings target. The *monthly savings target* is the total match cap divided by the time cap, that is, the amount that, if deposited each month and not removed as an unmatched withdrawal, would lead to net deposits equal to the lifetime match cap in the month of the time cap. In FAIM, the monthly savings target is \$30.00.

### Example: Net Deposits as a Percentage of the Pro-rated Match Cap

For the example participant, the monthly savings target is \$25, found as the match cap of \$300 divided by the time cap of twelve months. Because the average monthly net deposit was \$25.81, the proportion of the savings goal was 103 percent, found as  $\$25.81 / \$25$ . The participant was slightly ahead of the pace required to use all match eligibility before the 12-month time cap.

The measure of net deposits as a percentage of the pro-rated match cap indicates the closeness of actual saving behavior to that which would take full advantage of match incentives. A measure of 100 percent indicates that a participant is on track to use all match eligibility. Measures above 100 percent are possible if deposits are on a pace to exceed the total match cap or if a participant has an annual match-cap structure and has deposited more than would be matched if participation were to end after the current participation-year.

For FAIM the net deposits were, on average, 85 percent of the pro-rated match cap, and the median was 100 percent. That is, the average participant saved 85 cents for every dollar of match eligibility.

## Savings Rate

The *savings rate* is defined as the ratio of the average monthly net deposit to gross monthly household income. It measures the rate at which inflows of resources are converted into IDA deposits.

### Example: Savings Rate

If the example participant had a monthly household income of \$1,250, then net deposits as a percentage of income would be about 2.1 percent, found as  $\$25.81 / \$1,250$ .

The average savings rate for FAIM was 2.4 percent, and the median was 1.9 percent. The largest saving rate was 33.4 percent, which is probably caused by someone who understated her/his income or who had unusually low income in the month of enrollment.

## 4. Exits

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*Exits* are participants who leave a program without having taken a matched withdrawal. Exits have zero net deposits in IDAs; balances are removed as unmatched withdrawals or become unmatchable once the participant leaves the program.<sup>1</sup>

Exits matter for IDA policy because they are costly; programs lose their investment in participants, and participants lose potential match funds. Participants may also become discouraged with saving in general. How common is exit, and what institutional and participant characteristics are associated with it?

In the context of FAIM, answers might serve two main purposes. First, they set a benchmark and give programs an idea of the rate of exit that they can expect through time. Second, they suggest how participant characteristics are linked with exit; programs might then target extra help to the participants who are most at-risk.

This chapter discusses the concept of *exit*, exit in FAIM, and links between exit and the characteristics of programs and participants. About 16 percent of enrollees in FAIM had exited as of March 31, 2001. The cumulative risk of exit was 6 percent in the first 6 months and 15 percent in the first 12 months.

The following are key links found between exit and characteristics of programs and participants:

- The risk of exit was not associated with gender.
- The risk of exit was not associated with the level of income.
- Receipt of public assistance was not associated with the risk of exit (although recipients of SSI/SSDI were less likely to exit).
- Participants older than 40, students, the unemployed, and people who are not working had less risk of exit than participants younger than 40, and full-time employees. People who completed high school were more likely to exit than people who did not complete high school.
- For each adult in the household, the risk of exit increases.
- Owners of checking accounts and/or owners of cars had a lower risk of exit than people who did not own a checking account and/or a car.
- Participants who used direct deposit to their IDA had a lower risk of exit compared with people who did not use direct deposit.

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<sup>1</sup> Exits still saved and maintained assets for a time, but they also dissaved or became ineligible for matches, so net IDA deposits are zero.

- Unobserved factors correlated with a given program were associated with the risk of exit.

## **Exits, Graduates, Actives, Kick-outs, and Ineligibles<sup>2</sup>**

### **Definitions and Percentages**

*Exits* are defined as participants who leave an IDA program without having taken a matched withdrawal.<sup>3</sup> For exits, net deposits are zero by definition. In FAIM as of March 31, 2001, 16 percent of participants had exited.

*Graduates* are defined as participants who leave an IDA program sometime after having taken a matched withdrawal. Graduates have positive net deposits. In FAIM as of March 31, 2001, about half of the 1.6 percent of participants with a matched withdrawal had graduated.

*Actives* are defined as people who have an IDA open. In FAIM as of March 31, 2001, 84 percent of enrollees were active. About 98 percent of actives had positive net deposits (1.6 percent made deposits and removed all of them in unmatched withdrawals but yet did not exit).

*Kick-outs* break rules and are forced out of IDA programs. For example, kick-outs might miss classes, fail to meet a minimum deposit frequency, exceed a maximum number of unmatched withdrawals, or fail to save a minimum amount. Even if kick-outs save something and leave with a balance in their account, they have zero net deposits because they cannot make matched withdrawals. An unknown share of participants treated as exits in this report are kick-outs.

*Ineligibles* open an IDA and then leave because it was discovered that they failed to meet eligibility requirements. In the analysis of FAIM here, people who moved are also counted as ineligible because they left for reasons unrelated to saving behavior. Ineligibles have zero net deposits by constraint; the 15 known ineligibles in FAIM are excluded from the 513 participants analyzed in this report.

### **Exits in FAIM**

About 16 percent of enrollees in FAIM had exited as of March 31, 2001. Deposit frequency for exits (41 percent) was about half that of non-exits (78 percent). Average AMND for non-exits was \$29.61; because exits removed all their deposits in unmatched withdrawals, average AMND for exits was zero by definition. On average, matchable deposits were higher for non-exits (\$317) than for exits (\$116).

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<sup>2</sup> Exits might also be called *drop-outs*.

## Exit, Institutional Characteristics, and Participant Characteristics

How are institutional and participant characteristics associated with exit? The results below may help programs to adjust institutional design and to target support.

### Regression Model

Since the dependent variable (non-exit) in the regression is dichotomous (unity for non-exits, zero for exits), a probit model is used (Kennedy, 1998). Because the probit estimates do not have a direct interpretation, they are converted to units of percentage points (one percentage point is 1/100, or 0.01) of change in the predicted risk of non-exit given a unit change in an independent variable.<sup>4</sup> If the estimated change linked to a unit increase in an independent variable is positive, then the likelihood of non-exit increases (decreases the likelihood of exit). Negative estimates imply decreases in the likelihood of non-exit (increases in the likelihood of exit). The model uses 487 observations (26 were omitted due to missing values).

The probit model includes an unusually large number of control variables: 2 institutional characteristics, and 29 participant characteristics.<sup>5</sup> Because some characteristics are categorical and because some continuous characteristics are specified as piece-wise linear splines (Suits, Mason, and Chan, 1978), 67 parameters are estimated.<sup>6</sup>

The regression tables contain the means of the characteristics in the model, the change in percentage points, and the p-value. Appendix A discusses these concepts in detail.

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<sup>4</sup> The percentage-point changes are computed at the means of the independent variables. Standard errors are computed with the delta method (Greene, 1993).

<sup>5</sup> Characteristics were selected if they were in MIS IDA, were expected to influence exit, had sufficient variation, and were unlikely to be caused by exit.

<sup>6</sup> Approximately 56 percent of participants have missing values for at least one of the 31 variables included in the model. The standard practice that omits participants with any missing characteristics would have severely hampered regression. Instead, we use a set of dummy variables to cleanse the estimates of the effects of missing values (Orme and Reis, 1991). If a characteristic is not missing, then the “missing” dummy that corresponds to the characteristic is set to zero. If the characteristic is missing, then the “missing” dummy is set to unity and the characteristic is set to zero. The estimate for the characteristic reflects only non-missing values. The coefficients of the “missing” dummies are available on request.

## Institutional Characteristics

<b>Table 4.1 Institutional Characteristics</b>			
<b>Independent Variable</b>	<b>Probability of Non-exits</b>		
	<b>Mean</b>	<b>Δ % pt.</b>	<b>p-value</b>
<b>Programs</b>			
Western Community Action (6)	0.027	0	1.00
Inter-County Community Council (2)	0.018		
Northwest Community Action (2)	0.021		
Leech Lake Tribe (3)	0.051		
White Earth Tribe (3)	0.035		
West Central MN CA (4)	0.041		
Prairie Five Community Action Council (6)	0.008		
Freeborn Community Action (7)	0.012		
Scott-Carver-Dakota CAP (8)	0.039		
Community Development Federal Credit Union (8)	0.045		
Community Action of Minneapolis (8)	0.084		
Community Action Program Duluth (1)	0.043	-4	0.34
Suburban Hennpin Community Action (8)	0.043	-6	0.18
Bi-County CAP (2)	0.019	-7	0.13
Tri-County Action Program (5)	0.076	-8	0.01
Southwestern MN Opportunity Council (6)	0.018	-8	0.05
Women Venture (8)	0.06	-8	0.02
Otter Tail-Wadena Community Action Council (5)	0.029	-9	0.03
Heartland Community Action (6)	0.041	-9	0.02
Ramsey Action Programs (8)	0.07	-9	0.01
Anoka County Community Action Program (8)	0.051	-9	0.01
Tri-Valley Opportunity Council (2)	0.018	-10	0.03
Clay-Wilkin Opportunity Council (4)	0.021	-10	0.02
Minnesota Valley Action Council (7)	0.06	-10	0.01
KOOTASCA Community Action (1)	0.027	-11	0.01
Olmsted Community Action Program (7)	0.014	-13	0.02
AEOA (1)	0.029	-15	0.01

The FAIM Pilot Project geographic region is in parentheses.



**Unobserved factors correlated with a given site.** The regression controls for the possible effects on exit of unobserved factors correlated with a given site.<sup>7</sup> For example, the strictness of rule enforcement is unobserved. All else constant, a strict program might have higher exit (due to kick-outs), but the model does not control for strictness directly.

Because they had reported no exits, estimates for ten sites are set to zero and serve as the base of comparison.

The difference between the effects of unobserved factors between a non-reference site and the ten reference sites is the figure reported as the “change in % points” for the non-reference site. For example, compared with unobserved factors at these ten sites, unobserved factors at KOOTASCA Community Action were linked with a statistically significant, 11 percentage-point increase in the risk of exit (Table 4.1). Most pair-wise comparisons are large and statistically significant.<sup>8</sup>

The difference between the effects of unobserved factors between two non-reference sites is the difference between the figures corresponding to those two sites in the “change in % points” column in Table 4.1. For example, unobserved factors at site Community Action Program Duluth has, compared to the ten reference sites, an effect of – 4 percentage points, and site Tri-Valley Opportunity Council has an effect of –10 percentage points. Thus, the difference in the effect of unobserved factors between sites Community Action Program Duluth and Tri-Valley Opportunity Council is 6 percentage points.

In a sense, these estimates summarize what we do not know. For example, exit at Otter Tail–Wadena Community is 1 percentage point more likely—other factors in the model constant—than exit at the Tri-County Action Program. We know that this is due to omitted factors correlated both with exit and with the specific site, but we do not know what those omitted factors are. Some omitted factors are institutional, for example, strictness with rules and quality of staff. Some omitted factors pertain to participants; for example, people at one site may have more experience saving and thus be less likely to exit. Some omitted factors go beyond programs and participants; for example, home prices vary by region and may affect the usefulness of IDAs for home purchase and thus the risk of exit. Likewise, unemployment varies by region and may affect precautionary motives to save.

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<sup>7</sup> Participant characteristics may also vary in systematic-but-unobserved ways that are correlated both with a given site and with exit. For example, if a given program targets people who have declared bankruptcy, if bankruptcy constricts access to loans, and if constricted access to loans increases exit because debt cannot buffer shocks (or because IDA balances are seized by creditors), then exit from this program will be more likely than elsewhere. The estimates in Table 4.1 reflect the effects of such unobserved participant characteristics as well as the effects of unobserved program characteristics.

<sup>8</sup> We have not tested pair-wise comparisons between pairs of programs in which one of the pairs was not the 10 reference sites.

## Participant Characteristics

This section describes the associations between exit and participant characteristics. Unless otherwise noted, this section will discuss only the results with a confidence level of 90 percent or more.

**Participant Demographics.** No statistically significant differences were observed in the likelihood of exit between males and females (See Table 4.2).

Participants older than 40 were 0.35 percentage points less likely to exit for each year beyond 40 (90-percent confidence, Table 4.2). For example, a 50-year-old is 3.5 percentage points less likely to exit than a 40-year-old.

For each adult in the household, the risk of exit increases by 3.1 percentage points (95-percent confidence, Table 4.2).

<b>Table 4.2 Participant Demographics</b>			
<b>Independent Variable</b>	<b>Probability of Non-exits</b>		
	<b>Mean</b>	<b>Δ % pt.</b>	<b>p-value</b>
<b>Gender</b>			
Male	0.17		
Female	0.83	-0.5	0.80
<b>Age (spline)</b>	36		
0 to 40 years		-0.20	0.14
40 years or more		0.35	0.10
<b>Location of residence</b>			
Population 2,500 or more	0.66		
Population less than 2,500	0.34	2.4	0.15
<b>Marital status</b>			
Married	0.25	4.0	0.13
Never-married	0.47		
Divorced, separated, or widowed	0.29	-0.2	0.88
<b>Household composition</b>	3.3		
Adults (18 or older)	1.4	-3.1	0.05
Children (17 or younger)	1.9	0.31	0.56
<b>Race/ethnicity</b>			
African-American	0.16	-2.5	0.19
Native American	0.11	7.5	0.05
Other	0.07	0.6	0.82
Caucasian	0.65		

The risk of exit was statistically the same for African Americans, Caucasians, and “Other” (Table 4.2). This suggests that the large differences in gross AMND among these groups (Chapter 5) were not due to differences in the risk of exit. Compared to Caucasians, Native Americans were 7.5 percentage points less likely to exit. Strictness in how programs enforce rules related to exit may influence this result.

**Education and Employment.** Although people with more education and people with full-time jobs might be expected to save more and to have lower risk of exit than people with less education and people without full-time jobs, FAIM results show the opposite. People who completed high school or who earned a GED were 4.6 percentage points (89-percent confidence, Table 4.3) more likely to exit than people who did not complete high school. Moreover,

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students, the unemployed, and people who were not working were 3.9 percentage points less likely to exit than the full-time employed (90-percent confidence, Table 4.3).

<b>Table 4.3 Education and Employment Status</b>			
<b>Independent Variable</b>	<b>Probability of Non-exits</b>		
	<b>Mean</b>	<b>Δ % pt.</b>	<b>p-value</b>
<b>Education</b>			
Did not graduate from high school	0.07		
Completed high school or earned GED	0.22	-4.6	0.11
Attended college but did not graduate	0.42	-2.0	0.42
Graduated from 2-year college	0.09	-0.46	0.90
Graduated from 4-year college	0.20	-0.6	0.84
<b>Employment</b>			
Students, unemployed, and not working	0.13	3.9	0.10
Employed, part-time (< 35 hours per week)	0.30	1.4	0.35
Employed, full-time (> 35 hours per week)	0.58		

**Receipt of Public Assistance and Income.** On the whole, exit was not found to be strongly linked with public-assistance programs such as TANF and food stamps. However, people who received SSI/SSDI were 5.6 percentage points less likely to exit (94-percent confidence, Table 4.4).

The average participant in FAIM reported monthly household income at enrollment of \$1,431. Of this, \$1,267 (89 percent) came from “recurrent” sources (wages, retirement benefits, and public assistance), and \$169 (11 percent) came from “intermittent” sources (self-employment, child support, gifts, investments, and “other”). Regardless of the source, the level of income had no statistically significant link with the risk of exit (Table 4.4).

**Table 4.4 Public Assistance and Income**

<b>Independent Variable</b>	<b>Probability of Non-exits</b>		
	<b>Mean</b>	<b>Δ % pt.</b>	<b>p-value</b>
<b>Receipt of public assistance</b>			
TANF or AFDC never	0.36		
TANF or AFDC formerly	0.64	0.0	0.98
No TANF currently	0.88		
TANF currently	0.12	1.7	0.45
No SSI/SSDI	0.90		
Receives SSI/SSDI	0.10	5.6	0.06
No food stamps	0.81		
Receives food stamps	0.19	-1.7	0.36
<b>Household income (\$100/month)</b>			
Recurrent income (spline)	12.7		
0 to \$799		-0.12	0.78
\$800 or more		0.11	0.54
Intermittent income	1.7	-0.18	0.45

Means taken over only non-missing observations.

**Assets, Liabilities, and Insurance.** For several reasons, people with passbook savings accounts and/or checking accounts might be expected to save more and exit less for several reasons. First, the mere presence of an account may signal some level of financial sophistication or future orientation. Second, the balance in an account can be shifted into IDAs or used to buffer shocks. The regression results indicate that the presence of a passbook savings account had no statistically significant association with exit. However, an additional \$100 in the passbook savings account (given the presence of an account) was associated with a decrease in the risk of exit of 0.27 percentage points (93-percent confidence, Table 4.5).

More than passbook savings, checking accounts mark a greater integration with formal financial services (Hogarth and Lee, 2000; Dunham, 2000). The presence of a checking account was associated with a decrease of 2.7 percentage points in the risk of exit (88-percent confidence, Table 4.5). Although the link is not particularly large or strong, they suggest that people with checking accounts were less likely to exit from FAIM.

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Other than human capital, homes and cars are the chief illiquid assets of the poor. Like the presence of liquid assets, the presence of illiquid assets may proxy for unobserved factors linked with higher savings. For example, people who saved to buy a house or car in the past are probably likely to save more in IDAs than others. Illiquid assets are more difficult than liquid assets to shift into IDAs; few people would sell their cars or homes to get cash for IDA deposits. Compared with people who do not own a car, car owners in FAIM were 3.6 percentage points less likely to exit (91-percent confidence, Table 4.5), perhaps because they could drive to make deposits.

<b>Table 4.5 Assets, Liabilities, and Insurance</b>			
<b>Independent Variable</b>	<b>Probability of Non-exits</b>		
	<b>Mean</b>	<b>Δ % pt.</b>	<b>p-value</b>
<b>Liquid assets</b>			
No passbook savings account	0.50		
Owned passbook savings account	0.50	-0.69	0.59
Balance in passbook savings account (\$100s)	2.17	0.27	0.07
No checking account	0.25		
Owned checking account	0.75	2.7	0.12
Balance in checking account (\$100s)	2.50	0.11	0.54
<b>Illiquid assets</b>			
Renter	0.74		
Home owner	0.26	-1.6	0.54
No car	0.17		
Car owner	0.83	3.6	0.09
Value of illiquid assets (\$100s)	174	0.001	0.81
<b>Liabilities</b>			
No debt	0.60		
Some debt	0.40	-2.4	0.39
Value of liabilities (\$100s)	160	-0.0026	0.57
<b>Insurance coverage</b>			
No health insurance	0.21		
Had health insurance	0.79	0.65	0.70
No life insurance	0.61		
Had life insurance	0.39	1.3	0.38

Means taken over only non-missing observations.

**Enrollment Characteristics.** The regression suggests that the likelihood of non-exit is associated with months of participation. In the first 6 months in the program, participants were 0.7 percentage points more likely to exit with each additional month (although confidence is only 78-percent, Table 4.6). Between 7 to 12 months, participants were 1.6 percentage points less likely to exit (99-percent confidence), and between 13 to 15 months, participants were 2.1 percent points less likely to exit (although the confidence level is only 82-percent) with each additional month.

Length of participation should be viewed not as a cause but as a control. As time passes, exit may slow because savers have greater potential matches to lose. Survivor bias also plays a role; participants unlikely to exit, regardless of length of participation, are also likely to have participated the longest as of March 31, 2001. It is also possible that the likelihood of exit decreases with time because participants become more hopeful of success as they go longer without exiting and build larger balances.

<b>Table 4.6 Enrollment Characteristics</b>			
<b>Independent Variable</b>	<b>Probability of Non-exits</b>		
	<b>Mean</b>	<b>Δ % pt.</b>	<b>p-value</b>
<b>Previous relationship with host org.</b>			
No	0.51		
Yes	0.49	-2.0	0.19
<b>Referred by partner organization</b>			
No	0.86		
Yes	0.14	-1.80	0.32
<b>Length of participation (months)</b>			
1 to 6	10.2	-0.7	0.22
7 to 12		1.6	0.01
13 to 15		2.1	0.18

Means taken over only non-missing observations.

**Table 4.7 Characteristics Determined after Enrollment**

Independent Variable	Probability of Non-exits		
	Mean	$\Delta$ % pt.	p-value
Use of direct deposit to IDA account			
No	0.85		
Yes	0.15	10	0.01

Finally, institutional theory suggests that direct deposit may increase savings because it removes the need to make recurrent choices to save (Bernheim, 1997; Beverly, Moore, and Schreiner, 2001; Beverly and Sherraden, 1999; Caskey, 1997; Thaler, 1990). Direct deposit was linked with a decrease in the risk of exit of 10 percentage points (99-percent confidence, Table 4.7).

**Caveat.** Some unknown share of these estimates captures links between exit and unobserved factors correlated with participant demographics. As such, the characteristics are viewed more as controls than as causes. For example, gender and race are included not to test for genetic predisposition to save in IDAs but rather to control the possible correlation of gender and race with unobserved, omitted factors produced in the social context.



## 5. Institutional Characteristics, Participant Characteristics, and Net Deposits

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*Average monthly net deposits* (AMND) are defined as net deposits divided by months of participation.<sup>1</sup> AMND is the key outcome measure in this report; greater AMND implies greater savings and asset accumulation in IDAs.

This chapter addresses the links between AMND and the characteristics of institutions and participants. The intent is to build knowledge that might guide attempts to fine-tune institutional designs and public policy.

The key links between AMND and characteristics of programs and participants are:

- Race/ethnicity was correlated with AMND. Compared with Caucasians, AMND was lower for Native Americans and higher for “Other”.
- More education and full-time employment were correlated with AMND.
- Income and former or current receipt of public assistance were not correlated with AMND.
- Having a checking account was correlated with a decrease in AMND.
- Having insurance coverage was linked to higher AMND.
- Deposit frequency was positively correlated with AMND.

### Analysis Strategy

Given length of participation, AMND depends on deposits net of withdrawals. In turn, net deposits depend on a host of factors. The analysis strategy here is to control for many of these factors through multivariate regression.

Some factors influence net deposits but are not influenced by net deposits. For example, AMND does not affect age, but age may affect AMND. Other factors both influence net deposits and are influenced by them. For example, programs may adjust the hours of financial education in response to saving by participants, and participant saving may be affected by the hours of financial education. Such two-way causation can bias estimates of associations between characteristics and AMND.

Although the regression includes an unusually large number of controls (2 institutional characteristics and 32 participant characteristics), no regression can control for everything.<sup>2</sup>

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<sup>1</sup> *Net deposits* are gross deposits minus total unmatched withdrawals.

<sup>2</sup> Control variables were selected if they were expected to influence AMND, appeared in MIS IDA, and had sufficient variation. With variables for missing data, for different attributes of a

Unobserved factors omitted from the model, if correlated with both observed factors in the model and with AMND, can impart a bias to the estimates for factors in the model. When possible, we control for unobserved factors correlated with observed factors such as site, gender, race/ethnicity, or asset ownership. For example, the estimated link between gender and AMND reflects not gender *per se* but rather unobserved factors linked with gender.

**Self-selection and non-exit.** All exits have zero AMND by definition; so unobserved factors that influence exit may also influence AMND. Furthermore, the process that determines exit is probably distinct from the process that determines AMND, and it is probable that people with different likelihoods of exit (even if they have not exited as of March 31, 2001) also have systematically different levels of AMND.

We model exit and take the difference between predicted exit status and observed exit status as a proxy for unobserved factors that may influence AMND. This is the essence of the technique to control for self-selection known as the Heckman two-step (Heckman, 1976, 1979; Greene, 1993). The first step is a probit regression on exit status for all participants, and the second step is a least-squares regression on AMND for non-exits with a variable to control for unobserved factors correlated both with exit and with AMND. Here, the Heckman two-step controls for self-selection into exit.<sup>3</sup> An advantage of the two-step model is that it allows a given characteristic to influence exit differently than it influences AMND. Chapter 4 reports the first step, and this chapter reports the second step.

**Model fit.** The second-step least-squares regression includes 410 observations on AMND for non-exits as of March 31, 2001.<sup>4</sup> Adjusted  $R^2$  was 0.43, so variation in observed factors explains 43 percent of the variation in AMND. For a cross-section savings regression, this is quite respectable. The hypothesis that the model as a whole is statistically insignificant is rejected with 99-percent confidence.<sup>5</sup>

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given characteristic, and for non-linear effects, 84 parameters were estimated. Chapter 4 discusses the controls for missing data.

<sup>3</sup> The data from FAIM cannot address self-selection into participation. That is, among people eligible for FAIM, those who chose to join probably expected greater net benefits than did those who did not choose to join. Thus, AMND for participants probably exceeds what it would be for non-participants, had they joined. The results here are still meaningful, but they pertain only to participants, not to eligibles.

<sup>4</sup> Twenty-three non-exits were omitted due to missing values.

<sup>5</sup> The correlation between prediction errors in the Heckman two-step is 0.02, and the p-value for the estimated coefficient on the Inverse Mills Ratio in the second step is 0.95. For this specification, the risk of exit was not correlated with the expected level of AMND.

## AMND for Non-exits

### Regression Results

Regression estimates the sign (positive or negative), size, and statistical significance of associations between an outcome (AMND) and characteristics assumed to influence the outcome. A regression estimate should approach the true association better than bivariate comparisons because regression controls for correlations with more than one characteristic.

The regression tables contain the means of the characteristics in the model for non-exits, the estimated changes in AMND (in units of dollars of net deposits per month) given a unit increase in a given characteristic, and the p-value of the estimated change.<sup>6</sup> Although the results are presented in 7 tables, they all come from one regression.

### Institutional Characteristics

**General Financial education.** All programs in FAIM require financial education. None of the estimated associations between financial education and AMND was statistically significant. As of March 31, 2001, however, 32% of FAIM participants had not attended any financial-education classes.

**Unobserved factors correlated with a given site.** Although the regression includes a wide range of characteristics, it cannot control for everything. As a second-best response, it controls for possible links between AMND and unobserved factors correlated with a given site. Unobserved factors include program characteristics (such as the strictness of rule enforcement), participant characteristics (such as future orientation), and characteristics beyond programs or participants (such as the local economy).

The estimate for Community Action of Minneapolis is set to zero and is the base of comparison. For example, compared with unobserved factors at Community Action of Minneapolis, unobserved factors at Clay-Wilkin Opportunity Council were associated with a statistically significant decrease in AMND of \$7.00 (Table 5.1). Many comparisons with Community Action of Minneapolis are likewise large and statistically significant.<sup>7</sup>

These estimates suggest that unobserved factors correlated with AMND differ systematically across sites. They are control variables, not tests for which program elicits the highest AMND. They do not mean that the Southwestern MN Opportunity Council (where AMND is \$8.20 less than at Community Action of Minneapolis, observed factors constant) causes its participants to have \$12.50 less AMND than they would at the Ramsey Action Program (where AMND is \$4.30 more than at Community Action of Minneapolis). The estimates do depend in part on unobserved program factors, but they also depend on unobserved participant factors and on

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<sup>6</sup> Appendix A discusses mean, change in percentage points, and p-value.

<sup>7</sup> We have not tested for the statistical significance of pair-wise comparisons with programs other than Community Action of Minneapolis.

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unobserved factors beyond programs and participants. We do not know the omitted factors, nor do we know how much each one matters.

<b>Table 5.1 Institutional Characteristics</b>			
<b>Independent Variable</b>	<b>AMND for Non-exits</b>		
	<b>Mean</b>	<b>Δ\$</b>	<b>p-value</b>
<b>Hours of general financial ed.</b>	13.6		
None	0.27	-4.4	0.26
1 to 6	5.8	-0.84	0.28
7 to 12	4.4	0.37	0.34
13 to 18	3.2	0.04	0.89
<b>Programs</b>			
Community Development Federal Credit Union (8)	0.042	4.6	0.23
Ramsey Action Programs (8)	0.065	4.3	0.04
AEOA (1)	0.021	3.8	0.25
Otter Tail -Wadena Community Action Council (5)	0.03	3	0.29
KOOTASCA Community Action (1)	0.023	1.3	0.68
Heartland Community Action (6)	0.035	1.2	0.68
Tri-County Action Program (5)	0.069	0.25	0.91
Women Venture (8)	0.055	0.1	0.96
Community Action of Minneapolis (8)	0.09		
Community Action Program Duluth (1)	0.048	-0.37	0.87
Minnesota Valley Action Council (7)	0.06	-0.7	0.79
Leech Lake Tribe (3)	0.06	-1.2	0.75
Olmsted Community Action Program (7)	0.009	-1.5	0.71
Prairie Five Community Action Council (6)	0.009	-1.6	0.7
Scott-Carver-Dakota CAP (8)	0.046	-2.4	0.33
Freeborn Community Action (7)	0.014	-2.8	0.51
Tri-Valley Opportunity Council (2)	0.018	-2.9	0.38
Anoka County Community Action Program (8)	0.046	-3	0.25
West Central MN CA (4)	0.048	-3.9	0.15
Suburban Hennpin Community Action (8)	0.048	-4.6	0.05
White Earth Tribe (3)	0.032	-5	0.25
Bi-County CAP (2)	0.021	-5.7	0.07
Northwest Community Action (2)	0.023	-6	0.12
Western Community Action (6)	0.03	-6.1	0.03
Clay-Wilkin Opportunity Council (4)	0.021	-7	0.05
Inter-County Community Council (2)	0.021	-7.3	0.03
Southwestern MN Opportunity Council (6)	0.014	-8.2	0.02

The FAIM Pilot Project geographic region is in parentheses.

## Participant Demographics

This section describes associations between AMND and participant demographics. These factors are best seen as controls rather than as causes; they proxy for unobserved factors correlated with both participant demographics and AMND.

**Gender.** Gender is included as a control variable, not because we want to test whether there is a genetic predisposition to save in IDAs that differs between men and women, but because gender is correlated with unobserved factors produced in the social context that may be correlated with AMND. Compared with males, females show a decrease in AMND of \$1.70 (87-percent confidence, Table 5.2).

**Age.** Up to age 40, AMND increases by 16 cents for each year (94-percent confidence). After 40, age is not statistically significant (See Table 5.2).

**Location of residence.** Residence might affect AMND through transaction costs of deposits and withdrawals. Residence, however, did not have a statistically significant link with AMND (Table 5.2).

**Marital status.** Marital status might proxy for unobserved factors that affect saving. Marital status, however, had no statistically significant link with AMND (See Table 5.2).

**Number of adults and children.** Each additional adult was linked with a \$1.60 decrease in AMND (93-percent confidence, Table 5.2). One possible explanation might be that as the number of adults in the household increases, there are greater demands on resources and so it is more difficult to save. The number of children did not have a statistically significant association with AMND.

**Race/ethnicity.** Like gender, we control for race/ethnicity because of its correlation with unobserved factors produced in the social context that may be correlated with AMND. These differences are not due to race/ethnicity *per se* but rather to a constellation of socially produced characteristics correlated with both race/ethnicity and savings.

Compared with Caucasians and holding all the other variables in the model constant, AMND was \$7.00 less for Native Americans (99-percent confidence, Table 5.2) and \$3.60 more for “Other” (98-percent confidence). The difference in AMND between Caucasians and African-Americans was not statistically significant.<sup>8</sup>

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<sup>8</sup> We did not test statistical significance for pair-wise comparisons beyond Caucasians.

<b>Table 5.2 Participant Demographics</b>			
<b>Independent Variable</b>	<b>AMND for Non-exits</b>		
	<b>Mean</b>	<b>Δ\$</b>	<b>p-value</b>
<b>Gender</b>			
Male	0.17		
Female	0.83	-1.7	0.13
<b>Age (spline)</b>			
0 to 40 years		0.16	0.06
40 years or more		0.10	0.34
<b>Location of residence</b>			
Population 2,500 or more	0.65		
Population less than 2,500	0.35	-0.97	0.37
<b>Marital status</b>			
Married	0.26	0.40	0.79
Never-married	0.46		
Divorced, separated, or widowed	0.28	-0.18	0.86
<b>Household composition</b>			
Adults (18 or older)	1.4	-1.6	0.07
Children (17 or younger)	1.9	0.20	0.55
<b>Race/ethnicity</b>			
African-American	0.14	-0.3	0.82
Native American	0.12	-7.0	0.01
Other	0.08	3.6	0.02
Caucasian	0.67		

## Education and Employment

**Education.** More education (and thus more human capital) might be linked with higher AMND either because education increases financial sophistication and future orientation and/or because education serves as a proxy for these unobserved factors.

Compared to people who did not graduate from high school and holding all the other variables in the model constant, AMND was higher for people who graduated from high school. People who completed high school or earned a GED were the highest savers, and they saved \$4.60 more than people who did not graduate from high school (99-percent confidence, Table 5.3). People who attended college but never graduated, and people who graduated from a 4-year college, saved \$4.10 and \$3.80 more than people who did not graduate from high school. This implies differences of \$2.50 to \$4.60 a month, or between about 10-20% AMND.

**Table 5.3 Education and Employment Status**

Independent Variable	AMND for Non-exits		
	Mean	Δ\$	p-value
<b>Education</b>			
Did not graduate from high school	0.07		
Completed high school or earned GED	0.20	4.6	0.01
Attended college but did not graduate	0.41	4.1	0.02
Graduated from 2-year college	0.10	2.5	0.22
Graduated from 4-year college	0.23	3.8	0.04
<b>Employment</b>			
Students, unemployed, and not working	0.13	3.0	0.02
Employed, part-time (< 35 hours per week)	0.30	-0.70	0.46
Employed, full-time (> 35 hours per week)	0.57		

**Employment.** Because wages might be saved, the natural assumption would be that being employed might increase AMND. Compared to the full-time employed, AMND was \$3.00 higher for the group including students, the unemployed, and those not working (98-percent confidence, Table 5.3). We do not know why this group saves more than the employed group. One possible explanation is that the value of saving and gaining match money is more crucial to this group (students, the unemployed, and those not working) because this is an important source of resources right now.

**Public Assistance and Income**

As of March 31, 2001, mean monthly household income of participants in FAIM was \$1,431 (median \$1,419, Table 5.4). In annual terms, the mean is \$17,172.

Recurrent income (wages, government benefits, pensions, and investments) was 88 percent of total income and had a mean value of \$1,267 (median \$1,260, Table 5.4). About 91 percent of participants received wages, and 26 percent received government benefits. In terms of value, 76 percent of income came from wages, and 12 percent came from government benefits. Intermittent income (self-employment, child support, gifts, and other sources) for participants in FAIM was 12 percent of total income and had a mean monthly value of \$169 (Table 5.4).

The typical participant is very close to the poverty line; the mean ratio of income to poverty was 1.06 (median 1.03, Table 5.4).

Table 5.4 Monthly Household Income of Participants by Source								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Income Source (%)	Distribution of Total Income by Source (%)
Wages	513	1,124	1,181	0	3,000	0	91	76
Government Benefits	513	134	0	0	2,144	0	26	12
Pensions	513	4	0	0	965	0	1	0
Investments	501	3	0	0	750	12	1	0
Recurrent Sources	499	1,267	1,260	0	3,000	14	96	88
Self-employment	513	87	0	0	3,167	0	13	6
Child Support	513	72	0	0	1,168	0	0	0
Gifts	513	3	0	0	475	0	1	0
Other Sources	512	6	0	0	1,080	1	1	0
Intermittent Sources	510	169	0	0	3,167	3	34	12
Total Income	498	1,431	1,419	90	4,478	15	100	100
Income/Poverty	498	1.06	1.03	0.00	3.27	15		

Table 5.5 Public Assistance and Income			
Independent Variable	AMND for Non-exits		
	Mean	Δ\$	p-value
<b>Receipt of public assistance</b>			
TANF or AFDC never	0.38		
TANF or AFDC formerly	0.62	-0.15	0.87
No TANF currently	0.89		
TANF currently	0.11	-1.9	0.22
No SSI/SSDI	0.89		
Receives SSI/SSDI	0.11	-1.04	0.47
No food stamps	0.83		
Receives food stamps	0.17	0.10	0.94
<b>Household income (\$100/month)</b>			
Recurrent income (spline)	12.7		
0 to \$799		-0.23	0.37
\$800 or more		0.02	0.85
Intermittent income	1.8	0.08	0.56

Means taken over only non-missing observations.



Household income had no significant association with AMND. In other words, income had little effect on savings behavior in FAIM (Table 5.5).

Receipt of public assistance—whether TANF, AFDC, SSI/SSDI, or food stamps currently or before enrollment—had no statistically significant link to AMND (Table 5.5).

**Table 5.6 Distribution of Assets of Participants by Type**

Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	503	217	0	0	5,000	10	49	8
Checking Account	508	253	80	0	4,500	5	75	12
Total Liquid Assets	498	474	116	0	5,500	15	86	20
Home	510	12,974	0	0	170,000	3	25	20
Car	489	3,293	2,000	0	25,000	24	82	52
Business	509	771	0	0	90,000	4	7	2
Land or Property	512	292	0	0	30,000	1	3	1
Investments	507	523	0	0	30,000	6	19	5
Total Illiquid Assets	477	17,363	3,000	0	178,500	36	85	80
Total Assets	466	17,342	3,378	0	178,560	47	96	100
Total Liabilities	242	15,980	4,685	0	175,000	271		
Net Worth	233	657	10	-67,237	61,893	280		

### Assets, Liabilities, and Insurance

Median total assets for participants in FAIM were \$3,378 (Table 5.6). A few people had very high assets (one reported \$178,560), so the mean (\$17,342) exceeded the median.

**Liquid assets.** Balances at enrollment in passbook savings accounts or in checking accounts may proxy for financial sophistication, future orientation, or other unobserved factors linked with saving success. Account balances may also be shifted into IDAs. For these reasons, people who own an account when they start an IDA may be expected to save more.

Median liquid assets in FAIM at enrollment were \$116 (mean \$474, Table 5.6). About 49 percent of participants had a passbook savings account (in addition to an IDA), and 75 percent had a checking account.<sup>9</sup>

<sup>9</sup> MIS IDA did not record the value of cash on-hand.

Table 5.7 Distribution of Liabilities of Participants by Type

Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	468	8,047	0	0	140,000	45	18	16
Car Loan	275	3,184	1,500	0	20,000	238	62	40
Business Loan	488	332	0	0	75,000	25	1	1
Land or Property Mortgage	506	107	0	0	16,800	7	1	0
Family and Friends Debt	511	712	0	0	63,000	2	21	6
Household Bills	509	133	0	0	5,000	4	19	7
Medical Bills	506	251	0	0	9,999	7	26	6
Credit-card	508	701	0	0	13,000	5	32	11
Student Loans	510	1,648	0	0	60,000	3	20	13
Total Liabilities	242	15,980	4,685	0	175,000	271	85	100
Total Assets	466	17,342	3,378	0	178,560	47	96	
Net Worth	233	657	10	-67,237	61,893	280		

Ownership of a passbook savings account as well as the balance in the passbook account had no statistically significant link with AMND (Table 5.8).

Owners of checking accounts can bounce checks, so checking accounts require greater financial sophistication than passbook savings accounts (Caskey, 2000). Also, people with checking accounts can more easily make deposits by mail and avoid the transaction costs of a trip to the bank. A checking account may thus proxy for unobserved characteristics—such as having saved in the past or not ending each month broke—linked with saving success. Unexpectedly, ownership of a checking account was associated with a decrease in AMND of \$2.20 (95-percent confidence, Table 5.8) and there was no statistically significant link with the checking account balance.

**Illiquid assets.** Other than human capital, houses and cars are the chief illiquid assets of the poor. Like liquid assets, illiquid assets may proxy for unobserved factors correlated with higher saving. Illiquid assets, however, are more difficult than liquid assets to shift into IDAs.<sup>10</sup> Illiquid assets had no statistically significant link with AMND (See Table 5.8).

**Liabilities.** Requirements for debt service mean that, all else constant, debtors have less resources available to save. Median total liabilities in FAIM were \$4,685 (Table 5.7). A few people had very high debts (one reported \$175,000), so the mean (\$15,980) exceeded the median. The average participant had home-mortgage debt of \$8,047. For the eighteen percent of the participants who had a home mortgage, average home-mortgage debt was \$44,831. In addition, the average participant had a car loan of \$3,184. For the 62 percent who had a car loan, the average car loan was \$5,150. (Table 5.7).

<sup>10</sup> Implicit shifts are still possible from resources that would have been used for maintenance or for additional investment in illiquid assets.

Did participants fund IDAs with debt? The data in MIS IDA suggest that it was possible. Participants could borrow, and they had debts on which they could have slowed repayment.

Both debt and the value of liabilities had no statistically significant association with AMND (See Table 5.8).

<b>Table 5.8 Assets, Liabilities, and Insurance</b>			
<b>Independent Variable</b>	<b>AMND for Non-exits</b>		
	<b>Mean</b>	<b>Δ\$</b>	<b>p-value</b>
<b>Liquid assets</b>			
No passbook savings account	0.48		
Owned passbook savings account	0.52	0.23	0.79
Balance in passbook savings account (\$100s)	2.32	-0.04	0.53
No checking account	0.21		
Owned checking account	0.79	-2.2	0.05
Balance in checking account (\$100s)	2.77	-0.02	0.76
<b>Illiquid assets</b>			
Renter	0.73		
Home owner	0.27	0.34	0.82
No car	0.16		
Car owner	0.84	-1.9	0.18
Value of illiquid assets (\$100s)	181	0.000	0.83
<b>Liabilities</b>			
No debt	0.61		
Some debt	0.39	0.29	0.88
Value of liabilities (\$100s)	167	0.0014	0.63
<b>Insurance coverage</b>			
No health insurance	0.20		
Had health insurance	0.80	1.19	0.26
No life insurance	0.58		
Had life insurance	0.42	1.8	0.03

Means taken over only non-missing observations.

**Insurance coverage.** The presence of insurance may proxy for future orientation, financial sophistication, or other unobserved characteristics linked with higher saving.<sup>11</sup> On the other hand, premiums (at least for life insurance) would reduce the amount of resources available to save. Having health insurance (including coverage by Medicaid or Medicare) increased AMND by \$1.19 (74-percent confidence) and having life insurance increased AMND by \$1.80 (97-percent confidence, Table 5.8).

**Enrollment Characteristics**

The regression includes some factors related to enrollment and to the length of participation. They are best seen as controls rather than causes.

Table 5.9 Enrollment Characteristics			
Independent Variable	AMND for Non-exits		
	Mean	Δ\$	p-value
<b>Previous relationship with host org.</b>			
No	0.52		
Yes	0.48	0.89	0.38
<b>Referred by partner organization</b>			
No	0.86		
Yes	0.14	-0.20	0.87
<b>Length of participation (months)</b>			
1 to 6		-1.40	0.01
7 to 12		0.72	0.04
13 to 15		-2.2	0.01

**Previous relationship with the host organization.** The receipt of services from the host may proxy for unobserved factors that impede saving. The presence of a previous relationship, however, had no statistically significant link with AMND (Table 5.9).

**Referred by a partner organization.** Like people with a previous relationship with the host, people referred by a partner organization have received some social services, and this may signal something about their unobserved characteristics. The association between being referred and AMND was statistically insignificant (Table 5.9).

**Length of participation.** AMND is linked with the length of participation (Table 5.9); it decreases by \$1.40 per month in the first six months (99-percent confidence). In months 7 to 12, however, AMND increases by \$0.72 per month (96-percent confidence); and in months 13 to 15, it decreases by \$2.20 per month (99-percent confidence). This is an unexpected result. It is possible that in the beginning months people are still getting acclimated into the program. By the

<sup>11</sup> Some people—especially the poor—also save in the form of cash-value life insurance.

seventh month, they are beginning to see the results of their efforts and they have higher opportunity cost of losing the match. Moreover, by this month participants found ways to come up with IDA deposits from new savings, from increased time and effort in household production, or from reduced consumption. We do not know why the AMND decreases in months 13 through 15. There are several possible explanations. First, as time passes, participants may get tired, and new savings may shrink. Second, new participants may shift some assets from cash, checking accounts, and passbook savings accounts into IDAs. In time, however, liquid assets to shift may dwindle. Third, participants may be more motivated at first as they learn about IDAs and attend classes. As the newness wears off, the spark may ebb. Furthermore, IDA staff may spend more time on new participants. Fourth, it is likely that some participants enroll at a high point in their financial lives (for example, after they receive a tax refund or an EITC payment). With time, deposits fall off as inflows regress to a more average state.

<b>Table 5.10 Characteristics Determined after Enrollment</b>			
<b>Independent Variable</b>	<b>AMND for Non-exits</b>		
	<b>Mean</b>	<b>Δ\$</b>	<b>p-value</b>
<b>Use of direct deposit to IDA account</b>			
No	0.83		
Yes	0.17	-0.08	0.95
<b>Deposit frequency</b>			
Share of months with a deposit	0.78	22	0.01
<b>Planned or actual use of matched withdrawal</b>			
Microenterprise	0.23	-0.39	0.72
Post-secondary ed.	0.16	0.1	0.95
Home purchase	0.62		

Means taken over only non-missing observations.

### Characteristics Determined after Enrollment

The regression controls for several factors determined after enrollment. Although they may affect saving, saving may also affect them. They are more controls than causes.

**Direct deposit.** The estimated association between direct deposit and AMND was not statistically significant (Table 5.10).

**Deposit frequency.** *Deposit frequency* is defined as the number of months with a deposit divided by the number of months of participation. We suspect that high saving causes frequent saving, in part because making a deposit has transaction costs and because high savers are more likely in more months to have deposits large enough to make these costs worthwhile. We also suspect that frequent saving causes high saving. In months when saving is more difficult, the person who wants to be a frequent depositor is more likely than otherwise to make a greater effort. In the long term, people who set a savings target and then consume the residual are likely—because they will make a greater effort to save in difficult months—to save more than

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people who set a consumption target and then save the residual. Furthermore, frequent deposits may be a pre-commitment device that puts cash out of reach.

A unit increase in deposit frequency was associated with a \$22 increase in AMND (99-percent confidence, Table 5.10). The measure of deposit frequency, however, ranges between zero (no deposits) and unity (a deposit each month), so a unit change is not relevant. Compared to someone with deposit frequency in the 25<sup>th</sup> percentile (53 percent), predicted AMND for someone in the 75<sup>th</sup> percentile (100 percent) would be about \$10.34 higher. This is a large effect, although we cannot untangle each side of the two-way causation.

**Planned or actual use of matched withdrawals.** People who plan to save to buy a house may save more, all-else constant, than people who plan to save for post-secondary education. Thus, planned use may affect saving. Also, some participants enroll without a clear goal for their matched use. If they find that they save a lot, then they may make a larger purchase; if they save less, then they may make a smaller purchase. Thus, saving affects actual use. In FAIM, AMND had no statistically significant association with any uses (See Table 5.10).

## 6. Conclusions

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FAIM is the first statewide IDA program to be studied in this level of detail. This report will likely be of interest not only within Minnesota, but also in other states that are operating or planning to operate a statewide IDA program. Every state will be somewhat distinctive, but findings and lessons from FAIM are likely to be informative for other state IDA programs.

### **The FAIM Population**

Participants in FAIM are both program-selected (eligibility criteria) and self-selected (voluntary participation). It seems likely that program selection is very important. An important policy question is who would enroll in IDAs if all low-income people were eligible? Unfortunately, the data from FAIM cannot answer this question.

Before drawing conclusions, it is important to ask whether participants in FAIM are like others at or below 200 percent of the poverty line.<sup>1</sup> Compared to the U.S. low-income population, FAIM participants are better educated, more likely to be employed, and more likely to have a bank account. This pattern reflects the explicit targeting of IDA programs in FAIM to the “working poor.” Participants in FAIM are also more likely to be female and to be never-married. This pattern reflects the types of clients served by the organizations that are running IDA programs in FAIM. Thus, compared to others with similar incomes, FAIM participants are more likely to be disadvantaged in terms of gender and marital status, but less likely to be disadvantaged in terms of education, employment status, and the use of banks.

We can say that at least some poor people with the characteristics of participants in FAIM are able to save in IDA programs. This does not mean that poor people with different characteristics can or cannot save. As yet, we do not know much about that.

### **Key Findings on Saving Performance and Asset Acquisition**

Early research results from FAIM, based on data from MIS IDA, show that the poor can save in IDAs. In 27 IDA sites, 513 participants saved an average of about \$25 per month, and saved an average of 85 percent of the monthly savings target. The typical participant made deposits in 9 of 12 months. Given that the match was 3:1, the average participant accumulated resources worth about \$100 per month, or \$1,200 per year, through IDAs.

Is this a meaningful amount of asset accumulation? FAIM participants are not economically advantaged or wealthy. For example, about 64 percent of FAIM participants were or had been a “welfare” recipient (AFDC or TANF), and about 75 percent did not own a home. Regarding financial assets, the median passbook saving balance was \$0, and the median checking account balance was \$80. The median net worth (assets minus liabilities) of FAIM participants was \$10.

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<sup>1</sup> FAIM used EITC guidelines to determine eligibility. For comparison to FAIM participants, however, this information is based on 200% of poverty.

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Thus, average accumulation of \$1,200 per year in IDAs represents a large sum of financial assets for the typical FAIM participant.

The exit (dropout) rate for FAIM was 16 percent and will assuredly increase. Is this high or low? We cannot say. However, it would be unrealistic to expect 100 percent success. In many types of programs serving poor people, a success rate of even 50 percent would be considered good.

About 63 percent of FAIM participants say they are saving for home purchase, 22 percent to capitalize a small business, and 15 percent for post-secondary education. Therefore, it appears as if the largest category of asset purchase will be home ownership. Many of these families did not think it was possible for them to own a home before their participation in FAIM.

### **Results from FAIM with Some Comparisons to the American Dream Demonstration**

The first major study of IDAs has been of the American Dream Demonstration (ADD). ADD is a demonstration of IDAs in 14 programs across the United States. As of June 30, 2000, ADD had 2,378 participants. Participants in ADD had similar demographic characteristics as the participants in FAIM. In both FAIM and ADD, participants were mostly female, never-married, and had high levels of education and employment compared to the U.S. low-income population. Participants in FAIM, however, may be somewhat wealthier than ADD participants. In FAIM, a greater share of participants had a checking account, owned a house, owned a car, and/or were covered by health insurance.

Comparison of saving outcomes in FAIM and ADD reveal that AMND was similar for both, about \$25 per month. The programs set monthly saving targets for participants, often \$25 or \$30 per month, and very likely many participants try to reach those targets. This is due to both an economic effect (trying to save the amount of money that is matchable) and to a social effect (trying to meet expectations of program staff and peers).

On average, participants in ADD had a lower deposit frequency (7 of 12 months) than in FAIM (9 of 12 months). Based on our knowledge of both FAIM and ADD, we believe that more program emphasis was placed on regular saving in FAIM than in ADD.

Also, participants in ADD has a higher rate of unmatched withdrawals compared to participants in FAIM. About 37 percent of participants in ADD made unmatched withdrawals, compared to 20 percent of participants in FAIM. In part, these differences may be explained by the longer period of participation in ADD, an average of 13.8 months as opposed to 10.2 months in FAIM. Even so, FAIM is on a trajectory to have a much smaller share of drop-outs than ADD. The unmatched withdrawal rate can be expected to increase in both ADD and FAIM as time goes on (by definition it cannot decrease after everyone is enrolled). Why are unmatched withdrawals important? Because at least some of the money will not be re-deposited and participants will lose out on the matching funds. The fact that the percentage of unmatched withdrawals is high underscores that long-term saving is difficult for people of low income. This pattern also suggests that at least some IDA participants may be using their accounts for short-term saving, perhaps even as transaction accounts. If this were the case, it would be preferable to open a



second account (either saving or checking) that is for short-term deposits and withdrawals. One lesson that we are learning from research on IDAs is that the poor as well as the rich can benefit from different kinds of financial instruments for different purposes.

### **Institutional Characteristics**

In terms of institutional characteristics, the most important findings were in unobserved program differences among the sites. In other words, IDA programs were associated with variables that were not being measured that were also associated with saving performance of participants (as measured by AMND). This could be anything from variations in enthusiasm of staff to regional differences in transportation difficulty. More research is needed to specify and measure program factors that may be associated with saving differences.

That said, it is important to note that participants were saving successfully in *every* IDA program site in FAIM. In terms of saving amount, there is no program in FAIM, or in ADD for that matter that could be considered a failure.

In FAIM, we found no statistical association between hours of financial education and saving performance. This differs from ADD, where we found that more financial education (up to 12 hours) was associated with increased saving. We cannot explain these different findings, though we suspect rather large measurement error in the content of “financial education” from one program site to another.

In both FAIM and ADD, participants are less likely to drop out of an IDA program if they used direct deposit. However, direct deposit in FAIM and ADD was not associated with higher saving amounts.

### **Participant Characteristics**

In FAIM, males saved \$1.70 per month more than females. Those over age 40 save \$0.16 per month more than those under age 40. Marital status was not statistically associated with saving amount. Each additional adult was associated with \$1.60 less in monthly saving, but the number of children was not statistically related to saving.

In terms of race/ethnicity, African-Americans in FAIM saved statistically the same as Caucasians. However, Native Americans saved \$7.00 per month less than Caucasians. This latter finding raises questions about how IDA programs in FAIM are responding to the circumstances of Native Americans. Nonetheless, it is important to note that Native Americans were saving, and this too has to be considered a success.

People who did not graduate from high school saved less than other education groups, with the difference ranging from \$2.50 to \$4.60 per month. This finding might be expected.

Turning to employment, a group that includes students, the unemployed, and those not working saved statistically about \$3.00 per month more than the full-time employed. We do not know why.

Receipt of public TANF or AFDC, currently or before enrollment, was not associated with savings performance in FAIM. In other words, in these research results there is no basis for concluding that welfare recipients cannot save as well as others.

As we found in ADD, income had no statistical association with savings amount in FAIM. Controlling for other factors, those with low income saved as much as those with higher income. This means that those with lower income saved a greater share of their income (AMND/monthly income). Also similar to ADD findings, the risk of exit was not associated with the level of income in FAIM. Our interpretation is that the institutional characteristics of IDA programs (program rules, matching deposits, financial education, involvement of staff, etc.) may be stronger than participant income in determining saving performance.

The fact that findings are largely similar in FAIM and ADD is somewhat hopeful in that it suggests that the IDA experience may be similar across different program designs and population groups. If this continues to be the case in other states, the findings might be the basis for improved IDA policy and programs. For example, if certain participant characteristics are associated with reduced saving performance, then policy and programs might target those participants with additional staff attention and/or other supports.

### **Toward the Future**

This report is based on data from FAIM in its preliminary stages. Data were collected 15 months after the program began. Additional data from the remaining months in FAIM will shed more light on saving patterns and performance.

As mentioned in the preface, state policy is increasingly important as the federal government returns more authority, especially for anti-poverty policy, to the states. FAIM and other programs at the state level are the ground upon which IDA policy and programs will be nurtured and improved, and later transplanted to other states. We anticipate that cumulative state-level knowledge about IDAs, at some point in the future, will influence a larger federal policy for progressive savings.

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# **Appendix A**

## **Data and MIS IDA**

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This appendix discusses the data and methods used to analyze saving behavior in FAIM. The goal is to help readers to make informed judgements about how best to use the results.

### **Data**

#### **MIS IDA**

Program staff collects data for this evaluation with the Management Information System for Individual Development Accounts (MIS IDA). MIS IDA also helps programs to manage the logistics of IDAs. CSD anticipated the need for MIS IDA, designed and wrote the software, and now distributes and supports it.

MIS IDA provides management tools such as account statements, mailings, and more than 30 reports. It also generates a comprehensive database on program characteristics, on participant characteristics, and on enrollments, deposits, and withdrawals. Moreover, with MIS IDA in place, an IDA program can track its own performance, and the database facilitates external evaluation. MIS IDA is used in 41 states, the District of Columbia, and Canada.

CSD identified the need for a management-information system in 1995. In 1996, CSD put together a national team to identify the types of data that such a system should collect. Version 1.0 of MIS IDA was released in mid-1997, and Version 2.0 was released in 1998. Version 3.0, released in January 2000, was used to collect the data in this report. Table 1 lists selected fields collected in MIS IDA Version 3.0.

IDA staff record four types of data in MIS IDA: account-structure parameters at the start of the program, socio-economic data on participants at enrollment, monthly cash-flow data from account statements, and intermittent events such as class attendance and exit.

#### **Data Quality**

CSD also developed a complementary software program—MIS IDA QC—as a quality-control tool for researchers and IDA programs to check the accuracy of data in MIS IDA. To ensure clean data, CSD and the FAIM Fiscal Agent ran MIS IDA QC reports and cross-checked for data-entry errors, missing values, and accounting inconsistencies. Programs were asked to correct missing or inconsistent data. This extensive process significantly improves the quality of data.

Table 1. Selected Data Collected in MIS IDA Version 3.0

Characteristics of Programs	Demographics of Participants <i>continued</i>
<ul style="list-style-type: none"> <li>• Age of host organization</li> <li>• Type of financial institution(s)</li> </ul>	<ul style="list-style-type: none"> <li>• Number of children in household</li> <li>• Race/Ethnicity</li> <li>• Education status</li> <li>• Employment status</li> </ul>
Funding Partners of Programs	Income and Public Assistance of Participants
<ul style="list-style-type: none"> <li>• Type of organization</li> <li>• Matchable uses</li> <li>• Starting and ending dates of partnership</li> <li>• Amount and type of contribution</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly gross income (wages, government benefits, pensions, investments, self-employment, child support, gifts, and other)</li> <li>• Former TANF or AFDC status</li> <li>• Current TANF status</li> <li>• Current food-stamp status</li> <li>• Current SSI/SSDI status</li> </ul>
Account Structure for Programs	Assets, Liabilities, and Insurance of Participants
<ul style="list-style-type: none"> <li>• Frequency of account statements</li> <li>• Number of signatures required for withdrawals</li> <li>• Penalties for unmatched withdrawals</li> <li>• Matchable uses</li> <li>• Wait period(s)</li> </ul>	<ul style="list-style-type: none"> <li>• Assets (passbook savings, checking, home, car, business, land or property, investments)</li> <li>• Liabilities (home, car, business, land or property, family or friends, household bills, medical bills, credit cards, student loans)</li> <li>• Insurance (health, life)</li> </ul>
Financial Education	Account Data for Participants
<ul style="list-style-type: none"> <li>• Hours of general financial education offered and required by a program</li> <li>• Hours of asset-specific education required by a program</li> <li>• Hours of general financial education attended by a participant</li> <li>• Hours and types of asset-specific education attended by a participant</li> </ul>	<ul style="list-style-type: none"> <li>• Number of bank account</li> <li>• Name of financial institution</li> <li>• Date account opened and date closed</li> <li>• Funding partner(s)</li> <li>• Use of direct deposit</li> <li>• Type of match-cap structure</li> <li>• Annual match cap</li> <li>• Lifetime match cap</li> <li>• Match rate</li> <li>• Time cap</li> </ul>
Enrollment of Participants	Periodic Deposits and Withdrawals by Participants
<ul style="list-style-type: none"> <li>• Social Security number</li> <li>• Name and address</li> <li>• Name and address of relative</li> <li>• Enrollment date</li> <li>• Date of exit</li> <li>• Reason for exit</li> <li>• Previous relationship with host organization</li> <li>• Referral from partner organization</li> </ul>	<ul style="list-style-type: none"> <li>• Starting and ending balance</li> <li>• Number and amount of deposits</li> <li>• Number and amount of withdrawals</li> <li>• Amount of service fees</li> <li>• Amount of interest</li> </ul>
Demographics of Participants	Matched Withdrawals by Participants
<ul style="list-style-type: none"> <li>• Gender</li> <li>• Year of birth</li> <li>• Urban/rural residence</li> <li>• Marital status</li> <li>• Number of adults in household</li> </ul>	<ul style="list-style-type: none"> <li>• Use of withdrawal</li> <li>• Vendor name and address</li> <li>• Withdrawal date</li> <li>• Amount withdrawn</li> <li>• Amount of match</li> </ul>

The cash-flow data from MIS IDA are probably the best data that exist on high-frequency saving behavior by the poor in any subsidized-savings program. This report centers on this data.

### Data Caveats

The staff members of IDA programs are not full-time researchers, and, despite their consistent commitment to accurate data and their strong support for the evaluation as a whole, quality varies among programs and among types of data. Most time-constant demographic variables are accurate. However, we cannot check whether program staff recorded all intermittent events such as exit and financial education.

As in all surveys, data on income, assets, and liabilities are measured with error. Participants often do not know these values, especially for non-financial assets such as homes or cars. MIS IDA asked for income at the household level but for assets at the individual level, and we do not know how participants reported jointly owned assets. Some people may have understated income or assets in the belief that this would increase their chances of acceptance into the means-tested program.

Account-structure parameters in MIS IDA may not always match the rules used in the field. This might result from staff turnover, because programs did not think much about some aspects of account structure (such as the time cap) until after they started, and/or because programs changed the structure of accounts but did not record the change in MIS IDA. In this demonstration, the core program rules are dictated by the FAIM Pilot Project Policies and Procedures Manual (2001).

## Definitions

**Mean.** The mean is the average. For categorical variables (for example, gender, marital status), each category is represented by one variable that will take a value of zero (if the participant is not female) or one (if the participant is female). Thus, the mean is the share of the characteristics that takes the given value. For example 17% of participants are male, and 83% female (see Table 5.2).

**Statistical significance and the p-value.** This report discusses the precision of estimates of links between savings outcomes and the characteristics of participants and programs in terms of statistical significance. Results are *statistically significant* if they are not likely due to sampling variation. Larger sample sizes boost statistical significance, the confidence that an estimated relationship is “real” and does not merely reflect an unusual sample due to chance.

For example, suppose that we want to test a coin for fairness (a fair coin lands on “heads” half the time). For 100 tosses of a fair coin, we would expect about 50 “heads.” Even for a fair coin, however, we would not be surprised if, because of luck, we got 60 or more “heads.” But luck should even out with more tosses. If we tossed the coin 1,000 times and had 600 or more “heads,” then we might wonder whether the coin is really fair. If 1,000,000 tosses produce 600,000 or more “heads,” then we would strongly suspect a rigged coin.

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The result of 60 or more “heads” in 100 tosses may not be statistically significant; it could happen even with a fair coin. The result of 600 or more “heads” in 1,000 tosses is more statistically significant; it is unlikely with a fair coin. The result of 600,000 or more “heads” in 1,000,000 tosses is highly statistically significant; it would almost never happen with a fair coin.

Statistical significance is expressed as a degree of confidence. For example, suppose that many people toss fair coins 100 times and that 75 percent of them get 59 or fewer “heads.” If we then toss a coin of unknown fairness 100 times and get 60 “heads,” we can have 75-percent confidence that it is not a fair coin.

The p-value is the complement of the confidence level, expressed as a probability rather than as a percentage. For example, 75-percent confidence implies a p-value of 0.25. If the confidence level is  $x$  percent, then the p-value is  $(100-x) \div 100$ . The higher the confidence, the lower the p-value.

Statistical significance depends on both the real relationship and the sample size. With small samples, statistical significance is rare, even if the real relationship is strong. With large samples, statistical significance is common, even if the real relationship is weak. Policy should look at both statistical significance and at the size of the estimated association.

Of course, statistical significance implies only association, not causality. Furthermore, statistical significance does not imply policy significance, and statistical insignificance does not imply policy insignificance. For example, a statistically insignificant link between the match rate and exit might usefully imply that low matches are just as good as high ones.

Finally, statistical significance measures imprecision due to sampling variation; it ignores all other sources of imprecision (such as measurement error). For example, a model may assume that AMND depends only on gender, even though it really depends on a host of other factors but not on gender. If gender is correlated with the other factors, however, then the model might find a large, statistically significant (but incorrect) link between AMND and gender.

**Change in percentage points.** The table columns in Chapters 4 and 5 labeled “ $\Delta$  in % pt” (change in percentage points) or labeled “ $\Delta$  in \$” (change in dollars) show the change in the predicted risk of non-exit given a unit change in an independent variable (one percentage point is 1/100, or 0.01).<sup>1</sup> If the estimated change linked to a unit increase in an independent variable is positive, then the likelihood of non-exit increases (decreases in the likelihood of exit). Negative estimates imply decreases in the likelihood of non-exit (increases in the likelihood of exit). For example, the column “ $\Delta$  in %” in Table 4.7 shows the change in the likelihood of non-exit for participants with direct deposit relative to the likelihood of participants without direct deposit. As shown, having direct deposit was associated with a 10-percentage-point increase—compared to not having a direct deposit—in the likelihood of non-exit (99-percent confidence).

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<sup>1</sup> The percentage-point changes are computed at the means of the independent variables. Standard errors are computed with the delta method (Greene, 1993).



# Appendix B

## Results by Region

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### Participant Characteristics and Savings Patterns at Each FAIM IDA Region

In this appendix we summarize participant characteristics and savings patterns for each of the FAIM IDA programs separately. These are not intended so that one program should be compared against each others. Such comparisons would not be very informative because each IDA program is dealing with a different population, and different program sizes. The patterns of individual characteristics and savings patterns are nonetheless informative in describing particular circumstances and patterns of saving at the different sites.

As of March 31, 2001, 513 participants were enrolled in the eight regions of FAIM. The *average monthly net deposit* (AMND)—defined as net deposits divided by months of participation—varied from a low of \$15.24 to a high of \$30.21. Among the eight regions, the mean deposit frequency ranged between 5.8 of every 12 months and 10.6 of every 12 months. Gross deposits per month in all months were between \$16.22 and \$32.12. Excluding months without deposits, gross deposits per month were \$33.76 and \$40.91.

### The 8 IDA Regions

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Northwest Minnesota Foundation Regional Cluster .....	61
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West Central Initiative .....	69
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Southwest Minnesota Foundation .....	77
Initiative Fund of South Central Minnesota Regional Cluster .....	81
Metro Area Regional Cluster .....	85

**Northland Foundation Regional Cluster**  
AEO, Community Action Program Duluth, KOOTASCA Community Action

**Participant Characteristics (N = 51)**

<b>Demographics</b>	
<b>Gender</b> %	
Female	84
Male	16
<b>Residence</b>	
Population 2,500 or more	76
Population less than 2,500	24
<b>Race/Ethnicity</b>	
African-American	2
Asian-American or Pacific Islander	2
Caucasian	82
Hispanic	8
Native American	4
Other	2
<b>Age</b>	
13 to 19	0
20s	33
30s	35
40s	25
50s	6
60 to 72	0
Missing	0
<b>Household Composition</b>	
<b>Marital Status</b>	
Never Married	61
Married	16
Divorced or Separated	24
Widowed	0
<b>Household Type</b>	
One Adult with Children	53
One Adult without Children	24
Two or more Adults with Children	24
Two or more Adults w/o Children	0
<b>Adults in Household</b>	
1	76
2	22
3	0
4	2
5 or more	0

<b>Children in Household</b>	
0	24
1	25
2	25
3	14
4	12
5 or more	0
<b>Education and Employment</b>	
<b>Education</b>	
Did not Complete High School	6
Completed High School or GED	14
Attended College	51
Completed 2-year Degree	14
Completed 4-year Degree or more	16
<b>Employment</b>	
Employed Full-time	49
Employed Part-time	35
Unemployed	0
Not Working	2
Student, not Working	2
Student, also Working	12
<b>Self-employed</b>	
Yes	12
No	88
<b>Financial</b>	
<b>Income/Poverty (%)</b>	
0 to 49	16
50 to 74	12
75 to 99	22
100 to 124	14
125 to 149	20
150 to 174	10
175 to 199	2
200 to 686	4
Missing	2
<b>Receipt of AFDC/TANF</b>	
Never	37
Formerly	63
Currently	8

<b>Received Food Stamps</b>	
Yes	33
No	67
Missing	0
<b>Received SSI/SSDI</b>	
Yes	22
No	78
Missing	0
<b>Health-Insurance Coverage</b>	
Yes	80
No	20
Missing	0
<b>Life-Insurance Coverage</b>	
Yes	31
No	69
Missing	0
<b>Intended or Actual Use of Matched Withdrawal</b>	
Home Purchase	59
Self-employment	18
Post-secondary Education	24
<b>Previous Relationship with Host Organization</b>	
Yes	39
No	61
Missing	0
<b>Referred by Partner Organization</b>	
Yes	16
No	84
Missing	0
<b>Direct Deposit to IDA Account</b>	
Yes	24
No	76
Missing	0
<b>Bank Account</b>	
Passbook Savings Account	61
Checking	84
Both	49
Either	96
<b>Hours of General Financial Education Attended</b>	
Zero	29
1 to 6	8
7 to 12	4
13 to 18	43
Missing	16

## Income, Assets and Liabilities

Income for Participants for Northland								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	% of Participants with a Source of Income	Distribution of Total Income by Source (%)
Wage-employment	51	1,026	1,050	0	2,383	0	92	72
Government Benefits	51	158	0	0	1,024	0	35	15
Pensions	51	19	0	0	965	0	2	1
Investments	50	0	0	0	8	1	2	0
Recurrent Sources	50	1,209	1,200	0	2,383	1	96	88
Self-employment	51	40	0	0	800	0	12	6
Child Support	51	94	0	0	1,012	0	0	0
Gifts	51	0	0	0	0	0	0	0
Other Sources	51	21	0	0	1,080	0	2	1
Intermittent Sources	51	156	0	0	1,080	0	31	12
Total Income	50	1,367	1,289	260	2,980	1	100	100
Income/Poverty	50	1.04	1.00	0.00	2.34	1		

Assets of Participants for Northland Foundation Regional Cluster								
Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	50	301	4	0	4,000	1	100	10
Checking Account	51	149	50	0	1,500	0	84	8
Total Liquid Assets	50	453	103	0	4,200	1	96	18
Home	51	6,275	0	0	76,000	0	12	11
Car	50	3,568	1,900	0	17,000	1	90	63
Business	50	70	0	0	1,500	1	8	3
Land or Property	51	329	0	0	16,800	0	2	2
Investments	51	638	0	0	30,000	0	12	3
Total Illiquid Assets	49	11,209	3,000	0	85,288	2	92	82
Total Assets	49	11,609	3,145	3	85,338	2	100	100
Total Liabilities	24	9,044	5,070	0	58,000	27		
Net Worth	24	-541	-22	-15,523	32,607	27		

### Liabilities of Participants for Northland

Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	50	4,400	0	0	58,000	1	10	5
Car Loan	26	3,909	1,250	0	17,000	25	73	53
Business Loan	48	31	0	0	1,500	3	2	3
Land or Property Mortgage	51	329	0	0	16,800	0	2	0
Family and Friends Debt	51	687	0	0	15,000	0	14	1
Household Bills	51	33	0	0	350	0	14	0
Medical Bills	51	99	0	0	2,100	0	16	2
Credit-card	51	428	0	0	5,900	0	27	14
Student Loans	51	1,597	0	0	20,328	0	22	23
Total Liabilities	24	9,044	5,070	0	58,000	27	88	100
Total Assets	49	11,609	3,145	3	85,338	2	100	
Net Worth	24	-541	-22	-15,523	32,607	27		

### Enrollment, Deposits and Withdrawals

As of March 31, 2001, 51 participants were enrolled in Northland Foundation Regional Cluster. The *average monthly net deposit (AMND)*—defined as net deposits divided by months of participation—was \$28.83, and 2 percent of participants (one participant) had made matched withdrawals. About 24 percent of participants had made unmatched withdrawals from matchable balances.

The average length of participation was 9.3 months, and the average number of months per year with a deposit was 9.7 (deposit frequency was 81 percent). Gross deposits per month in all months were \$32.12. Excluding months without deposits, gross deposits per month were \$39.86.

### Deposits, Withdrawals, and Matches (Cumulative Dollars) for Northland Foundation Regional Cluster

Type of cash flow	Amount	Match	Amount plus Match
Gross deposits		15,355	
Unmatched withdrawals of matchable deposits	1,690		
Total unmatched withdrawals		(1,690)	
Net deposits		13,665	40,995
Matchable balances	13,485	40,454	53,939
Matched withdrawals	180	541	721

**Northwest Minnesota Foundation Regional Cluster**  
Bi-County CAP, Tri Valley Opportunity Council,  
Inter-County Community Council, Northwest Community Action

**Participant Characteristics (N = 39)**

Demographics		Children in Household		Received SSI/SSDI	
<b>Gender</b>		0	8	Yes	5
Female	79	1	36	No	95
Male	21	2	26	Missing	0
<b>Residence</b>		3	21	<b>Health-Insurance Coverage</b>	
Population 2,500 or more	36	4	8	Yes	82
Population less than 2,500	64	5 or more	3	No	18
<b>Race/Ethnicity</b>		<b>Education and Employment</b>		Missing	0
African-American	0	<b>Education</b>		<b>Life-Insurance Coverage</b>	
Asian-American or Pacific Islander	0	Did not Complete High School	5	Yes	67
Caucasian	97	Completed High School or GED	28	No	33
Hispanic	0	Attended College	46	Missing	0
Native American	0	Completed 2-year Degree	5	<b>Intended or Actual Use of Matched Withdrawal</b>	
Other	3	Completed 4-year Degree or more	15	Home Purchase	28
<b>Age</b>		<b>Employment</b>		Self-employment	36
13 to 19	3	Employed Full-time	59	Post-secondary Education	36
20s	15	Employed Part-time	31	<b>Previous Relationship with Host Organization</b>	
30s	41	Unemployed	0	Yes	69
40s	41	Not Working	3	No	26
50s	0	Student, not Working	3	Missing	5
60 to 72	0	Student, also Working	5	<b>Referred by Partner Organization</b>	
Missing	0	<b>Self-employed</b>		Yes	8
<b>Household Composition</b>		Yes	23	No	90
<b>Marital Status</b>		No	77	Missing	3
Never Married	21	<b>Financial</b>		<b>Direct Deposit to IDA Account</b>	
Married	41	<b>Income/Poverty (%)</b>		Yes	28
Divorced or Separated	36	0 to 49	13	No	72
Widowed	3	50 to 74	13	Missing	0
<b>Household Type</b>		75 to 99	13	<b>Bank Account</b>	
One Adult with Children	46	100 to 124	21	Passbook Savings Account	33
One Adult without Children	3	125 to 149	10	Checking	87
Two or more Adults with Children	46	150 to 174	15	Both	28
Two or more Adults w/o Children	5	175 to 199	3	Either	92
<b>Adults in Household</b>		200 to 686	0	<b>Hours of General Financial Education Attended</b>	
1	49	Missing	13	Zero	28
2	46	<b>Receipt of AFDC/TANF</b>		1 to 6	10
3	5	Never	31	7 to 12	21
4	0	Formerly	69	13 to 18	41
5 or more	0	Currently	13	Missing	0
		<b>Received Food Stamps</b>			
		Yes	13		
		No	87		
		Missing	0		

## Income, Assets and Liabilities

Income for Participants for Northwest								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Income Source (%)	Distribution of Total Income by Source (%)
Wage-employment	39	1,076	1,200	0	2,639	0	92	74
Government Benefits	39	101	0	0	1,566	0	21	10
Pensions	39	0	0	0	0	0	0	0
Investments	35	21	0	0	750	4	3	3
Recurrent Sources	34	1,239	1,288	0	2,639	5	97	87
Self-employment	39	66	0	0	1,100	0	15	3
Child Support	39	92	0	0	541	0	0	0
Gifts	39	12	0	0	475	0	3	2
Other Sources	39	5	0	0	200	0	3	0
Intermittent Sources	38	181	0	0	1,469	1	45	13
Total Income	34	1,409	1,422	481	2,800	5	100	100
Income/Poverty	34	1.01	1.04	0.00	1.81	5		

Assets of Participants for Northwest Minnesota Foundation Regional Cluster								
Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	38	171	0	0	5,000	1	32	0
Checking Account	38	187	100	0	3,200	1	87	8
Total Liquid Assets	37	360	100	0	5,500	2	92	8
Home	39	20,305	9,000	0	90,000	0	62	43
Car	35	3,894	2,500	0	21,000	4	89	39
Business	39	1,846	0	0	50,000	0	8	1
Land or Property	39	1,379	0	0	30,000	0	13	3
Investments	37	772	0	0	8,000	2	22	5
Total Illiquid Assets	33	26,928	13,900	0	130,000	6	91	92
Total Assets	32	26,763	12,265	0	130,150	7	97	100
Total Liabilities	13	36,846	31,274	0	114,620	26		
Net Worth	12	4,336	1,250	-23,385	34,283	27		

Liabilities of Participants for Northwest								
Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	30	20,394	1,500	0	86,317	9	50	48
Car Loan	18	4,121	3,284	0	20,000	21	61	18
Business Loan	37	0	0	0	0	2	0	0
Land or Property Mortgage	37	338	0	0	6,500	2	5	1
Family and Friends Debt	39	484	0	0	14,500	0	18	9
Household Bills	39	158	0	0	2,000	0	26	1
Medical Bills	37	500	0	0	6,000	2	38	13
Credit-card	39	1,367	0	0	12,000	0	33	2
Student Loans	39	2,174	0	0	23,000	0	26	10
Total Liabilities	13	36,846	31,274	0	114,620	26	92	100
Total Assets	32	26,763	12,265	0	130,150	7	97	
Net Worth	12	4,336	1,250	-23,385	34,283	27		

### Enrollment, Deposits and Withdrawals

As of March 31, 2001, 39 participants were enrolled in the Northwest Minnesota Foundation Regional Cluster. The *average monthly net deposit* (AMND)—defined as net deposits divided by months of participation—was \$25.46, and 3 percent of participants (one participant) had made matched withdrawals. About 28 percent of participants had made unmatched withdrawals from matchable balances.

The average length of participation was 11.6 months, and the average number of months per year with a deposit was 9.4 (deposit frequency was 81 percent). Gross deposits per month in all months were \$27.95. Excluding months without deposits, gross deposits per month were \$35.78.

Deposits, Withdrawals, and Matches (Cumulative Dollars) for Northwest Minnesota Foundation Regional Cluster				
Type of cash flow	Amount		Match	Amount plus Match
Gross deposits		12,672		
Unmatched withdrawals of matchable deposits	1,162			
Total unmatched withdrawals		(6,138)		
Net deposits		11,510	34,530	46,040
Matchable balances	11,270		33,810	45,080
Matched withdrawals	240		720	960

**Minnesota Tribes**  
Leech Lake Tribe, White Earth Tribe

**Participant Characteristics (N = 44)**  
**Income, Assets and Liabilities**

<b>Demographics</b>		<b>Children in Household</b>		<b>Received SSI/SSDI</b>	
<b>Gender</b>		0	25	Yes	11
Female	68	1	18	No	89
Male	32	2	16	Missing	0
<b>Residence</b>		3	16	<b>Health-Insurance Coverage</b>	
Population 2,500 or more	7	4	2	Yes	55
Population less than 2,500	93	5 or more	20	No	20
<b>Race/Ethnicity</b>		<b>Education and Employment</b>		Missing	25
African-American	0	<b>Education</b>		<b>Life-Insurance Coverage</b>	
Asian-American or Pacific Islander	0	Did not Complete High School	7	Yes	39
Caucasian	0	Completed High School or GED	27	No	36
Hispanic	0	Attended College	39	Missing	25
Native American	100	Completed 2-year Degree	14	<b>Intended or Actual Use of Matched Withdrawal</b>	
Other	0	Completed 4-year Degree or more	14	Home Purchase	64
<b>Age</b>		<b>Employment</b>		Self-employment	32
13 to 19	2	Employed Full-time	70	Post-secondary Education	5
20s	16	Employed Part-time	11	<b>Previous Relationship with Host Organization</b>	
30s	43	Unemployed	0	Yes	2
40s	20	Not Working	11	No	70
50s	14	Student, not Working	0	Missing	27
60 to 72	2	Student, also Working	7	<b>Referred by Partner Organization</b>	
Missing	2	<b>Self-employed</b>		Yes	5
<b>Household Composition</b>		Yes	11	No	68
<b>Marital Status</b>		No	89	Missing	27
Never Married	45	<b>Financial</b>		<b>Direct Deposit to IDA Account</b>	
Married	32	<b>Income/Poverty (%)</b>		Yes	9
Divorced or Separated	23	0 to 49	18	No	91
Widowed	0	50 to 74	11	Missing	0
<b>Household Type</b>		75 to 99	11	<b>Bank Account</b>	
One Adult with Children	23	100 to 124	23	Passbook Savings Account	43
One Adult without Children	16	125 to 149	14	Checking	36
Two or more Adults with Children	50	150 to 174	5	Both	25
Two or more Adults w/o Children	9	175 to 199	2	Either	55
<b>Adults in Household</b>		200 to 686	7	<b>Hours of General Financial Education Attended</b>	
1	41	Missing	9	Zero	100
2	48	<b>Receipt of AFDC/TANF</b>		1 to 6	0
3	7	Never	45	7 to 12	0
4	0	Formerly	55	13 to 18	0
5 or more	5	Currently	11	Missing	0
		<b>Received Food Stamps</b>			
		Yes	16		
		No	82		
		Missing	2		



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Income for Participants for Minnesota Tribes								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Income Source (%)	Distribution of Total Income by Source (%)
Wage-employment	44	1,328	1,400	0	3,000	0	86	80
Government Benefits	44	152	0	0	1,100	0	25	14
Pensions	44	5	0	0	200	0	2	0
Investments	40	0	0	0	0	4	0	0
Recurrent Sources	40	1,515	1,512	0	3,000	4	98	95
Self-employment	44	130	0	0	3,167	0	11	4
Child Support	44	29	0	0	425	0	0	0
Gifts	44	0	0	0	0	0	0	0
Other Sources	44	0	0	0	0	0	0	0
Intermittent Sources	44	159	0	0	3,167	0	18	5
Total Income	40	1,630	1,592	400	3,241	4	100	100
Income/Poverty	40	1.08	1.02	0.00	3.27	4		

Assets of Participants for Minnesota Tribes								
Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	42	134	0	0	3,500	2	40	4
Checking Account	42	98	0	0	2,000	2	33	0
Total Liquid Assets	40	237	3	0	4,000	4	50	5
Home	41	10,718	0	0	75,000	3	41	30
Car	36	4,333	2,250	0	20,000	8	86	53
Business	44	2,045	0	0	60,000	0	5	2
Land or Property	44	1,095	0	0	18,500	0	9	4
Investments	41	583	0	0	12,000	3	24	7
Total Illiquid Assets	32	22,410	10,300	0	137,000	12	91	95
Total Assets	30	18,379	7,000	0	76,500	14	93	100
Total Liabilities	18	20,637	7,910	0	175,000	26		
Net Worth	15	1,602	0	-5,300	15,000	29		

### Liabilities of Participants for Minnesota Tribes

Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	32	4,888	0	0	45,000	12	22	19
Car Loan	27	4,886	3,400	0	20,000	17	74	52
Business Loan	43	1,163	0	0	50,000	1	2	2
Land or Property Mortgage	42	595	0	0	15,000	2	5	4
Family and Friends Debt	43	1,616	0	0	60,000	1	19	4
Household Bills	43	180	0	0	2,000	1	23	9
Medical Bills	44	293	0	0	7,000	0	25	2
Credit-card	41	385	0	0	5,000	3	20	5
Student Loans	42	319	0	0	4,200	2	17	3
Total Liabilities	18	20,637	7,910	0	175,000	26	83	100
Total Assets	30	18,379	7,000	0	76,500	14	93	
Net Worth	15	1,602	0	-5,300	15,000	29		

### Enrollment, Deposits and Withdrawals

As of March 31, 2001, 44 participants were enrolled in the Minnesota Tribes region. The *average monthly net deposit* (AMND)—defined as net deposits divided by months of participation—was \$15.24, and none of the participants had made a matched withdrawal. About 16 percent of participants had made unmatched withdrawals from matchable balances.

The average length of participation was 8.8 months, and the average number of months per year with a deposit was 5.8 (deposit frequency was 48 percent). Gross deposits per month in all months were \$16.22. Excluding months without deposits, gross deposits per month were \$33.76.

#### Deposits, Withdrawals, and Matches (Cumulative Dollars) for Minnesota Tribes

Type of cash flow	Amount	Match	Amount plus Match
Gross deposits		6,298	
Unmatched withdrawals of matchable deposits	430		
Total unmatched withdrawals	(430)		
Net deposits		5,868	17,603
Matchable balances	5,868	17,603	23,471
Matched withdrawals	0	0	0

**West Central Initiative**  
West Central MN CA, Clay-Wilkin Opportunity Council,  
Otter Tail-Wadena Community Action Council

**Participant Characteristics (N = 42)**

Demographics		Children in Household		Received SSI/SSDI	
<b>Gender</b> %		0	17	Yes	5
Female	81	1	14	No	95
Male	19	2	38	Missing	0
<b>Residence</b>		3	21	<b>Health-Insurance Coverage</b>	
Population 2,500 or more	43	4	5	Yes	86
Population less than 2,500	57	5 or more	5	No	14
<b>Race/Ethnicity</b>		<b>Education and Employment</b>		Missing	0
African-American	0	<b>Education</b>		<b>Life-Insurance Coverage</b>	
Asian-American or Pacific Islander	0	Did not Complete High School	5	Yes	57
Caucasian	98	Completed High School or GED	10	No	43
Hispanic	0	Attended College	40	Missing	0
Native American	0	Completed 2-year Degree	12	<b>Intended or Actual Use of Matched Withdrawal</b>	
Other	2	Completed 4-year Degree or more	33	Home Purchase	60
<b>Age</b>		<b>Employment</b>		Self-employment	21
13 to 19	0	Employed Full-time	69	Post-secondary Education	19
20s	19	Employed Part-time	24	<b>Previous Relationship with Host Organization</b>	
30s	36	Unemployed	0	Yes	52
40s	33	Not Working	0	No	48
50s	10	Student, not Working	0	Missing	0
60 to 72	2	Student, also Working	7	<b>Referred by Partner Organization</b>	
Missing	0	<b>Self-employed</b>		Yes	21
<b>Household Composition</b>		Yes	21	No	79
<b>Marital Status</b>		No	79	<b>Direct Deposit to IDA Account</b>	
Never Married	14	<b>Income/Poverty (%)</b>		Yes	5
Married	40	0 to 49	12	No	95
Divorced or Separated	43	50 to 74	19	Missing	0
Widowed	2	75 to 99	19	<b>Bank Account</b>	
<b>Household Type</b>		100 to 124	10	Passbook Savings Account	43
One Adult with Children	45	125 to 149	17	Checking	98
One Adult without Children	7	150 to 174	14	Both	43
Two or more Adults with Children	38	175 to 199	5	Either	98
Two or more Adults w/o Children	10	200 to 686	0	<b>Hours of General Financial Education Attended</b>	
<b>Adults in Household</b>		Missing	5	Zero	19
1	52	<b>Receipt of AFDC/TANF</b>		1 to 6	43
2	43	Never	45	7 to 12	31
3	5	Formerly	55	13 to 18	5
4	0	Currently	0	Missing	2
5 or more	0	<b>Received Food Stamps</b>			
		Yes	7		
		No	93		
		Missing	0		

## Income, Assets and Liabilities

Income for Participants for West Central Initiative								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Income Source (%)	Distribution of Total Income by Source (%)
Wage-employment	42	1,170	1,188	0	2,700	0	90	74
Government Benefits	42	102	0	0	1,257	0	17	8
Pensions	42	0	0	0	0	0	0	0
Investments	40	0	0	0	0	2	0	0
Recurrent Sources	40	1,231	1,221	0	2,700	2	90	82
Self-employment	42	103	0	0	1,260	0	17	9
Child Support	42	105	0	0	1,168	0	0	0
Gifts	42	0	0	0	0	0	0	0
Other Sources	42	25	0	0	1,000	0	5	1
Intermittent Sources	42	233	0	0	1,260	0	43	18
Total Income	40	1,475	1,494	150	3,386	2	100	100
Income/Poverty	40	1.02	0.98	0.12	1.95	2		

Assets of Participants for West Central Initiative								
Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	41	259	0	0	3,000	1	41	5
Checking Account	42	438	104	0	4,000	0	98	8
Total Liquid Assets	41	688	120	0	4,500	1	98	12
Home	42	17,514	0	0	104,000	0	33	22
Car	41	3,521	3,000	0	12,471	1	95	55
Business	42	1,143	0	0	25,000	0	19	5
Land or Property	42	440	0	0	15,000	0	5	1
Investments	41	1,559	0	0	23,000	1	29	5
Total Illiquid Assets	40	22,915	5,350	0	107,000	2	98	88
Total Assets	39	23,062	5,320	200	107,075	3	100	100
Total Liabilities	12	23,791	21,563	0	82,453	30		
Net Worth	11	2,433	200	-23,800	54,001	31		

Liabilities of Participants for West Central Initiative								
Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	39	10,901	0	0	80,000	3	28	35
Car Loan	13	3,166	3,000	0	12,000	29	77	32
Business Loan	37	405	0	0	15,000	5	3	0
Land or Property Mortgage	41	0	0	0	0	1	0	0
Family and Friends Debt	42	193	0	0	3,000	0	21	0
Household Bills	42	26	0	0	710	0	7	0
Medical Bills	42	252	0	0	2,000	0	31	1
Credit-card	42	1,695	115	0	13,000	0	52	8
Student Loans	42	2,695	0	0	39,000	0	24	24
Total Liabilities	12	23,791	21,563	0	82,453	30	92	100
Total Assets	39	23,062	5,320	200	107,075	3	100	
Net Worth	11	2,433	200	-23,800	54,001	31		

### Enrollment, Deposits and Withdrawals

As of March 31, 2001, 42 participants were enrolled in the West Central Initiative region. The *average monthly net deposit* (AMND)—defined as net deposits divided by months of participation—was \$26.80, and 5 percent of participants (two participant) had made matched withdrawals. About 14 percent of participants had made unmatched withdrawals from matchable balances.

The average length of participation was 11.2 months, and the average number of months per year with a deposit was 8.9 (deposit frequency was 74 percent). Gross deposits per month in all months were \$28.03. Excluding months without deposits, gross deposits per month were \$37.99.

Deposits, Withdrawals, and Matches (Cumulative Dollars) for West Central Initiative				
Type of cash flow	Amount	Match	Amount plus Match	
Gross deposits		13,177		
Unmatched withdrawals of matchable deposits	608			
Total unmatched withdrawals		(608)		
Net deposits		12,569	37,707	50,276
Matchable balances	11,999		35,996	47,995
Matched withdrawals	570		1,711	2,281

**Initiative Fund Regional Cluster**  
Tri-County Action Program

**Participant Characteristics (N = 44)**

<b>Demographics</b>	
<b>Gender</b>	
	%
Female	89
Male	11
<b>Residence</b>	
Population 2,500 or more	57
Population less than 2,500	43
<b>Race/Ethnicity</b>	
African-American	16
Asian-American or Pacific Islander	0
Caucasian	82
Hispanic	0
Native American	2
Other	0
<b>Age</b>	
13 to 19	2
20s	18
30s	50
40s	30
50s	0
60 to 72	0
Missing	0
<b>Household Composition</b>	
<b>Marital Status</b>	
Never Married	70
Married	18
Divorced or Separated	11
Widowed	0
<b>Household Type</b>	
One Adult with Children	66
One Adult without Children	7
Two or more Adults with Children	23
Two or more Adults w/o Children	5
<b>Adults in Household</b>	
1	73
2	27
3	0
4	0
5 or more	0

<b>Children in Household</b>	
0	11
1	41
2	25
3	16
4	2
5 or more	5
<b>Education and Employment</b>	
<b>Education</b>	
Did not Complete High School	0
Completed High School or GED	43
Attended College	25
Completed 2-year Degree	14
Completed 4-year Degree or more	18
<b>Employment</b>	
Employed Full-time	52
Employed Part-time	39
Unemployed	0
Not Working	0
Student, not Working	0
Student, also Working	9
<b>Self-employed</b>	
Yes	9
No	91
<b>Financial</b>	
<b>Income/Poverty (%)</b>	
0 to 49	14
50 to 74	20
75 to 99	11
100 to 124	16
125 to 149	14
150 to 174	14
175 to 199	7
200 to 686	5
Missing	0
<b>Receipt of AFDC/TANF</b>	
Never	30
Formerly	70
Currently	5
<b>Received Food Stamps</b>	
Yes	20
No	80
Missing	0

<b>Received SSI/SSDI</b>	
Yes	9
No	91
Missing	0
<b>Health-Insurance Coverage</b>	
Yes	93
No	7
Missing	0
<b>Life-Insurance Coverage</b>	
Yes	27
No	73
Missing	0
<b>Intended or Actual Use of Matched Withdrawal</b>	
Home Purchase	70
Self-employment	16
Post-secondary Education	14
<b>Previous Relationship with Host Organization</b>	
Yes	61
No	39
Missing	0
<b>Referred by Partner Organization</b>	
Yes	5
No	95
Missing	0
<b>Direct Deposit to IDA Account</b>	
Yes	5
No	95
Missing	0
<b>Bank Account</b>	
Passbook Savings Account	64
Checking	75
Both	48
Either	91
<b>Hours of General Financial Education Attended</b>	
Zero	30
1 to 6	20
7 to 12	14
13 to 18	36
Missing	0

## Income, Assets and Liabilities

Income for Participants for Initiative Fund								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Income Source (%)	Distribution of Total Income by Source (%)
Wage-employment	44	1,114	1,127	0	2,355	0	98	83
Government Benefits	44	75	0	0	702	0	18	7
Pensions	44	0	0	0	0	0	0	0
Investments	44	0	0	0	0	0	0	0
Recurrent Sources	44	1,189	1,300	134	2,355	0	100	90
Self-employment	44	14	0	0	415	0	5	2
Child Support	44	113	0	0	800	0	0	0
Gifts	44	3	0	0	132	0	2	0
Other Sources	44	0	0	0	0	0	0	0
Intermittent Sources	44	130	0	0	800	0	32	10
Total Income	44	1,319	1,369	134	2,355	0	100	100
Income/Poverty	44	1.08	1.06	0.05	2.40	0		

Assets of Participants for Initiative Fund Regional Cluster								
Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	44	282	20	0	3,000	0	64	12
Checking Account	44	159	55	0	1,000	0	75	7
Total Liquid Assets	44	441	145	0	3,300	0	91	19
Home	44	6,686	0	0	76,000	0	16	14
Car	44	3,525	1,200	0	20,000	0	80	56
Business	44	280	0	0	10,000	0	7	3
Land or Property	44	0	0	0	0	0	0	0
Investments	44	373	0	0	4,500	0	18	8
Total Illiquid Assets	44	10,864	3,565	0	91,000	0	86	81
Total Assets	44	11,305	3,676	0	92,050	0	95	100
Total Liabilities	27	13,791	5,800	0	68,000	17		
Net Worth	27	-3,361	-1,000	-67,237	25,050	17		

Liabilities of Participants for Initiative Fund								
Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	43	5,209	0	0	53,000	1	14	6
Car Loan	27	3,651	1,800	0	20,000	17	67	45
Business Loan	42	0	0	0	0	2	0	0
Land or Property Mortgage	44	0	0	0	0	0	0	0
Family and Friends Debt	44	860	0	0	15,000	0	30	6
Household Bills	44	185	0	0	4,500	0	16	4
Medical Bills	44	188	0	0	3,000	0	23	5
Credit-card	44	846	0	0	8,519	0	34	14
Student Loans	44	4,486	0	0	60,000	0	30	19
Total Liabilities	27	13,791	5,800	0	68,000	17	93	100
Total Assets	44	11,305	3,676	0	92,050	0	95	
Net Worth	27	-3,361	-1,000	-67,237	25,050	17		

### Enrollment, Deposits and Withdrawals

As of March 31, 2001, 44 participants were enrolled in the Initiative Fund Regional Cluster region. The *average monthly net deposit* (AMND)—defined as net deposits divided by months of participation—was \$27.88, and 2 percent of participants (one participant) had made matched withdrawals. About 25 percent of participants had made unmatched withdrawals from matchable balances.

The average length of participation was 10.6 months, and the average number of months per year with a deposit was 8.9 (deposit frequency was 74 percent). Gross deposits per month in all months were \$30.20. Excluding months without deposits, gross deposits per month were \$40.91.

Deposits, Withdrawals, and Matches (Cumulative Dollars) for Initiative Fund Regional Cluster				
Type of cash flow	Amount		Match	Amount plus Match
Gross deposits		14,111		
Unmatched withdrawals of matchable deposits	1,119			
Total unmatched withdrawals		(1,119)		
Net deposits		12,992	38,975	51,967
Matchable balances	12,752		38,255	51,007
Matched withdrawals	240		720	960



**Southwest Minnesota Foundation**  
 Western Community Action, Heartland Community Action,  
 Prairie Five Community Action Council, Southwestern MN Opportunity Council

**Participant Characteristics (N = 48)**

<b>Demographics</b>		<b>Children in Household</b>		<b>Received SSI/SSDI</b>	
<b>Gender</b>		0	8	Yes	15
Female	73	1	23	No	85
Male	27	2	38	Missing	0
<b>Residence</b>		3	15	<b>Health-Insurance Coverage</b>	
Race/Ethnicity	56	4	15	Yes	67
Population less than 2,500	44	5 or more	2	No	33
<b>Race/Ethnicity</b>		<b>Education and Employment</b>		Missing	0
African-American	0	<b>Education</b>		<b>Life-Insurance Coverage</b>	
Asian-American or Pacific Islander	0	Did not Complete High School	21	Yes	40
Caucasian	81	Completed High School or GED	23	No	60
Hispanic	17	Attended College	35	Missing	0
Native American	2	Completed 2-year Degree	13	<b>Intended or Actual Use of Matched Withdrawal</b>	
Other	0	Completed 4-year Degree or more	8	Home Purchase	63
<b>Age</b>		<b>Employment</b>		Self-employment	23
13 to 19	0	Employed Full-time	71	Post-secondary Education	15
20s	38	Employed Part-time	19	<b>Previous Relationship with Host Organization</b>	
30s	33	Unemployed	0	Yes	85
40s	23	Not Working	4	No	15
50s	6	Student, not Working	0	Missing	0
60 to 72	0	Student, also Working	6	<b>Referred by Partner Organization</b>	
Missing	0	<b>Self-employed</b>		Yes	10
<b>Household Composition</b>		Yes	13	No	90
<b>Marital Status</b>		No	88	Missing	0
Never Married	25	<b>Financial</b>		<b>Direct Deposit to IDA Account</b>	
Married	31	<b>Income/Poverty (%)</b>		Yes	4
Divorced or Separated	44	0 to 49	10	No	96
Widowed	0	50 to 74	13	Missing	0
<b>Household Type</b>		75 to 99	23	<b>Bank Account</b>	
One Adult with Children	52	100 to 124	17	Passbook Savings Account	42
One Adult without Children	6	125 to 149	21	Checking	67
Two or more Adults with Children	40	150 to 174	10	Both	27
Two or more Adults w/o Children	2	175 to 199	4	Either	81
<b>Adults in Household</b>		200 to 686	2	<b>Hours of General Financial Education Attended</b>	
1	58	Missing	0	Zero	27
2	42	<b>Receipt of AFDC/TANF</b>		1 to 6	13
3	0	Never	35	7 to 12	33
4	0	Formerly	65	13 to 18	27
5 or more	0	Currently	10	Missing	0
		<b>Received Food Stamps</b>			
		Yes	27		
		No	73		
		Missing	0		

## Income, Assets and Liabilities

Income for Participants for Southwest								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Income Source (%)	Distribution of Total Income by Source (%)
Wage-employment	48	1,199	1,299	0	2,514	0	92	76
Government Benefits	48	135	0	0	992	0	31	11
Pensions	48	0	0	0	0	0	0	0
Investments	48	0	0	0	0	0	0	0
Recurrent Sources	48	1,334	1,448	0	2,984	0	94	87
Self-employment	48	74	0	0	1,485	0	13	6
Child Support	48	92	0	0	630	0	0	0
Gifts	48	0	0	0	0	0	0	0
Other Sources	48	8	0	0	400	0	2	0
Intermittent Sources	48	174	0	0	1,512	0	33	13
Total Income	48	1,508	1,514	583	2,984	0	100	100
Income/Poverty	48	1.08	1.09	0.04	2.16	0		

Assets of Participants for Southwest Minnesota Foundation								
Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	48	102	0	0	1,500	0	42	6
Checking Account	48	237	73	0	3,705	0	67	7
Total Liquid Assets	48	340	100	0	3,705	0	81	13
Home	48	10,288	0	0	90,000	0	19	16
Car	48	3,860	2,050	0	13,000	0	94	64
Business	48	0	0	0	0	0	0	0
Land or Property	48	0	0	0	0	0	0	0
Investments	48	565	0	0	10,000	0	31	7
Total Illiquid Assets	48	14,712	4,000	0	92,200	0	96	87
Total Assets	48	15,052	4,750	40	92,400	0	100	100
Total Liabilities	28	13,858	4,435	0	80,350	20		
Net Worth	28	2,549	704	-9,350	15,800	20		

Liabilities of Participants for Southwest								
Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	47	7,372	0	0	86,000	1	17	17
Car Loan	29	2,955	1,950	0	11,221	19	86	54
Business Loan	48	0	0	0	0	0	0	0
Land or Property Mortgage	48	0	0	0	0	0	0	0
Family and Friends Debt	48	492	0	0	20,000	0	13	6
Household Bills	48	83	0	0	1,100	0	15	3
Medical Bills	48	300	0	0	3,000	0	38	8
Credit-card	48	379	0	0	12,511	0	25	4
Student Loans	48	1,028	0	0	12,000	0	23	9
Total Liabilities	28	13,858	4,435	0	80,350	20	89	100
Total Assets	48	15,052	4,750	40	92,400	0	100	
Net Worth	28	2,549	704	-9,350	15,800	20		

### Enrollment, Deposits and Withdrawals

As of March 31, 2001, 48 participants were enrolled in the Southwest Minnesota Foundation region. The *average monthly net deposit* (AMND)—defined as net deposits divided by months of participation—was \$25.04, and 4 percent of participants (two participant) had made matched withdrawals. About 23 percent of participants had made unmatched withdrawals from matchable balances.

The average length of participation was 8.7 months, and the average number of months per year with a deposit was 9.0 (deposit frequency was 75 percent). Gross deposits per month in all months were \$28.01. Excluding months without deposits, gross deposits per month were \$37.31.

Deposits, Withdrawals, and Matches (Cumulative Dollars) for Southwest Minnesota Foundation				
Type of cash flow	Amount		Match	Amount plus Match
Gross deposits		11,706		
Unmatched withdrawals of matchable deposits	1,263			
Total unmatched withdrawals		(1,263)		
Net deposits		10,443	31,328	41,771
Matchable balances	10,052		30,157	40,209
Matched withdrawals	390		1,171	1,562

**Initiative Fund of South Central Minnesota Regional Cluster**  
Minnesota Valley Action Council, Olmsted Community Action Program,  
Freeborn Community Action

**Participant Characteristics (N = 44)**

<b>Demographics</b>		<b>Children in Household</b>		<b>Received SSI/SSDI</b>	
<b>Gender</b>		0	11	Yes	11
Female	86	1	34	No	89
Male	14	2	30	Missing	0
<b>Residence</b>		3	7	<b>Health-Insurance Coverage</b>	
Population 2,500 or more	39	4	16	Yes	73
Population less than 2,500	61	5 or more	2	No	27
<b>Race/Ethnicity</b>		<b>Education and Employment</b>		Missing	0
African-American	5	<b>Education</b>		<b>Life-Insurance Coverage</b>	
Asian-American or Pacific Islander	7	Did not Complete High School	5	Yes	48
Caucasian	86	Completed High School or GED	11	No	50
Hispanic	2	Attended College	39	Missing	2
Native American	0	Completed 2-year Degree	16	<b>Intended or Actual Use of Matched Withdrawal</b>	
Other	0	Completed 4-year Degree or more	30	Home Purchase	57
<b>Age</b>		<b>Employment</b>		Self-employment	20
13 to 19	0	Employed Full-time	50	Post-secondary Education	23
20s	23	Employed Part-time	34	<b>Previous Relationship with Host Organization</b>	
30s	32	Unemployed	0	Yes	66
40s	39	Not Working	2	No	34
50s	7	Student, not Working	2	Missing	0
60 to 72	0	Student, also Working	11	<b>Referred by Partner Organization</b>	
Missing	0	<b>Self-employed</b>		Yes	20
<b>Household Composition</b>		Yes	25	No	80
<b>Marital Status</b>		No	75	Missing	0
Never Married	30	<b>Financial</b>		<b>Direct Deposit to IDA Account</b>	
Married	36	<b>Income/Poverty (%)</b>		Yes	20
Divorced or Separated	30	0 to 49	14	No	80
Widowed	5	50 to 74	11	Missing	0
<b>Household Type</b>		75 to 99	23	<b>Bank Account</b>	
One Adult with Children	45	100 to 124	18	Passbook Savings Account	48
One Adult without Children	9	125 to 149	18	Checking	80
Two or more Adults with Children	43	150 to 174	9	Both	41
Two or more Adults w/o Children	2	175 to 199	7	Either	86
<b>Adults in Household</b>		200 to 686	0	<b>Hours of General Financial Education Attended</b>	
1	55	Missing	0	Zero	32
2	45	<b>Receipt of AFDC/TANF</b>		1 to 6	18
3	0	Never	30	7 to 12	41
4	0	Formerly	70	13 to 18	9
5 or more	0	Currently	18	Missing	0
		<b>Received Food Stamps</b>			
		Yes	27		
		No	70		
		Missing	2		

## Income, Assets and Liabilities

Income for Participants for South Central Minnesota Regional Cluster								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Income Source (%)	Distribution of Total Income by Source (%)
Wage-employment	44	1,069	1,129	0	2,416	0	95	74
Government Benefits	44	181	0	0	968	0	41	15
Pensions	44	0	0	0	0	0	0	0
Investments	44	0	0	0	0	0	0	0
Recurrent Sources	44	1,250	1,200	500	2,416	0	100	90
Self-employment	44	163	0	0	1,667	0	23	8
Child Support	44	27	0	0	356	0	0	0
Gifts	44	10	0	0	308	0	5	1
Other Sources	44	0	0	0	0	0	0	0
Intermittent Sources	44	201	0	0	1,908	0	34	10
Total Income	44	1,451	1,361	515	2,477	0	100	100
Income/Poverty	44	1.01	1.01	0.11	1.86	0		

Assets of Participants for South Central Minnesota Regional Cluster								
Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	44	191	0	0	2,455	0	48	2
Checking Account	43	278	100	0	2,500	1	79	12
Total Liquid Assets	43	473	125	0	4,237	1	86	13
Home	44	15,354	0	0	95,000	0	34	31
Car	40	2,991	1,800	0	13,868	4	90	49
Business	44	2,580	0	0	90,000	0	11	4
Land or Property	44	0	0	0	0	0	0	0
Investments	44	692	0	0	12,250	0	23	3
Total Illiquid Assets	40	23,479	4,065	0	178,500	4	93	87
Total Assets	39	24,559	4,450	80	178,560	5	100	100
Total Liabilities	24	22,869	12,812	0	130,700	20		
Net Worth	23	2,263	-650	-65,740	61,893	21		

### Liabilities of Participants for South Central Minnesota Regional Cluster

Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	39	6,528	0	0	50,000	5	23	21
Car Loan	26	2,558	1,750	0	11,000	18	65	27
Business Loan	42	2,214	0	0	75,000	2	7	5
Land or Property Mortgage	44	0	0	0	0	0	0	0
Family and Friends Debt	44	1,859	0	0	63,000	0	25	6
Household Bills	44	176	0	0	5,000	0	16	7
Medical Bills	44	354	0	0	9,999	0	27	9
Credit-card	44	718	0	0	5,000	0	43	10
Student Loans	44	2,516	0	0	20,000	0	32	15
Total Liabilities	24	22,869	12,812	0	130,700	20	92	100
Total Assets	39	24,559	4,450	80	178,560	5	100	
Net Worth	23	2,263	-650	-65,740	61,893	21		

### Enrollment, Deposits and Withdrawals

As of March 31, 2001, 44 participants were enrolled in the Initiative Fund of South Central Minnesota Regional Cluster. The *average monthly net deposit (AMND)*—defined as net deposits divided by months of participation—was \$30.21, and 2 percent of participants (one participant) had made matched withdrawals. About 25 percent of participants had made unmatched withdrawals from matchable balances.

The average length of participation was 9.4 months, and the average number of months per year with a deposit was 10.6 (deposit frequency was 88 percent). Gross deposits per month in all months were \$31.93. Excluding months without deposits, gross deposits per month were \$36.42.

### Deposits, Withdrawals, and Matches (Cumulative Dollars) for South Central Minnesota Regional Cluster

Type of cash flow	Amount	Match	Amount plus Match
Gross deposits		13,308	
Unmatched withdrawals of matchable deposits	802		
Total unmatched withdrawals		(802)	
Net deposits		12,506	37,518
Matchable balances	12,423		37,270
Matched withdrawals	83	248	331

## Metro Area Regional Cluster

Anoka County Community Action Program, Community Action of Minneapolis,  
Community Development Federal Credit Union, Ramsey Action Programs,  
Scott-Carver-Dakota CAP, Suburban Hennpin Community Action, Women Venture

### Participant Characteristics (N = 201)

Demographics		Children in Household		Received SSI/SSDI	
<b>Gender</b>		0	13	Yes	8
Female	88	1	29	No	89
Male	12	2	28	Missing	3
<b>Residence</b>		3	18	<b>Health-Insurance Coverage</b>	
Population 2,500 or more	98	4	8	Yes	78
Population less than 2,500	2	5 or more	2	No	21
<b>Race/Ethnicity</b>		<b>Education and Employment</b>		Missing	1
African-American	36	<b>Education</b>		<b>Life-Insurance Coverage</b>	
Asian-American or Pacific Islander	4	Did not Complete High School	7	Yes	28
Caucasian	51	Completed High School or GED	21	No	70
Hispanic	2	Attended College	46	Missing	1
Native American	4	Completed 2-year Degree	4	<b>Intended or Actual Use of Matched Withdrawal</b>	
Other	2	Completed 4-year Degree or more	21	Home Purchase	71
<b>Age</b>		<b>Employment</b>		Self-employment	19
13 to 19	0	Employed Full-time	54	Post-secondary Education	10
20s	26	Employed Part-time	33	<b>Previous Relationship with Host Organization</b>	
30s	42	Unemployed	1	Yes	39
40s	23	Not Working	2	No	61
50s	5	Student, not Working	1	Missing	0
60 to 72	1	Student, also Working	8	<b>Referred by Partner Organization</b>	
Missing	1	<b>Self-employed</b>		Yes	16
<b>Household Composition</b>		Yes	13	No	81
<b>Marital Status</b>		No	87	Missing	2
Never Married	59	<b>Financial</b>		<b>Direct Deposit to IDA Account</b>	
Married	16	<b>Income/Poverty (%)</b>		Yes	16
Divorced or Separated	23	0 to 49	14	No	78
Widowed	1	50 to 74	13	Missing	5
<b>Household Type</b>		75 to 99	18	<b>Bank Account</b>	
One Adult with Children	61	100 to 124	18	Passbook Savings Account	54
One Adult without Children	11	125 to 149	15	Checking	75
Two or more Adults with Children	25	150 to 174	11	Both	41
Two or more Adults w/o Children	2	175 to 199	4	Either	88
<b>Adults in Household</b>		200 to 686	4	<b>Hours of General Financial Education Attended</b>	
1	72	Missing	1	Zero	22
2	25	<b>Receipt of AFDC/TANF</b>		1 to 6	10
3	2	Never	36	7 to 12	12
4	0	Formerly	62	13 to 18	52
5 or more	0	Currently	16	Missing	4
<b>Received Food Stamps</b>		<b>Received Food Stamps</b>			
		Yes	14		
		No	83		
		Missing	2		

## Income, Assets and Liabilities

Income for Participants for Metro Area								
Income Source	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Income Source (%)	Distribution of Total Income by Source (%)
Wage-employment	201	1,099	1,100	0	2,500	0	89	76
Government Benefits	201	139	0	0	2,144	0	25	12
Pensions	201	3	0	0	648	0	0	0
Investments	200	3	0	0	500	1	2	0
Recurrent Sources	199	1,248	1,238	0	2,854	2	96	88
Self-employment	201	93	0	0	2,400	0	13	7
Child Support	201	61	0	0	1,000	0	0	0
Gifts	201	3	0	0	450	0	1	0
Other Sources	200	2	0	0	380	1	1	0
Intermittent Sources	199	160	0	0	2,750	2	34	12
Total Income	198	1,405	1,401	90	4,478	3	100	100
Income/Poverty	198	1.07	1.04	0.00	3.15	3		

Assets of Participants for Metro Area Regional Cluster								
Asset Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with an Asset Type (%)	Distribution of Total Asset Value by Type (%)
Passbook Account	196	233	5	0	4,000	5	53	12
Checking Account	200	305	100	0	4,500	1	75	19
Total Liquid Assets	195	546	200	0	4,500	6	88	31
Home	201	14,259	0	0	170,000	0	18	16
Car	195	2,746	1,100	0	25,000	6	72	48
Business	198	268	0	0	18,000	3	5	2
Land or Property	200	60	0	0	12,000	1	1	0
Investments	201	211	0	0	10,000	0	14	4
Total Illiquid Assets	191	16,162	1,600	0	153,000	10	75	69
Total Assets	185	16,366	2,050	0	154,500	16	93	100
Total Liabilities	96	12,550	2,459	0	112,400	105		
Net Worth	93	330	0	-15,206	27,918	108		



### Liabilities of Participants for Metro Area Regional Cluster

Liability Type	N	Mean (\$)	Median (\$)	Min. (\$)	Max. (\$)	Missing	Participants with a Liability Type (%)	Distribution of Total Liability Value by Type (%)
Home Mortgage	188	8,124	0	0	140,000	13	12	13
Car Loan	109	2,531	0	0	20,000	92	46	35
Business Loan	191	14	0	0	2,600	10	1	0
Land or Property Mortgage	199	0	0	0	0	2	0	0
Family and Friends Debt	200	445	0	0	13,000	1	23	7
Household Bills	198	157	0	0	3,000	3	24	13
Medical Bills	196	214	0	0	6,000	5	23	7
Credit-card	199	537	0	0	8,000	2	29	15
Student Loans	200	950	0	0	50,000	1	13	9
Total Liabilities	96	12,550	2,459	0	112,400	105	78	100
Total Assets	185	16,366	2,050	0	154,500	16	93	
Net Worth	93	330	0	-15,206	27,918	108		

### Enrollment, Deposits and Withdrawals

As of March 31, 2001, 201 participants were enrolled in the Metro Area Regional Cluster. The *average monthly net deposit* (AMND)—defined as net deposits divided by months of participation—was \$26.04, and none of the participants had made a matched withdrawal. About 19 percent of participants had made unmatched withdrawals from matchable balances.

The average length of participation was 10.6 months, and the average number of months per year with a deposit was 8.6 (deposit frequency was 72 percent). Gross deposits per month in all months were \$28.11. Excluding months without deposits, gross deposits per month were \$39.11.

### Deposits, Withdrawals, and Matches (Cumulative Dollars) for Metro Area Regional Cluster

Type of cash flow	Amount	Match	Amount plus Match
Gross deposits		60,258	
Unmatched withdrawals of matchable deposits	4,645		
Total unmatched withdrawals		(4,645)	
Net deposits		55,613	166,839
Matchable balances	55,613		166,839
Matched withdrawals	0	0	0