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Second Thoughts

Who Almost Participates in an IDA Program?

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Second Thoughts: Who Almost Participates in an IDA?

Self-selection into social intervention programs may bias the estimates of treatment impact. Data from an Individual Development Account (IDA) program (N = 758) are used to examine the self-selection process. Persons who applied but did not enroll are assumed to have had "second thoughts" about program participation. Multivariate logistic regression predicted second thoughts and showed that having children in the household and negative net worth, along with not owning a vehicle, were positively related to having second thoughts. Those saving for an education were more likely than those saving for a home or business to have second thoughts. Implications for social service administration and impact evaluation of IDAs are shared.

Key words: *IDAs, eligibility, participation, evaluation, selection*

Asset-based approaches to social welfare policy supplement traditional income maintenance welfare policies by encouraging savings and ownership of assets. Sherraden (1991) outlined the asset-based theory of social welfare and introduced Individual Development Accounts (IDAs) to encourage savings and asset accumulation among low-income individuals and families. IDAs are matched savings accounts for persons with low incomes. As a policy mechanism, IDAs represent an advancement towards universal and progressive asset-based policies for the entire population (Sherraden, 1991). In 1998, the Assets for Independence Act (AFIA) established funding for IDA programs nationwide.

IDAs offer a unique set of mechanisms to encourage savings and asset accumulation. In some ways, IDAs function as a "poor person's 401(k)," replacing tax benefits with explicitly defined matches to fund short-term capacity building. A match is provided for participants who save towards home purchase or repair, post-secondary education, or microenterprise. Match rates in AFIA are relatively high—usually 1:1 or 2:1 or even higher—and serve both to attract people to the program and to turn small amounts of saving into substantial asset accumulation. The acquisition of a home, college education, or small business capital may be transformational for some low-income people. IDA programs require participants to attend financial education courses, and IDA program staff provide case management to help participants reach their specified asset goals. The programs are typically administered by non-profit organizations and funded by a variety of private and public support. The number of IDA programs has exploded in the past decade; there were well over 500 IDA programs and 50,000 participations nationwide as of 2005 (Boshara, 2005). More than 40 states had some type of IDA policy as of 2003 (Edwards & Mason, 2003).

Knowledge about the effects of IDAs comes mostly from the American Dream Demonstration (ADD), which included over 2,300 IDA participants nationwide. One program site in Tulsa, Oklahoma implemented an experimental research design. Research from ADD showed a number of positive effects of participation, but two results stand out. First, people with low incomes saved in IDAs: the average monthly net deposit of active participants in a nationwide demonstration was $32.44 (Schreiner & Sherraden, 2007). A second key finding is that institutional factors of IDA

programs were better predictors of savings outcomes than the individual characteristics of participants (Schreiner & Sherraden, 2007). These findings suggest that policy choices influence savings outcomes in IDAs. The key institutional variables include access, information, incentives, facilitation, and expectations (Schreiner & Sherraden, 2007). It follows that the goal of social policy is to tailor these institutional combinations to maximize outcomes.

Despite the promising findings from ADD research, several issues relevant to policy remain unexplored. A real concern is whether IDAs are reaching the poor and reducing asset inequality. Undoubtedly, the hundreds of IDA programs operating nationwide are improving access to wealth-building mechanisms for thousands of low-income Americans. However, the application, enrollment, and participation process for IDAs remains voluntary for those who are eligible.

This research studies the voluntary self-selection process into IDAs by examining characteristics of persons who choose not to participate. Rare pre-participation data from a large IDA program are used to identify differences between persons who were qualified to participate, but who did not follow-through with opening an account ("almost-participants"), and those who eventually went on to participate in the program. Participants are viewed as those who self-selected into the program; almost-participants are those who dropped out before enrolling.

Selection is especially problematic for inferring program impact when anticipated outcomes of an intervention are correlated with actual outcomes. The expectations of what IDA participation entails matter for the decision whether or not to participate. Manksi (1995) suggests that, "the observable distribution of outcomes experienced by those who actually enroll may differ from the censored distribution of outcomes that non-enrollees [almost participants] would have experienced if they had enrolled" (p. 33). Persons who almost participate are extremely interesting for social service administration and policy because at some point they had an interest in IDAs and went through the trouble of the application process, but later changed their minds.

For the first time in the IDA literature, this paper examines self-selection into a large IDA program at the time of application, i.e. drop-out on the front end. We ask two questions in this study. First, to what extent can individual and household characteristics explain second thoughts? Second, to what extent can asset ownership explain second thoughts? Information about trends in program participation may help future IDA administrators and social work practitioners expand access to under-served subgroups of the population of low-income individuals and families. Future IDA practitioners and policymakers can use this information to actively target and recruit participants at risk for not enrolling. Findings will inform future research on IDAs that should acknowledge the self-selection process when estimating treatment impact.

Following is a literature review on participation in voluntary individual savings accounts such as Individual Retirement Accounts (IRAs), 401(k)s, and IDAs. The next section describes the data and empirical findings. A discussion section with limitations and implications for policy and future research is then presented.

Literature Review

Participation in retirement plans

Although IRAs and 401(k)s differ from IDAs in target population, purpose, and institutional structure, research on uptake and participation provides clues about what matters for IDA participation (and thus for what independent variables to control for when analyzing what differentiates participants from almost-participants). Individual characteristics appear to be related to participation in IRAs and 401(k)s. Research shows that age, gender, marital status, income, education, race/ethnicity, employment status, and previous saving are significantly related to participation (Munnell, Sunden, & Taylor, 2001/2002; Sprinstead & Wilson 2000). Age was positively associated with participation because earnings increase with age and because retirement is more salient for older workers. Even and Macpherson (2000) reported that single men are particularly unlikely to participate in 401(k) plans. In general, however, men have a higher participation rate than women in both IRAs and 401(k)s (Sprinstead & Wilson 2000). Employees with more education are more likely to enroll in 401(k)s because, according to Copeland (2001), they have a better understanding of the benefits of saving for retirement. For both IRAs and 401(k)s, participation rates are highest for "other" races (including Asian Americans and American Indians), followed by Caucasians and African Americans (Munnell, et al., 2001/2002; Sprinstead & Wilson, 2000).

Income and wealth are positively related to participation in IRAs and 401(k)s (Munnell, et al., 2001/2002). Persons with higher incomes and wealth, by definition, have more surplus income to invest in retirement plans. In contrast, low-income households are less likely to participate because they have less money available after paying their bills and because, given their low incomes, Social Security will provide higher replacement rates when they retire (Munnell, et al., 2001/2002).

Participation in IDAs

Research has identified two primary features of IDA participants (Sherraden, et al., 2000). First, participants are generally the "working poor." Compared to the general low-income population, they tend to have more education and a greater probability of owning a bank account. Second, participants tend to be among the more disadvantaged (female, African American, and single) of the "working poor" (Schreiner & Sherraden, 2007).

Dropping out of the IDA program on the back end of the program has been the focus of at least one study. Schreiner and Sherraden (2005) concluded that human capital in education or experience, financial capital in bank accounts, social capital in marriage, and physical capital in homes or cars were negatively associated with dropping out. Income and receipt of means-tested public assistance were not linked with drop-out.

Knowledge about IDA participation can also be inferred from research on IDA program outcomes. ADD savers (defined as making savings deposits of at least $100) were more likely to be older, married, educated, and without substantial debt (Schreiner & Sherraden, 2007). In a separate study, the presence of children in the household and being African American were negatively associated with matched withdrawals (Mills, Gale, Patterson, & Apostolov, 2006). Children in the home may be

an especially important influence on participation as households with children may face particular challenges in trying to save (Aizcorbe, Kennickell, & Moore, 2003).

The research on the relationship between some demographic characteristics and program outcomes is not consistent, however. For example, savers in ADD were more likely to be female (Schreiner & Sherraden, 2007), but being female was negatively associated with making a matched withdrawal in the Tulsa program (Mills, et al., 2006). Additionally, savers in ADD were more likely to be married, but being divorced was positively associated with making a matched withdrawal in Tulsa (Mills, et al., 2006). The non-randomly selected samples and the relatively low participation rates of minority groups other than African Americans make it difficult to generalize to the entire population of low-income individuals and families.

Assets and program participation

Sherraden (1991) theorized that asset ownership would promote additional asset development. Findings from ADD support this proposition: the unbanked (no savings or checking account) and persons with savings accounts only were less likely to be a saver (defined as saving at least $100 or more in the account) compared to participants with both types of accounts (Schreiner & Sherraden, 2007). Moreover, home owners were much more likely to save compared to non-home owners in both the ADD and the Tulsa research (Mills, et al., 2006; Schreiner & Sherraden, 2007). Bank account and home ownership were positively related to making a matched withdrawal, while car ownership was not (Mills, et al., 2006).

Data and Methods

The Kahikū IDA program

The Kahikū IDA program was administered by ALU LIKE, Inc. (ALI), a large community-based not-for-profit social service agency located in Honolulu, HI. Founded in 1975, ALI's mission is to kōkua (help) Hawaiian Natives who are committed to achieving their potential for themselves, their families, and communities. Applicants were recruited to participate through public advertisement and referral throughout all five major Hawaiian islands: Kauai, O'ahu, Molokai, Maui, and Hawai'i. To be eligible for Kahikū, participants had to demonstrate that their total household income was less than 200% of the federal poverty guidelines and that they owned assets worth less than $10,000 (excluding the value of the primary residence and one vehicle). Persons were automatically eligible to participate if they received Temporary Aid for Needy Families (TANF), or were eligible for the Earned Income Tax Credit (EITC). Each individual was required to demonstrate their Native Hawaiian ancestry with a birth certificate. In total, 758 individuals applied to the program. Kahikū was one of the larger IDA programs in the country; the average size of AFIA funded programs during this time was only 90 accounts (*Report to Congress*, 2006).

Program participation is defined as opening an IDA account and involves two distinct phenomena. The first process is *application* to the program. It is assumed that individuals applied to the program after learning about it through direct recruitment by the non-profit organization, by word of mouth from friends or family, or some other process. The second phenomenon is *enrollment*. To enroll, participants must have met eligibility requirements. Additionally, we assume that those who enrolled were motivated to save and perceived that IDA participation would lead to some self-benefit

compared to non-enrollment. On the contrary, we assume that almost-participants perceived that the costs of IDA participation outweighed the benefits. By definition, they had second thoughts.

IDA program participation included several activities. First, participants identified one asset savings goal, declared a monthly savings target, and opened a savings account. The qualified asset goals were first-time home purchase, postsecondary education fees, business costs, and home repair. The account term was 24 months, during which each participant was provided generalized case management. Receipt of the match was conditional upon completion of general and asset-specific financial literacy classes. Match rates varied: 3:1 for home ownership; and 2:1 for education, business, and home repair. The savings cap was set to $500 per year. In other words, a participant saving towards home ownership could contribute up to $1,000 over two years ($42 per month) and, upon meeting other program requirements, receive the matched subsidy of $3,000 for a total matched withdrawal of $4,000 for down payment on a home.

The data were collected by ALI upon enrollment to the program (1999 to 2003). Each interested individual completed a Participant Background Information Form. The information included 49 items to measure demographic details, income, assets, and liabilities. The data were converted to an electronic database for analysis.

A series of actions were taken to prepare the data for analysis. First, a subset of participants saving for home repair was removed from the sample (n = 32; 4.2%) to facilitate comparison among the major savings goals of home ownership, postsecondary education, and microenterprise. The final sample size was 726.

Measurement

The dependent variable of interest is having second thoughts, defined as persons who applied and were qualified but did not open an IDA account (second thoughts = 1; IDA account holder = 0). Nine individual- and family-level variables were analyzed. Variables were coded as follows: gender (female = 1; male = 0), age at enrollment (continuous), marital status (married = 1; non-married = 0), children present in the household (children = 1; no children = 0), employment status (less than full time employed = 1; full time employment or more = 0), and welfare receipt (TANF receipt = 1; no TANF = 0). Human capital was measured as three levels (high school or less, some college, and college degree), with college degree holding as the reference group. The income-to-needs ratio—total household income over the family size adjusted Federal Poverty Guidelines for the year of enrollment—was used as the measure of household income. The intended savings goal of each participant was dummy-coded for education savers and business savers (home ownership was the reference group).

A total of eight asset and liability variables were hypothesized to influence the decision to have second thoughts. A sum liability variable was included as the total self-reported value of vehicle loans, home mortgages, business loans, liabilities to friends and family, household bills overdue, credit card debt, student loans, and medical bills. To address the moderate-heavy positive skewness in liabilities, data were transformed with log base 10 (Tabachnik & Fidell, 2001). Net worth was calculated as total assets minus total debts, with positive values = 1 and negative values = 0. Remaining asset variables were dichotomous (presence of asset = 1; no asset = 0) and included ownership of vehicle, home, business, stocks or investments, checking account, and savings account.

Results

The first step in the analysis was to compare the bivariate relationship between each independent variable and the two groups: those who enrolled and those who did not. This procedure used the chi-squared test of significance for categorical variables and independent *t*-tests for continuous variables.

Table 1 describes the socioeconomic characteristics of the 520 participants and 206 almost-participants in the Kahikū sample. A pattern emerges revealing strong differences between those who ultimately participated and those who had second thoughts. Almost-participants were more likely to have children in the household, be employed less than full-time, and save for postsecondary education. The almost-participants were less likely than participants to have positive net worth, own vehicles, own homes, own checking accounts, own savings accounts, and save for home ownership. Overall, the applicants who had second thoughts compared to those who eventually enrolled were more disadvantaged in family, employment, and asset characteristics.

Table 1. Bivariate characteristics of IDA participants and almost-participants

	Participants *n* = 520	Almost-participants *n* = 206		
Variable	*n* (%)	*n* (%)	Test statistic	*n* missing
Female	358 (69.38)	146 (71.22)	.24	5
Age at enrollment (*M / SD)*	34.03 (11.24)	33.81 (10.16)	.23	21
Married	201 (39.03)	75 (36.76)	.32	7
Children in the household	375 (81.88)	170 (89.01)	5.09*	77
High school or less	256 (49.61)	101 (49.27)	.01	5
Some college	164 (31.78)	72 (35.12)	.74	5
Employed less than full-time	254 (50.81)	118 (60.51)	5.32*	31
TANF receipt	95 (18.74)	50 (24.88)	3.33	18
Income to needs (*M / SD)*	1.19 (.64)	1.08 (.71)	.31	46
Savings goal				
Home	272 (53.23)	80 (40.82)	8.73**	19
Education	134 (26.22)	84 (42.86)	18.38***	19
Business	105 (20.55)	32 (16.33)	1.62	19
Assets and liability variables				
Liabilities sum LN (*M / SD)*	3.08 (1.45)	3.01 (1.53)	.64	7
Net worth positive	277 (53.89)	76 (37.07)	16.56***	7
Vehicle	386 (75.54)	125 (62.19)	12.69***	14
Home	59 (11.51)	13 (6.51)	3.96*	13
Business	72 (14.04)	26 (13.07)	.11	14
Stocks investments	119 (23.38)	49 (24.38)	.08	16
Checking account	393 (76.91)	140 (69.65)	4.04*	14
Savings account	383 (75.54)	136 (67.01)	5.39*	16

*$p < .10$. **$p < .05$. ***$p < .01$.

Before running the multivariate regression models, multiple imputation (MI) was used to replace missing values on the variables (missing frequency reported in column 5 of Table 1). The MI technique is the preferred method for handling missing item-level data (Graham, 2009; Little &

Rubin, 2002). The Markov Chain Monte Carlo method in SAS was used to create five independent data sets. The analyses were conducted on each set of imputed data. Results of the five models were then analyzed with SAS PROC MIANALYZE which reads parameter estimates and the associated covariance matrix and then derives multivariate inferences for the generated parameters. Compared to other techniques to treat missing data, MI is less sensitive to the missing data mechanism and capable of providing valid estimates even in small samples (McKnight, McKnight, Sidani, & Aurelio, 2007).

Multivariate analysis

The first model regressed the decision to have second thoughts upon the nine demographic variables and the savings goal variables (see Table 2). Estimates were generated by maximum likelihood estimation. Overall, the model was significantly different from zero (χ^2, [df =11, N = 726] = 27.45, $p < .01$). The results showed that families with children were more likely to have second thoughts. Additionally, the results indicated that education savers were much more likely than home savers to have second thoughts. While this information was helpful to understand demographic characteristics associated with second thoughts, the explanatory power of the model was relatively low (max rescaled *R*-square = .05).

The second step of the analysis added a block of eight asset and liability variables to the regression model. Results are shown in Columns 4-5 in Table 2. The model was significantly different from zero for explaining the decision to have second thoughts about opening an IDA (χ^2 [df = 19, N = 726] = 63.02, $p < .01$). Children in the household and education savers remained significantly related to the likelihood of having second thoughts. Among the additional eight variables, positive net worth and vehicles were related to the outcome variable. Individuals with positive net worth were nearly 50% less likely than persons with negative net worth to have second thoughts. Vehicle owners were also much less likely to have second thoughts when compared to non-vehicle owners (OR = .58).

The addition of the asset and liability variables significantly increased the explanatory power of the final model. The max-scaled R-square increased 140% (from .05 to .12). The test of difference in chi-square values between models 1 and 2 (χ^2 [df = 8, N = 726] = 35.57) was significant ($p < .01$). A probit model was tested, which produced comparable estimates for each of the independent variables. The final model showed that many significant bivariate relationships faded in the multivariate model. For example, employment status, home ownership, checking account ownership, and savings account ownership were not related to almost-participation when controlling for the other variables.

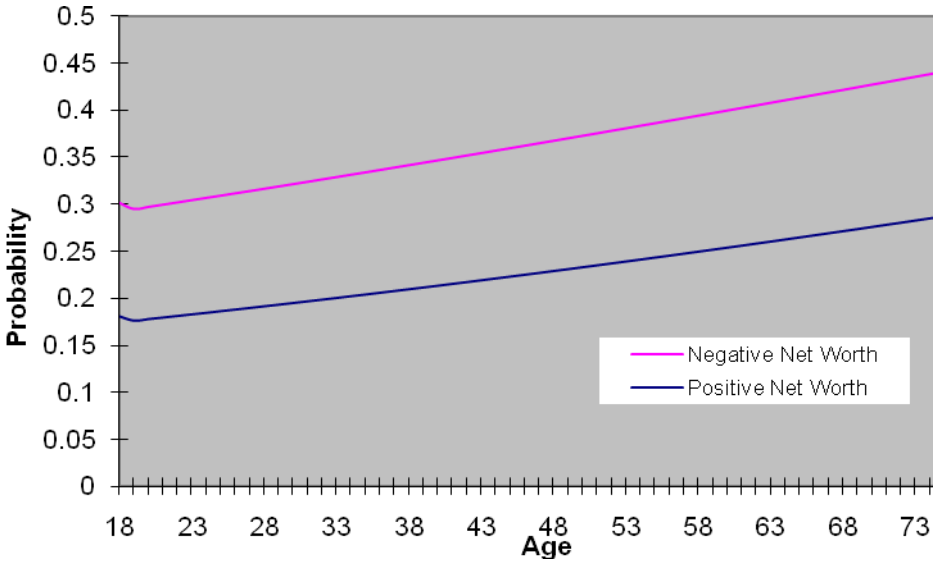
Table 2. Results of Logistic Regression Models Predicting Second Thoughts

Variable	Estimate (SE)	OR	Estimate (SE)	OR
Intercept	-2.28 (0.51)**		-1.88 (0.61)**	
Female	-0.09 (0.19)	0.92	-0.07 (0.21)	0.93
Age at enrollment	0.01 (0.01)	1.01	0.01 (0.01)	1.01
Married	-0.10 (0.18)	0.91	-0.03 (0.19)	0.97
Children in the household	0.61 (0.29)*	1.82	0.74 (0.31)*	2.11
High school or less	0.14 (0.24)	1.15	0.14 (0.26)	1.15
Some college	0.17(0.26)	1.18	0.15 (0.27)	1.16
Employed less than full-time	0.22 (0.19)	1.25	0.22 (0.21)	1.25
TANF receipt	0.21 (0.21)	1.23	0.12 (0.23)	1.13
Income to needs	0.13 (0.14)	1.14	0.21 (0.15)	1.24
Savings goal				
Education	0.71 (0.21)**	2.01	0.82 (0.23)**	2.27
Business	0.23 (0.24)	1.26	0.41 (0.25)	1.51
Assets and liability variables				
Liabilities sum LN			-0.01 (0.08)	0.99
Net worth positive			-0.67 (0.22)***	0.51
Vehicle			-0.55 (0.22)*	0.58
Home			-0.56 (0.38)	0.57
Business			0.09 (0.27)	1.09
Stocks investments			0.33 (0.23)	1.39
Checking account			-0.10 (0.22)	0.91
Savings account			-0.21 (0.21)	0.81
R-square max-rescaled	.053		.119	
N	726		726	

*$p < .10$. **$p < .05$. ***$p < .01$.

Figure 1 is provided to illustrate how the probability of having second thoughts differed for persons with positive net worth and negative net worth across the life course (age 18-75). Using the procedure by Morillas (2007) as an example, all other independent variables were set at their means. Persons with positive net worth were about half as likely to have second thoughts as persons with negative net worth. Across the life course, the gap in the probability of having second thoughts increased between those with positive and negative net worth. From age 25 to 75 the gap increased by .03 (from .12 at age 25, .14 at age 50, to .15 at age 75).

Figure 1. Probability of having second thoughts across the life span (age 18 to 75) for persons who reported positive and negative net worth on their application to the program. The difference between positive net worth and negative worth is significant ($p < .05$) across all years.



Multinomial logistic regression was then used to discern factors associated with particular savings goals because saving for education was a strong predictor of having second thoughts (full regression results not shown, but available from the author). The key finding from this analysis showed that employment status factored into the decision to save for education. Those who were employed less than full-time were relatively more likely to save for education and less likely to save for home ownership. Additionally, stock investment holders were relatively more likely to save for education than a home or business.

Discussion

It has been over ten years since federal legislation established funding for IDA programs nationwide. The two primary criticisms of IDA policies are that (a) the poor may not have sufficient income to save (immediacy), and (b) the amounts acquired in IDA programs may not be sufficient enough to leverage people out of poverty (adequacy) (Bernstein, 2005). This paper raises a third issue: IDAs may only be attractive to a certain sub-population of low-income people (selectivity). The findings from this sample show that IDAs may be helping only a selective group of relatively less asset-poor people to save and build wealth.

Using unique data from applications to a large IDA program, the primary finding in this study is that family status, savings goal, and asset ownership are associated with the decision to participate in this IDA program. Persons typically considered disadvantaged—those with children who have negative net worth and are without vehicles—are especially likely to have second thoughts about the IDA program and ultimately fail to uptake the program. These "almost-participants" are precisely those for whom small changes in social service policy might matter most. The finding that family-level

constraints and net worth affect low-income families' decisions to enter an IDA program supplements the literature on IDA dropout on the back end (Schreiner & Sherraden, 2005).

The presence of children in the household appears to negatively affect the decision to participate. Past IDA research found a similar negative relationship between children in the household and being an IDA graduate (Mills, et al., 2006). One interpretation is that applicants with children face heightened financial strains (Aizcorbe, Kennickell, & Moore, 2003). For example, the presence of children in the household increases housing, food, and transportation costs. Active participation in an IDA program that requires considerable time (financial education classes, case management) and financial (savings) resources may have been perceived as too much in the face of already challenging family circumstances. This finding is especially concerning because family forms a critical dimension of Native Hawaiian well-being (DeBarshye, Yuen, Nakamura, & Stern, 2006) and Native Hawaiian family size (3.47) is much larger than the state average (2.77; Naya, 2007).

The study builds on the asset-based theory of social welfare (Sherraden, 1991). Adding the asset and liability variables to the model significantly raised the explanatory power of the model. Specifically, persons with positive net worth and vehicles were more likely to participate compared to persons with negative net worth and without vehicles. Having positive net worth is an indicator that one's past financial practices have led them to at least some degree of financial stability. Vehicle ownership is important for mobility, and owning a vehicle is increasingly important for successful participation in the job market (Raphael & Stoll, 2001). Furthermore, vehicle ownership would facilitate transportation to case management meetings with IDA staff and to financial education classes.

Many would hypothesize that income would be positively associated with enrollment. Research on retirement savings plans showing higher-income persons were more likely to save supports this idea (Munnell, et al., 2001/2002). Those with relatively higher incomes, and therefore relatively more surplus income, may have been more confident about their prospects of adhering to the savings requirements in the IDA. However, consistent with previous research on IDA outcomes (Schreiner & Sherraden, 2007) and on drop-out at the back end (Schreiner & Sherraden, 2005), the findings belie the proposition that income is associated with IDA participation.

Limitations

A number of limitations warrant consideration in this study. First, the data are limited to only one IDA program. Thus, there was no program-to-program variation in this dataset that may have explained second thoughts. Furthermore, the data were limited to demographic, income, and asset variables, and were not able to explain much of the variance in the likelihood of being an almost-participant. Schreiner & Sherraden (2005) found that institutional features matter for dropout on the back end of IDA programs. We suspect they are also related to drop out on the front end. Last, the high frequency of missing data is a limitation in the item-level data. While the MI technique is the preferred technique for treating missing data, the procedure is not without limitations (McKnight, et al., 2007).

Implications

The ultimate goal of IDAs is to extend to persons with low incomes the same asset-building policies that are available to the relatively more affluent. The reality is that many IDA programs have long

wait-lists and many people are not receiving access. To improve access, policies and programs need to understand the heterogeneous nature of the low-income population and target services to hard-to-reach subgroups among the poor. Administrators ought to continually evaluate who is using services and who is being left out. In a worst case scenario, by leaving out the relatively worse off among the poor, IDAs may be exacerbating economic inequalities by leaving the neediest further behind.

The findings of this study have a number of implications for administration of IDA programs. The importance of asset and family constraints reported in this study relate to the immediacy critique of asset policies outlined by Bernstein (2005) that questions whether people in poverty can save in the face of strong consumption demands (i.e., shelter, food, transportation, health care). In this sample, however, it is not income or education that matters for participation. Instead, assets and children in the home are significantly related to program uptake. Because it may be difficult for policies to address children in the household, policies to complement IDAs or variations of IDA programs that promote asset ownership among the difficult-to-reach asset-poor are recommended. A major concern is that until the asset poor develop some level of assets, they may be reluctant to participate in IDA programs.

Another policy option to encourage uptake would be to make the matched subsidy conditional upon a *relative* savings goal instead of an *absolute* savings goal. In the face of challenging circumstances families with children and negative net worth and without vehicles may have perceived the absolute savings goals as unattainable. Relative savings goals, on the other hand, could make the match subsidy conditional on a proportion of improvement in the assets-to-debts ratio or a proportional increase in savings balance. Implementing relative savings goals, however, would increase the complexity and administrative burden on IDA program staff.

In terms of future social service research, there is a need to empirically evaluate service delivery and, specifically, those at-risk for selecting out of programs. Studies that test institutional program designs would be especially informative. For example, a promising avenue is an exit survey that directly asks people why they have yet to open an account and which—if any—personal characteristics and program characteristics influenced the decision. Qualitative research might be an especially meaningful methodology for uncovering the cognitive, behavioral, and motivational reasons for non-participation.

The findings associated with non-participation have an important implication for the evaluation of program impacts. More randomized research designs are necessary to validly infer program impact that can be generalized to the population of low-income persons, especially considering that factors predicting enrollment are usually unobserved. Randomization would control for pre-existing differences that would be impossible with matching or statistical control, the most commonly used methods.

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