

MICHIGAN IDA PARTNERSHIP: YEAR 3 PROGRAM EVALUATION REPORT

MARCH 2004

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ACKNOWLEDGEMENTS

Many individuals contributed valuable input to this research project. Special thanks go to the 100 individuals who completed the telephone interviews. They agreed to share their personal experiences with us, believing their insights would inform policymakers and trusting that their individual identities would remain confidential. We are grateful for their generosity.

We wish to thank Eric Muschler of the Michigan IDA Partnership, who provided support and guidance throughout this research project and offered invaluable comments on earlier drafts of this report.

We thank Toby Budd of the Community Action Agency (Jackson, Michigan), Regional Coordinator for the Southern Region IDA Program Network, who worked tirelessly to provide the cleanest possible MIS IDA data set by working with individual program sites and regional coordinating organizations (RCOs) throughout the year to identify data issues and provide intensive MIS IDA technical assistance.

We are thankful to the RCO coordinators and program site staff who contributed information for this evaluation by clarifying data issues and providing credit scores. Susan Lindson of the Michigan IDA Partnership generously answered our questions and also helped resolve data issues. Diane Owens of the Michigan Family Independence Agency provided public assistance receipt data for the evaluation.

We also thank Charles Overbey of the Department of Management and Budget, and Pat Caruso and Diane Owens of the Michigan Family Independence Agency (FIA) for reviewing and commenting on the data collection tools and an earlier draft of this report.

DISCLAIMER

The views expressed in this report are those of the authors and may not reflect the views of the Michigan IDA Partnership, which funded the evaluation.

TABLE OF CONTENTS

| CHAPTER | PAGE |
|--|-----------|
| EXECUTIVE SUMMARY..... | v |
| I. BACKGROUND | 1 |
| II. PARTICIPANT SURVEY STUDY | 3 |
| A. RESPONDENT IDA EXPERIENCES AND PERSONAL CHARACTERISTICS | 3 |
| B. SAVING BEHAVIORS | 5 |
| C. IMPACT ON LIFE CIRCUMSTANCES..... | 10 |
| D. ASSESSMENT OF PROGRAM SERVICES..... | 14 |
| E. CURRENT SAVINGS GOAL..... | 20 |
| III. OUTCOME STUDY | 21 |
| A. PARTICIPANT CHARACTERISTICS AT TIME OF MIDAP ENROLLMENT..... | 21 |
| B. PROGRAM PARTICIPATION AND OUTCOMES..... | 24 |
| C. SUBGROUP ANALYSES | 26 |
| D. COMPARISON TO NATIONAL IDA STUDY..... | 30 |
| IV. ACHIEVEMENTS AND RECOMMENDATIONS..... | 33 |
| A. ACHIEVEMENTS | 33 |
| B. RECOMMENDATIONS..... | 34 |
| C. FUTURE RESEARCH DIRECTIONS- | 36 |
| APPENDIX A: ACRONYM LIST..... | 39 |
| APPENDIX B: RESEARCH METHODOLOGY | 41 |
| APPENDIX C: TABLES FOR OUTCOME STUDY (CHAPTER III)..... | 45 |

EXECUTIVE SUMMARY

INTRODUCTION

Individual Development Accounts (IDAs) are matched saving accounts designed to help low-income and low-asset families accumulate a few thousand dollars for high-return investments such as homeownership, education, and business ownership. The Michigan IDA Partnership (MIDAP) was created in 2000 to develop a statewide IDA program in Michigan. MIDAP is a partnership between the State of Michigan Family Independence Agency (FIA) and the Council of Michigan Foundations (CMF). Currently there are 56 program sites and 5 regional coordinating organizations (RCOs). As of June 30, 2003, 1,063 participants had enrolled in MIDAP—this number includes everyone who was ever entered into MIS IDA. Participant savings of up to \$1,000 are matched by \$2 for education and small business and \$3 for homeownership for every dollar saved by the participant.

The Institute for Social and Economic Development (ISED) was selected by MIDAP as the external program evaluator for five years (2001-2005). The following research questions are answered in this year's evaluation:

- What are the characteristics of program participants?
- What are the participants' savings patterns, use of program services, and outcomes?
- What are the participants' patterns of utilization of public benefits?
- How do participants assess the IDA services?
- How has involvement with the IDA program affected the participants?
- What are the differences between participants who complete the IDA program and those who do not?

This brief summary is intended to outline the major highlights from the third year's program evaluation. For more complete details please refer to the full report.

ACHIEVEMENTS

The Michigan IDA Partnership continues to do a noteworthy job of providing IDA services statewide. After 27 months of program operation, participants are overwhelmingly pleased with the services they receive—both graduates (i.e., people who made an approved matched withdrawal) and non-graduates (i.e., people who stopped participating in the program). One person said, "It is great having someone guiding you through the steps of purchasing a house, someone there to help me out with matched funds which is a huge incentive. It made 'someday' turn into reality." Even non-graduates are mostly positive about their experiences. One person explained, "I didn't want to stop, but I wasn't able to put money into the account every month."

Based on the findings, it is clear that there are positive benefits to participating in the MIDAP Program—knowledge of and taking action to manage household finances and improved planning for the future—and this holds true even for people who did not make an asset purchase. For example, non-graduates are creating and keeping budgets, paying attention to their credit and taking steps to improve it, and feeling more confident about their future. The commitment to save continues even after people graduate or leave the MIDAP Program. One hundred percent of the graduates and 92 percent of the non-graduates have current savings.

An important programmatic achievement is the considerable improvement that has been made in the quality of data collected in MIS IDA in this past year. Participant account activity, funding sources and match rates, and matched withdrawal data are much more complete and accurate for this year’s evaluation report, and duplicate records have been removed from the system. It is clear from the improved state of the database that MIDAP made a concerted effort to make cleaning up MIS IDA a priority. This is especially commendable because entering and maintaining data accurately is a time-consuming process.

SUMMARY OF FINDINGS

This year’s evaluation consists of two components: a survey of 100 former participants and an outcome study using MIS IDA (the IDA participant tracking software) and FIA data from all program sites. The findings from each of these components are summarized below.

| PARTICIPANT SURVEY STUDY | |
|--------------------------------------|--|
| SAVING BEHAVIOR | <ul style="list-style-type: none"> • 78% of graduates had checking account before participating in MIDAP and now 92% have them. • The most common strategy for both graduates and non-graduates to set aside money for IDA deposits by using resources more efficiently such as shopping for food more carefully. However, non-graduates (20%) are significantly more likely than graduates (2%) to postpone paying bills as a strategy for saving. • 100% of the graduates and 92% of the non-graduates currently have a savings goal. • 42% of the graduates and 24% of the non-graduates continue to save a regular amount each month after participating in MIDAP. |
| SERVICES | <ul style="list-style-type: none"> • For over 30% of respondents this was the first time they learned about balancing a checkbook, keeping a household budget, and managing debt. • One proxy for financial health is not bouncing checks. Before participating in MIDAP, 58% of graduates reported bouncing checks. After participating in MIDAP, only 19% reported bouncing checks. Non-graduates also reported a decrease—from 56% to 25%. • There are improvements in credit scores from the time of enrollment to exit. Improvements range from 12% to 23% depending on the credit vendor. A higher credit score means a person is more likely to receive a mortgage or loan. • Negative opinions of IDA services are related to making homeownership classes mandatory that really do not apply to all participants, the perception that homeownership is the primary goal for everyone, and the content of some classes. • 98% of all respondents would recommend the program to a friend—which is quite remarkable considering some of the non-graduates were asked to leave the program. |
| EFFECT HAVING IDA HAS ON LIFE | <p>POSITIVE EFFECTS</p> <ul style="list-style-type: none"> • Over 90% of respondents are more aware of their credit rating—98% of non-graduates and 92% of graduates. • 94% of non-graduates and 88% of graduates are more likely to create and use a budget. • 86% of graduates and 82% of non-graduates agree or strongly agree that they are more likely to work for pay or to stay employed since participating in the MIDAP Program. • Over 90% of graduates have their basic needs met—working utilities, a place to live, a telephone, and enough food. |

| PARTICIPANT SURVEY STUDY <i>(continued)</i> | |
|--|--|
| EFFECT HAVING IDA HAS ON LIFE | <p>NEGATIVE EFFECTS</p> <ul style="list-style-type: none"> • More non-graduates do not have enough to food (30% compared with only 8% for graduates). • Purchasing clothing is the greatest challenge for both groups (58% for non-graduates and 36% for graduates). • Roughly 20% of graduates and non-graduates postpone going to the doctor or dentist. • Non-graduates are significantly less likely to save in ways other than their IDA and more likely to have to give up food or other necessities in order to save than graduates. |
| QUALITY OF LIFE | <ul style="list-style-type: none"> • The two groups are most different in their satisfaction of the quality of their relationship with their spouse/partner (97% for graduates and 82% for non-graduates). • 92% of the graduates and 78% of the non-graduates are satisfied with their current housing. • 72% of graduates are satisfied with their current financial situation compared with only 52% of non-graduates. |

| OUTCOME STUDY | |
|----------------------|---|
| | <p>In 27 months, the MIDAP Program has achieved the following outcomes as of June 30, 2003:</p> <ul style="list-style-type: none"> • 1,021 participants (99% of those with account data) have made at least one savings deposit, with an average of \$1,077 in total deposits (which includes people who have made deposits over the \$1,000 cap and people who have made withdrawals for emergencies). • If we look at only the 623 people who did not save over the \$1,000 maximum and did not make any unmatched withdrawals, the average total deposit amount is \$480. • 142 participants (14% of those with account data) have made at least one matched withdrawal, with average total matched withdrawals of \$892. 111 participants also accumulated extra savings in their IDAs beyond the amount matched by the program, with an average of \$120 in additional savings. • Of the 142 participants who have made matched withdrawals, 68% (96 people) purchased homes, 21% (30 people) made small business purchases, and 11% (16 people) used their savings to pay for education. Matched participant savings for these purchases totaled \$126,724; additional savings beyond the matched amount totaled \$13,357. Including match funds of \$2 or \$3 for every dollar saved, the grand total used to purchase assets was \$501,009. • 297 participants (29%) have made at least one unmatched withdrawal, with average total unmatched withdrawals of \$431. An unmatched withdrawal means a person withdrew their savings from their IDA for a purpose other than their asset goal. Program rules allow for unmatched withdrawals in emergency circumstances, for example to pay for a medical bill, and participants can remain in the program. In fact, almost one-quarter of the participants who have made unmatched withdrawals are still active in the IDA program. |

RECOMMENDATIONS

The program is very solid and we found few areas for concern. Our primary recommendation is to continue with the practice and policies that been instituted because they are working given the findings. We offer recommendations in effective practices and data collection and management.

EFFECTIVE PRACTICES FOR OPERATING AN IDA PROGRAM SITE

- **It is clear that respondents are aware of eligibility and participation rules.** The 11 non-graduates who were asked to leave the program all understood the reason they were expelled and they all thought this was a reasonable rule. Though this is a very small sample, this finding shows that program staff are clearly explaining the program to individuals. Our recommendation is to continue this practice.
- **Encourage program sites to have direct deposit saving accounts for their participants.** As was true last year, participants who use direct deposit for their IDAs have a greater number of total deposits and a greater number of deposits per month than participants who do not have direct deposit. However, last year 24% of participants had direct deposit; this year only 11% do. We do not know if fewer employers are offering direct deposit as an option; we only know that fewer participants have direct deposit. Program staff need to encourage participants to use the direct deposit option if their employer offers it.
- **Carefully consider class offerings and their fit with saving goal.** Like last year, consider making the financial literacy training the standard for all participants to attend at the outset of program participation and then direct people to “asset-specific” trainings.
- **Clearly identify which asset goals are available.** Participants must be informed up front about which asset saving goals are provided by their program. They feel that choosing education or microenterprise may not be as highly valued by staff as is homeownership. People are discouraged when their chosen goal does not receive the same amount of support and encouragement.
- **Recognize reasonable limits for program sites.** It must be recognized that all sites do not have the capacity or the relationships to offer all three asset goals. Twenty-five percent (or 14 of the 56 programs) only offer housing assistance. The remaining 75 percent offer at least two asset goals through internal staff expertise or referrals to existing community resources.

DATA COLLECTION AND MANAGEMENT

- Continue to provide sites and RCOs with support for MIS IDA training and technical assistance and for sufficient staff time to enter data. Adhere to procedures for ensuring that data are entered in a timely manner. Continue to use tools such as MIS IDA and MIS IDA QC¹ reports to detect and correct discrepancies.
- We recommend clarifying the policy for all program sites to collect participant credit reports and credit scores at MIDAP enrollment. This is a valuable tool to track the amount of change that occurs from the time of enrollment to any point in the future—which is an important program effectiveness measure.

¹ MIS IDA QC is a supplemental information system developed by the Center for Social Development at Washington University in St. Louis to identify some of the more common data errors in MIS IDA.

I. BACKGROUND

Individual Development Accounts (IDAs) are matched saving accounts designed to help low-income and low-asset families accumulate a few thousand dollars for high-return investments such as homeownership, education or job training, and small businesses. They are designed to increase savings and investments for the working poor (including people who are working and receiving public assistance) and people living on the edge of poverty. IDA programs have been operating in the U.S. since the early 1990s.

Individuals who meet IDA program acceptance criteria may open IDA savings accounts at designated local financial institutions and deposit money from their earned income over a specified period of time, usually 6-36 months. They are required to complete financial training, such as financial literacy courses and workshops pertaining to their asset goals. Individual IDA programs may have additional requirements, such as attending participant group meetings. Most IDA programs also provide case management services to their participants. When participants reach their savings goals, the funds they withdraw from their IDA savings accounts are matched. These funds can only be matched when used for a program-approved purchase, such as college tuition payments, down payment on a home, or purchase of equipment for a business.

The Michigan IDA Partnership (MIDAP) was created in 2000 to develop a statewide IDA program in Michigan. MIDAP is a partnership between the State of Michigan Family Independence Agency (FIA) and the Council of Michigan Foundations (CMF). MIDAP is administered by CMF and governed by an advisory committee comprised of the founding agencies, key IDA stakeholders in the state, and national experts on IDA programs and policies. MIDAP contracts with organizations to serve as IDA program sites and regional coordinating organizations (RCOs). Currently there are 5 RCOs coordinating the work of 56 program sites.

MIDAP has established goals, participant eligibility requirements, and program parameters to serve as a standard and as guideposts for new programs. The parameters are based on “best practices” from IDA programs nationally and from within the State of Michigan. The minimum monthly average deposit is \$20. Participant savings of up to \$1,000 are matched by \$2 for education and small business and \$3 for homeownership for every dollar saved by the participant.

The Institute for Social and Economic Development (ISED) was selected by MIDAP as the external program evaluator for five years (2001-2005). This report represents the third year of the evaluation. Starting this year, the evaluation consists of only two components: a telephone survey of 100 participants and an outcome study using MIS IDA data from all program sites. The process study documenting the operating structure of the program was only included in the first two years of the evaluation.

This report contains four chapters. The findings of the participant telephone survey are presented in Chapter II. The findings of the outcome study using MIS IDA and FIA data are summarized in Chapter III. Achievements and recommendations that span both evaluation components are highlighted in Chapter IV. A list of acronyms used in this report is in Appendix A. The research design of this study is contained in Appendix B. Data tables are in Appendix C.

II. PARTICIPANT SURVEY STUDY

This chapter reports the results of telephone interviews with 100 former MIDAP participants—50 graduates and 50 non-graduates—chosen from a random sample from all IDA program sites. The purpose of the survey was to determine how these two different groups of participants experienced the program. Specifically, people were asked about the saving process, various components of the MIDAP Program, and how participating in the program has affected their lives. A more detailed description of the survey methodology is in Appendix B.

A. RESPONDENT IDA EXPERIENCES AND PERSONAL CHARACTERISTICS

For this report, we are using the term “graduates” to refer to people who made an approved matched withdrawal, which means they met their savings goal and received the match; “non-graduates” refers to people who voluntarily decided to leave the program (due to financial difficulties or losing interest in the program), were asked to leave the program because they did not follow program rules, moved out of the program area, or withdrew savings for an unapproved purchase.²

Survey respondents have a range of IDA participation experiences (Table 2.1). In the second column the characteristics of all survey respondents are reported. Columns three and four contain the sub-groups of graduates and non-graduates. By definition, all graduates made an approved matched withdrawal. Most non-graduates (52 percent) voluntarily chose to leave the program due

Table 2.1
MIDAP Program Participation

| Variable | All Respondents (n=100) | Graduates (n=50) | Non-Graduates (n=50) | p-value ^a |
|--|----------------------------|---------------------|-------------------------|----------------------|
| | Percent | Percent | Percent | |
| Reason exited MIDAP Program | | | | |
| Made an approved matched withdrawal | 50 % | 100 % | | |
| Voluntary decision to leave—having financial difficulties | 26 % | | 52 % | |
| Involuntary decision to leave—did not follow program rules, asked to leave | 11 % | | 22 % | |
| Moved out of area | 5 % | | 10 % | |
| Withdrew savings for an unapproved purchase | 4 % | | 8 % | |
| Voluntary decision—lost interest | 4 % | | 8 % | |
| Average number of months in MIDAP Program | 19 months | 26 months | 13 months | * |
| IDA savings goal | | | | |
| Buying a home | 66 % | 62 % | 70 % | |
| Starting or expanding a business | 23 % | 28 % | 18 % | |
| Education | 11 % | 10 % | 12 % | |

Source: MIS IDA data through June 2003. Number of respondents=100.

^a Note: In all of the tables in this report, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).

² Current participants were excluded from this year’s telephone survey.

to financial difficulties (e.g., unable to make the minimum monthly deposit). Twenty-two percent were asked to leave the program because they were not following program rules. On average, survey respondents have been in MIDAP for 19 months. The most common asset goal is home purchase (66 percent), followed by starting or expanding a business (23 percent) and education (11 percent). Given the nature of the sampling, it is not surprising the graduates were in the MIDAP Program more months than the non-graduates (26 months compared with 13 months).

Demographic characteristics of the respondents are presented in Table 2.2.³ As can be seen there are no statistically significant differences between the graduates and non-graduates. Nearly 90 percent of the respondents are women and the majority live in urban areas (72 percent). Fifty-six percent are Caucasian and 34 percent are African American. Thirty-eight percent are single and 34 percent are divorced or separated. Forty-one percent have attended college but have not earned a college degree, and 28 percent have earned an associate's degree or more. Only 9 percent of the sample members have less than a high school education.

Table 2.2
Characteristics of Survey Respondents at Time of Enrollment

| Variable | All Respondents (n=100) Percent | Graduates (n=50) Percent | Non-Graduates (n=50) Percent | p-value |
|----------------------------------|------------------------------------|-----------------------------|---------------------------------|---------|
| Gender | | | | |
| Women | 89 % | 90 % | 88 % | |
| Men | 11 % | 10 % | 12 % | |
| Participant's place of residence | | | | |
| Urban | 72 % | 68 % | 76 % | |
| Rural | 28 % | 32 % | 24 % | |
| Race/Ethnicity | | | | |
| White/Caucasian | 56 % | 60 % | 52 % | |
| Black/African American | 34 % | 30 % | 38 % | |
| Hispanic or Latino | 7 % | 6 % | 8 % | |
| Asian/Pacific | 1 % | 0 % | 2 % | |
| Other | 2 % | 4 % | 0 | |
| Marital status | | | | |
| Single, never married | 38 % | 28 % | 48 % | |
| Divorced or separated | 34 % | 40 % | 28 % | |
| Married | 27 % | 30 % | 24 % | |
| Widowed | 1 % | 2 % | 0 % | |
| Level of education | | | | |
| Less than high school | 9 % | 6 % | 12 % | |
| High school/GED | 20 % | 18 % | 22 % | |
| Some college | 41 % | 36 % | 46 % | |
| 2-year college degree | 14 % | 18 % | 10 % | |
| 4-year college degree | 14 % | 18 % | 10 % | |
| Unknown | 2 % | 4 % | 0 % | |

Source: MIS IDA data through June 2003. Number of respondents=100.

³ The demographic characteristics of the telephone survey respondents are similar to the characteristics of the entire MIDAP participant population (as described in Chapter III, Section A).

The average age at enrollment was 34, with ages ranging from 19 to 62. Nearly all of the respondents are employed (92 percent) which is a requirement of the program—62 percent full-time and 30 percent part-time (including people who are combining work and school). The eight percent who reported not working are still eligible for the program because their spouse is employed or the participant is temporarily unemployed due to a lay-off. On average, survey respondents earn \$1,671 per month (or \$20,052 annually) from all income sources—wage-paying jobs, self-employment, and public benefits.

Table 2.2 (continued)
Characteristics of Survey Respondents at Time of Enrollment

| Variable | All Respondents (n=100) Percent | Graduates (n=50) Percent | Non-Graduates (n=50) Percent | p-value |
|--|---------------------------------------|--------------------------------|------------------------------------|---------|
| Current employment status | | | | |
| Full-time employment | 62 % | 56 % | 68 % | |
| Part-time employment | 20 % | 18 % | 22 % | |
| Work & school | 10 % | 16 % | 4 % | |
| Not working & looking for work | 3 % | 4 % | 2 % | |
| Not working & not looking for work (retired, disabled) | 3 % | 2 % | 4 % | |
| Unknown | 2 % | 4 % | 0 % | |
| Average age | 34 years | 34 years | 33 years | |
| Average number of adults in household | 1.41 | 1.42 | 1.40 | |
| Average number of children in household | 1.84 | 1.84 | 1.84 | |
| Average monthly income (from all sources) | \$ 1, 671 | \$ 1, 678 | \$ 1,668 | |

Source: MIS IDA data through June 2003. Number of respondents=100.

B. SAVING BEHAVIORS

This section reports findings regarding the respondents' saving behavior: saving regularity, banking arrangements, saving supports and barriers, and saving strategies.

1. SAVING REGULARITY

“Saving regularity” measures an individual’s ability and willingness to save a regular amount each month. Respondents assessed their saving behavior before IDA participation, during IDA participation, and currently. Response options for the three points in time were: I do not save; If I have extra money, I save some of it; I save a regular amount each month.

The results show a positive change in the saving behaviors for both groups of participants (Table 2.3). During the IDA program, 76 percent of the graduates compared with 67 percent of the non-graduated saved a regular amount—this period had the greatest change over time and the highest percentage. However, the high percentage of regular saving is not sustained—graduates

reduce from 76 percent to 42 percent and non-graduates reduce from 67 percent to 24 percent. Graduates are more likely than non-graduates to save a regular amount after MIDAP (42% compared with 24%).

Table 2.3
Saving Regularity

| | Graduates (n=50) | | | Non-Graduates (n=50) | | |
|------------------------------|------------------|--------|---------|----------------------|--------|---------|
| | Before | During | Current | Before | During | Current |
| Did not save | 50 % | 4 % | 14 % | 34 % | 6 % | 26 % |
| Saved some | 38 % | 20 % | 44 % | 40 % | 27 % | 50 % |
| Saved regular amount monthly | 12 % | 76 % | 42 % | 26 % | 67 % | 24 % |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

2. BANKING ARRANGEMENTS

An important part of the MIDAP Program is helping people establish relationships with banks or credit unions by opening savings accounts. Though it is not an explicit goal of MIDAP, it is hypothesized that people who have savings accounts may establish other connections with financial institutions such as opening a checking account (Table 2.4). Before participating in MIDAP, the two groups were fairly similar—roughly three-quarters of the participants had a savings account or checking account. The significant difference is the current situation. More graduates have checking accounts as well (90 percent vs. 78 percent). Significantly more graduates than non-graduates currently have checking accounts (92 percent compared with 76 percent).

Table 2.4
Banking Arrangements

| | Graduates (n=50) | Non- Graduates (n=50) | p-value ^a |
|-----------------------------------|---------------------|-----------------------------|----------------------|
| Before participated in IDA | | | |
| Had a savings account | 78 % | 70 % | |
| Had a checking account | 78 % | 76 % | |
| Currently | | | |
| Have a savings account | 90 % | 78 % | |
| Have a checking account | 92 % | 76 % | * |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

3. SAVING SUPPORTS AND BARRIERS

In order to identify the circumstances that serve as supports and barriers for saving, respondents were asked how much they agreed or disagreed with specific statements.⁴ The items are found in Tables 2.5 and 2.6.

Respondents indicate that many aspects of the MIDAP Program itself serve to encourage saving (Table 2.5). Overall, graduates rate each item higher than non-graduates—indicating higher agreement with the statements. Graduates report statistically significantly greater agreement than non-graduates on two statements—saving for a certain goal (3.78 vs. 3.40) and their IDA earned enough interest (3.06 vs. 2.58). It may be that the perceptions among non-graduates that their IDA did not earn enough interest and that it was less helpful to save for a certain goal led to their decision to stop participating.

Table 2.5
Perceptions of Saving Supports

| | Graduates (n=50) | Non-Graduates (n=50) | p-value |
|--|-----------------------------|---------------------------------|----------------|
| | Average^a | Average | |
| Wanted to save for a certain goal | 3.78 | 3.40 | * |
| IDA account seemed secure | 3.62 | 3.46 | |
| Liked the financial institution used for IDA | 3.36 | 3.34 | |
| IDA earned enough interest | 3.06 | 2.58 | * |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

^a On a 4-point scale: 1=strongly disagree and 4=strongly agree. The higher the number, the stronger the agreement.

We also asked respondents about factors that might make it difficult for them to save (Table 2.6). Overall, respondents do not consider any single factor to be overwhelmingly problematic. The barrier with the highest rating was that money is going toward housing expenses, which interferes with the respondents' ability to save. This is true for both graduates and non-graduates. Non-graduates are more likely than graduates to report that saving takes too long and that they could not save enough to make a difference—both of these are statistically significant. This frustration may have contributed to these participants not completing the IDA program.

⁴ Items were developed based on previous research conducted by the Center for Social Development at Washington University in St. Louis. For a full discussion of the theoretical base for each of these items see Moore, A., Beverly, S., Schreiner, M., Sherraden, M., Lombe, M., Cho, E., Johnson, L., & Vonderlack, R. (2001). *Saving, IDA Programs, and Effects of IDAs: A Survey of Participants*. St. Louis: Washington University, Center for Social Development.

Table 2.6
Perceptions of Saving Barriers

| | Graduates (n=50) Average | Non- Graduates (n=50) Average | p-value |
|--|---|--|----------------|
| Most of your money goes to housing such as paying rent or your mortgage | 3.04 | 3.04 | |
| Hard to resist temptations to spend money on non essential items | 2.38 | 2.24 | |
| Most of money goes to buy food | 2.36 | 2.32 | |
| Most of money goes to transportation such as car repairs, car payments, or car insurance | 2.14 | 2.44 | |
| Could not save enough to make a difference | 2.14 | 2.66 | * |
| Family and friends often ask for money | 1.88 | 2.22 | |
| Most of money goes to buy clothing | 1.86 | 1.94 | |
| Worried about losing government benefits if saved too much | 1.84 | 1.88 | |
| Saving takes too long; the goal is too far away | 1.76 | 2.14 | * |
| Saving isn't that important | 1.58 | 1.64 | |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

^a On a 4-point scale: 1=strongly disagree and 4=strongly agree. The higher the number, the stronger the agreement.

4. SAVING STRATEGIES

Respondents use a variety of saving strategies. They use resources more efficiently, reduce consumption, generate income, making saving easier, and assume debt (Table 2.7). One person commented, “I just made sure that saving was my priority. So I saved every month like it was a bill.” The most common strategy used by graduates and non-graduates to set aside money for IDA deposits is using resources more efficiently. For example, 73-84 percent shop for food more carefully (e.g., looking for sales, buying in bulk, buying generic brands, using coupons) and 73-80 percent eat out less often. Other popular strategies include spending less on leisure activities and buying used clothes. One person said, “We didn’t have cable. We had a regular phone line without caller ID. We sacrificed a lot—not getting new furniture. We made do with what we had—we taped together our chairs.” Non-graduates are significantly more likely than graduates to postpone paying bills as a strategy for saving (20 percent vs. 2 percent).

Some examples of other saving strategies include:⁵

I shopped around on utility bill rates to get the lowest one. I was in a budget program for natural gas and electric. I asked friends to do car repairs. I consolidated debt, closed credit card accounts, used family and friends for daycare expenses.

I did some work on my own by doing e-bay. I bought stuff at a garage sale or and I'd sell it for more money on e-bay.

I started taking the bus instead of paying someone to take me and I shopped less for my daughter.

It must also be noted that participants do have to make difficult trade-offs in their commitment to save—nearly one-quarter of graduates and non-graduates postpone going to the doctor or dentist.

Table 2.7
Saving Strategies

| | Percentage Who Do This | | p-value |
|---|------------------------|-------------------------|---------|
| | Graduates (n=50) | Non-Graduates (n=50) | |
| Using Resources More Efficiently | | | |
| Shop for food more carefully | 73 % | 84 % | |
| Eat out less often | 73 % | 80 % | |
| Buy used clothing instead of new clothing | 50 % | 40 % | |
| Reducing Consumption | | | |
| Spend less on movies and other leisure activities | 71 % | 80 % | |
| Spend less on cigarettes or alcohol | 25 % | 38 % | |
| Postpone going to the doctor or dentist | 23 % | 22 % | |
| Generating Income | | | |
| Work more hours at one job | 21 % | 24 % | |
| Sell clothing or other items to raise money | 10 % | 9 % | |
| Get a second job | 6 % | 4 % | |
| Making Saving Easier | | | |
| Use income tax return for savings | 44 % | 33 % | |
| Use direct deposit for savings | 23 % | 33 % | |
| Assuming Debt | | | |
| Borrow using a credit card | 4 % | 7 % | |
| Postpone paying bills | 2 % | 20 % | * |
| Borrow from family or friends | 2 % | 4 % | |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

⁵ Direct quotes from respondents appear in the body of the text as sentences surrounded by quotation marks; in stand-alone lists direct quotes appear in italic print.

C. IMPACT ON LIFE CIRCUMSTANCES

Having an IDA may have broad implications for a person's life. Sherraden (1990; 1991) argues that asset accumulation may have many positive effects other than future consumption and enhanced economic productive capacity. Respondents were asked: "Overall, on a 5-point scale where 1 is negative and 5 is positive, how has your IDA affected you?" Seventy-six percent of the graduates compared with 46 percent of the non-graduates reported that they have been affected extremely positively (i.e., by assigning a "5"); this difference is statistically significant. The average score for graduates is 4.68 and the average score for non-graduates is 4.00 (which is also statistically significant).

Both graduates and non-graduates spoke enthusiastically about their experiences with the program. Some quotes are:

[The program] helped me get a home for myself and my children. I'm a single mother and I just completed an RN degree. I did the IDA during my schooling. It would have been five to ten more years otherwise for me to buy a house if I didn't do the IDA. – A MIDAP graduate

The IDA program has made my dream come true—of owning my home. It's been a blessing. – A MIDAP graduate

It helps you get somewhere that you couldn't get by yourself. It gives you something to talk to your kids about—something you might not teach them otherwise. It was a learning experience for my entire family. It's a positive experience for families and marriage. It's a benefit for them if you succeed. My partner was really encouraging for me. Some may not like it because it does take some money away from the family. – A MIDAP graduate

Nothing but good things have happened since I joined the program and received my IDA. I feel more positive. My kids feel more positive. My business is in my house and I am able to be here for them. My kids see me do positive things and they want to do something positive too. – A MIDAP graduate

I really learned a lot in the economic literacy program. It really kept me on track. I didn't understand the credit rating until the program taught me that. Our credit rating now has improved a lot. – A MIDAP non-graduate

I think it's really great that people are willing to match funds for people who are willing to try to learn how to make it. While you are in it you are more aware of how to handle money and your finances. I've seen people learn and grow. If I'm ever in a position to help out myself I will. – A MIDAP non-graduate

Respondents considered specific positive effects that having an IDA had on their lives (Table 2.8). As can be seen from the data, there is a wide range of positive effects for both graduates and non-graduates. These findings support the hypothesis that even people who do not successfully complete the program receive tangible benefits from the program such as being aware of their credit rating, using personal budgets, and making plans for retirement.

There are two statistically significant differences between the two groups of participants. Non-graduates are more likely than graduates to be working to improve their credit (96 percent compared with 77 percent).⁶ Graduates are more likely than non-graduates to feel economically secure (90 percent compared with 78 percent). Other interesting findings include:

- Over 90 percent of respondents are more aware of their credit rating—98 percent of non-graduates and 92 percent of graduates.
- 94 percent of non-graduates and 88 percent of graduates are more likely to create and use a budget.
- Over 80 percent of graduates and non-graduates are more likely to work for pay or to stay employed.

Table 2.8
Perceived Positive Effects that IDA Has on Life

| | Graduates (n=50) | Non-Graduates (n=50) | |
|--|------------------------------|---------------------------------|----------------|
| Since participating in the MIDAP Program . . . | Percent Who Agree | Percent Who Agree | p-value |
| Planning Effects | | | |
| More aware of credit rating or credit standing | 92 % | 98 % | |
| More likely to create and use a budget | 88 % | 94 % | |
| More likely to make plans for retirement | 80 % | 80 % | |
| Working to improve credit | 77 % | 96 % | * |
| More likely to make educational plans for child(ren) | 81 % | 90 % | |
| More likely to make educational plans for self | 60 % | 74 % | |
| Psychological Effects | | | |
| Feel more economically secure | 90 % | 78 % | * |
| Feel more confident about the future | 90 % | 86 % | |
| Better able to set and achieve goals | 88 % | 94 % | |
| Feel more in control of life | 86 % | 88 % | |
| Economic Effects | | | |
| More likely to work for pay or stay employed | 86 % | 82 % | |
| More likely to buy or renovate a home | 80 % | 78 % | |
| More likely to increase work hours | 60 % | 68 % | |
| More likely to start or expand a business | 56 % | 50 % | |
| Social and Civic Effects | | | |
| More likely to be involved in neighborhood | 58 % | 66 % | |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

⁶ We can only speculate that perhaps at the time of the survey the graduates have better credit scores than non-graduates and therefore do not believe they need to make improvements. In future evaluation years we will be better able to answer this question when we have more comprehensive credit scores for all participants.

Some respondents experience negative effects as a result of having an IDA (Table 2.9). Non-graduates are significantly less likely to save in ways other than their IDA, more likely to have to give up food or other necessities in order to save, and have less money for leisure activities than do graduates. Very few people—both graduates and non-graduates—report having more problems with neighbors, their children, or their spouse/partner due to having an IDA.

Table 2.9
Perceived Negative Effects that IDA Has on Life

| | Graduates (n=50) | Non- Graduates (n=50) | |
|---|-------------------------------------|--------------------------------------|----------------|
| | Percent Who Disagree | Percent Who Disagree | p-value |
| Economic Effects | | | |
| Has more difficulty paying bills | 92 % | 84 % | |
| Less likely to save in other ways, outside of IDA | 74 % | 56 % | * |
| Has to give up some food or other necessities | 74 % | 58 % | * |
| Has less money for the leisure activities family would like | 66 % | 58 % | * |
| Social and Civic Effects | | | |
| Has more problems with child(ren) | 100 % | 100 % | |
| Has more problems with spouse/partner | 100 % | 98 % | |
| Has more problems with neighbors | 98 % | 94 % | |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

Respondents assessed their ability to meet their basic needs (e.g., pay for utilities, housing, transportation, medical care, etc.). Overall, graduates report having fewer problems in these areas than do non-graduates (Table 2.10). Graduates are slightly better off than non-graduates in their ability to have working utilities, a place to live, and a telephone.

Table 2.10
Problems Meeting Basic Needs

| | Graduates (n=50) | | Non-Graduates (n=50) | | p-value |
|--|-------------------------------------|----------------------|-------------------------------------|----------------------|----------------|
| | Not a Problem At All | A Problem | Not a Problem At All | A Problem | |
| Doing OK in these areas: | | | | | |
| Having working utilities (lights, heat, water) | 96 % | 4 % | 90 % | 10 % | |
| Having a place to live | 96 % | 4 % | 82 % | 18 % | |
| Having a telephone | 94 % | 6 % | 86 % | 14 % | |
| Struggling in these areas: | | | | | |
| Having enough money to buy clothing items | 64 % | 36 % | 42 % | 58 % | * |
| Having medical care | 70 % | 30 % | 54 % | 46 % | * |
| Having reliable transportation | 76 % | 24 % | 64 % | 36 % | |
| Having enough food | 92 % | 8 % | 70 % | 30 % | * |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

On the other hand, some participants are struggling. We found that non-graduates are struggling more than graduates. Purchasing clothing is the greatest challenge for 58 percent of non-graduates and 36 percent of graduates. Thirty percent of non-graduates have a difficult time having enough food for their families (compared with only 8 percent of graduates). More non-graduates than graduates have difficulty obtaining medical care. All of these differences are statistically significant.

Respondents were asked using an open-ended question to describe any unforeseen problems or hardships they experienced because they were in MIDAP. Only six graduates indicated that this had happened. Five said:

I couldn't make all the required meetings.

Going to the meetings during workdays was a little bit hard—my job didn't allow for time off.

Finding a babysitter to go to classes. That's my only complaint.

The time limit we set for ourselves (6 months to reach our saving goal) was kind of hard.

We did have to repair my parent's van from backing into a tree. I knew I had funds [in my IDA] but it was only to buy a house, so I had to borrow money from a friend for the car repair and then pay them back.

Only five non-graduates experienced unforeseen problems or hardship because they were in MIDAP. Three made specific comments:

Traveling to the classes in bad weather and no reimbursement for time or gas. I also paid a \$10 nonrefundable fee when I signed up.

Trying to find childcare on the nights of the meetings—[it was] too late.

Making the monthly [deposit] minimum was real tight.

Whereas the previous table reported the degree to which a particular area was problematic, Table 2.11 presents the level of satisfaction respondents have with basic aspects of their lives at the time of the interview. Though participants were not asked to compare their current situation with their situation before participating in MIDAP, it is interesting to note that respondents are most satisfied with the physical health of their children, the quality of their relationship with their spouse/partner and children, and their current housing. They report more dissatisfaction with their physical health, their financial situation, and the quality of the health care they can afford.

There are three statistically significant differences between graduates and non-graduates. The two groups are most different in their satisfaction of the quality of their relationship with their spouse/partner (97 percent of graduates compared with 82 percent of non-graduates). Graduates have greater satisfaction with their current housing than do non-graduates (92 percent compared with 78 percent). Lastly, 72 percent of graduates are satisfied with their current financial situation compared with only 52 percent of non-graduates.

Table 2.11
Satisfaction with Current Life Circumstances

| | Graduates (n=50) | | Non-Graduates (n=50) | | p-value |
|--|---------------------|--------------|-------------------------|--------------|---------|
| | Satisfied | Dissatisfied | Satisfied | Dissatisfied | |
| Health and physical condition of child(ren) | 98 % | 2 % | 96 % | 4 % | |
| Quality of relationship with spouse/partner ^a | 97 % | 3 % | 82 % | 18 % | * |
| Quality of relationship with child(ren) | 92 % | 8 % | 96 % | 4 % | |
| Condition of current housing | 92 % | 8 % | 78 % | 22 % | * |
| Personal health and physical condition | 80 % | 20 % | 74 % | 26 % | |
| Current financial situation of household | 72 % | 28 % | 52 % | 48 % | * |
| Quality of health care that can afford | 68 % | 32 % | 78 % | 22 % | |

Source: ISED survey of IDA participants. Number of respondents=100.

^aNote: Excluding 30 respondents for whom the question was not applicable.

D. ASSESSMENT OF PROGRAM SERVICES

Respondents rated their level of satisfaction with IDA services. They are generally quite satisfied with the IDA services they receive. On a 5-point scale (1=not satisfied and 5=satisfied), the average score for *overall* satisfaction with IDA services is 4.56 for graduates and 4.14 for non-graduates (this difference is statistically significant).

Only a few people—6 percent of the graduates and 7 percent of the non-graduates actually changed their savings goal from the time of enrollment to the time they exited. There was some confusion if home improvement/home repair was an approved savings goal (which it is not). A few people wanted to save faster than the program allowed. Non-graduates were more likely to report that they simply wanted to pursue their goal through another avenue. For example, one person decided to apply for a traditional student loan and not save through her IDA.

Respondents were specifically asked about their satisfaction with financial management classes. On a 5-point scale (1=not satisfied and 5=satisfied), the average score for satisfaction with financial management services is 4.32 for graduates and 4.40 for non-graduates (this difference is not statistically significant). For 32 percent of the graduates and 36 percent of the non-graduates, this was the first time they learned about balancing a checkbook, keeping a household budget, and managing debt.

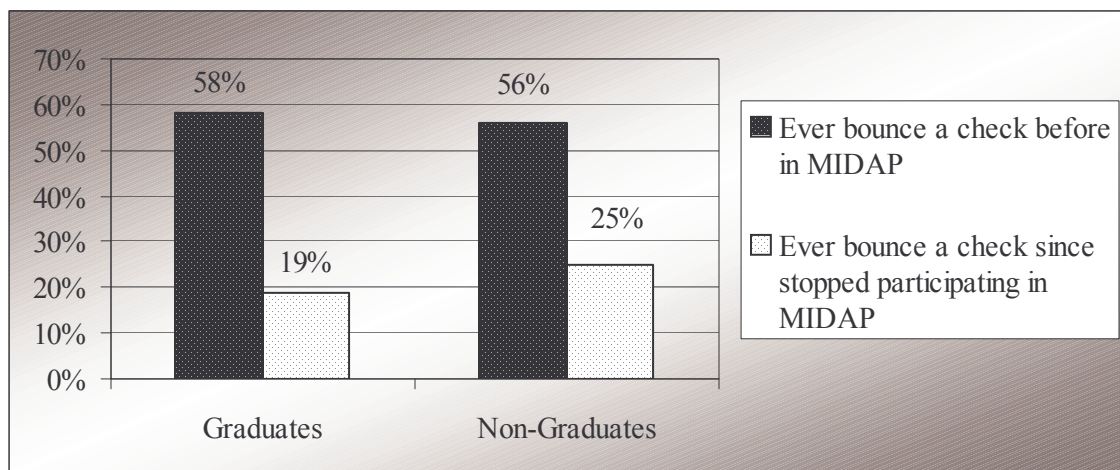
The majority of participants—both graduates and non-graduates—have positive comments about MIDAP. One person said, “One-on-one attention that I received from the IDA caseworker. She was extremely compassionate. She made you feel like you were the only one receiving the services.” Participants find the following services **most** helpful:

- Financial management classes
- Learning about credit scores and how to repair credit
- Techniques on how to save money

- Household budgeting, creating a personal budget
- Matching the savings amount
- What to look for when purchasing a home—the step-by-step process

One proxy for positive financial health is not bouncing checks. We asked respondents to tell us if they had ever bounced any checks during two time periods—before they joined MIDAP and then again since they stopped participating in MIDAP (Chart 2.1). Both graduates and non-graduates had fairly similar experiences before MIDAP—about 60 percent had bounced at least one check. The striking difference appears when respondents reported their behaviors currently—only 19 percent of the graduates and 25 percent of the non-graduates have bounced checks. The reduction in percentages from before to now is statistically significant. These results are encouraging since a core component of MIDAP is financial management classes.

Chart 2.1
Financial Health: Not Bouncing Checks



Source: ISED 2003 survey of IDA participants. Number of respondents=100.

Only a few participants (10 percent) have negative comments about the IDA services specifically. These are most often related to making classes mandatory that really do not apply to all participants, the perception that homeownership is the primary goal for everyone, and the content of some classes—for example, focusing on cleaning up credit problems when not everyone in the class has credit problems. Another person said, “It was not helpful to me to have to go to all the classes that I had to. I did not like the financial services because I felt that I knew how to balance my checkbook and thought it was a waste of time.” Participants find the following services **least** helpful (participant quotes are in italic print):

The program really focused on buying a house. I really wanted to go to school, but I didn't get a lot of support for that. There seemed to be some pressure for everyone to have the same goal—mostly buying a house.

The classes were not geared toward what I needed, in terms of starting a business.

The least helpful one would have been when we were taking classes and they showed us different areas that we could buy houses in. Those areas weren't even in the location that I was looking. They were in a completely different city and in another part of the state.

They said they didn't have the funds for the school part or the business part, only funds for the house part. It's not fair that they waited until I got through the training to tell me.

An indirect way to determine if people are pleased with a particular service is to ask whether they would recommend the program to a friend. In this survey, 98 percent of the respondents indicate they would recommend the program; only 2 non-graduates said they would not. Below are some quotes from people about their experiences with the program:

I think it's really great that people are willing to match funds for people who are willing to try to learn how to make it. While you are in it you are more aware of how to handle money and your finances. The people in this program have to work in order to get it. I've seen people learn and grow. If I'm ever in a position to help out myself I will.

Because it's an excellent program for moderate- and low-income families that need down payment assistance and don't have a lot of money for the purchase of a home.

It's good for people who don't have a lot of skills as far as planning healthy meals and balancing checkbooks and managing a budget.

I learned a lot about credit and budgeting and I really thought the whole program was really useful in everyday life. I use my workbook with my kids to teach them. I think the economic literacy course should be taught in high school.

It's a lot easier going through this program than going through it yourself. It's less hectic and you don't get temptations to draw the money out beforehand.

I told a lot people about the program. I told them how to do it. It helps a lot. You want to save and try, but end up spending. This program helped me because they were willing to match it.

It helps people who are actually trying and working to improve their situation. It helps them up and weeds out people who really don't care. It's great.

Because it is just a good way to help those who need it. It helps you track and understand how to save money for when you really need it. Also the staff person who was assisting us was very helpful. She was able to give us credit checks. I had never had a credit check until then. They are able to guide you in the right path you want to go. Overall it's a great way to save money and earn some extras on it.

I did like how they brought us all back after. People in the program who did get a home—they brought us all together and let us tour the homes people got or visit their business. So it was good to see the end results.

1. SPECIFIC OPINIONS OF GRADUATES

Graduates were asked to indicate how the program was most valuable to them and their family. The verbatim responses are provided below.

By allowing us to expand the business and to have a little bit of separation between business and home. We have a kitchen downstairs now so we can have some of our home back from the business.

It gave us financial security by owning the home and it improves self-esteem and helps realize goals.

It is great having someone guiding you through the steps of purchasing a house, someone there to help me out with matched funds which is a huge incentive. It made “someday” turn into reality.

We now own a house and are building equity. Now I have a huge interest in city government/politics, the school system and city planning. These will affect me directly.

One hundred percent of the respondents agree or strongly agree that saving for a specific goal acts as a support for saving (Table 2.12). One hundred percent report that the match rate makes it easier to save. Ninety-six percent liked the rules about taking money from the IDA. Eighty-eight percent believe that the financial classes helped them save.

**Table 2.12
Perceptions of Saving Supports**

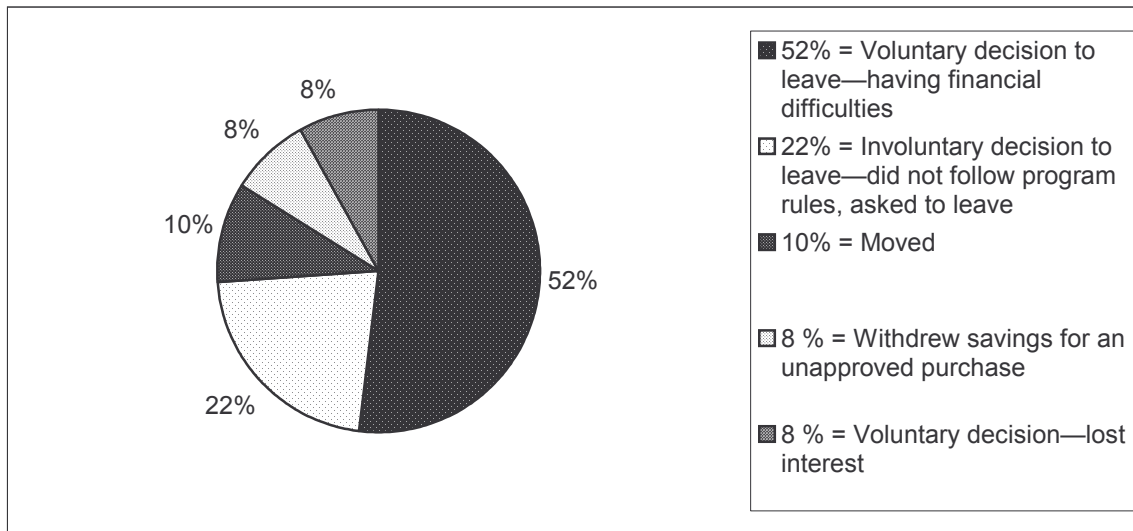
| | Graduates (n=50) Agree |
|---|---------------------------------------|
| Match rate for IDA was adequate | 100 % |
| Liked rules about taking money from IDA | 96 % |
| IDA classes help to save | 88 % |

Source: ISED 2003 survey of IDA participants. Number of respondents=50 (graduates only).

2. SPECIFIC OPINIONS OF NON-GRADUATES

As reported earlier in this document, 50 of the survey respondents are non-graduates. They left the MIDAP Program for a variety of reasons. These are noted in the chart below.

Chart 2.2
Reason for Leaving MIDAP Program



Source: ISED 2003 survey of IDA participants. Number of respondents=100.

Non-graduates were asked to provide the specific reason they stopped participating. Over fifty percent left because they were having financial difficulties. The most common reason for leaving the program was that they were unable to meet the financial obligation/monthly savings goal. For example one person said, “I didn’t have enough money each month to stay in the program. Twenty dollars a month was too much for me.” Another person said, “I didn’t want to stop, but I wasn’t able to put money into the account every month. I felt like it was too much for me to have to focus on saving when I was having trouble with my son.” Others had life-altering events that affected their financial situation. One person described, “I was unable to meet requirements because of health reasons. I didn’t have enough income because I couldn’t work.” A few had dramatic changes in their income—loss of a job, reduction in hours, laid off.

Twenty-two percent left because they did not follow the program rules. One person explained, “The fact that I went too many months without making a payment and then they closed my account—I have unsteady child support payments and three teenagers.” Another said, “I missed two months and they wrote to me and told me my account was closed and they would be sending my money in the account.” Someone else said, “They wanted me to start all over again because I stopped saving for a few months.” Another person explained, “I signed up for home repair and I was in the class for over a year and at that point they said I couldn’t do it for home repair. After that long they told me that I couldn’t do it anymore and I don’t know why it took so long.”

Eight percent lost interest in the program. A non-graduate said, “I needed the money for other expenses. My fiancé and I decided to go with his credit and build a home.” One person described

her situation: “I filled out a loan application at a bank and got pre-approved so chose to purchase a house that way instead.” Someone else joined the military to pay for college. A few people voluntarily dropped out because they believed they were no longer eligible due to an increase in income (though this is not a program eligibility rule, people have this perception since they may be comparing MIDAP to traditional income-based programs such as welfare). One woman explained, “I reconciled with my ex-husband and as a result I didn’t qualify any longer, income-wise.”

Another eight percent withdrew savings for an unapproved purchase. One person said, “We were flat broke, the only money I had was what was in the account. I had to take the money out.” Someone else said, “I wasn’t allowed to do home repair so I quit.” The remaining ten percent simply moved out of the service area or out of state.

In a separate question, non-graduates were asked to indicate if there were any services or supports that were not provided that they believed would have helped keep them in the program. Only 14 non-graduates (or 28 percent) reported that there was a support or service that would have prevented them from leaving the program. Generally the suggestions are related to staffing, rules, and offering transportation assistance. The answers are below.

Staffing and follow-up:

- *More contact would have helped. And if they had a full-time person doing it, it would be helpful. When you called there was no one there.*
- *Just the actual follow up with the IDA representatives—how the account is doing, did you have any problems, do you need help and how can we help you - just follow up with the procedures.*
- *They just let me go. If they could have told me more or checked into the problem so that I could have stayed in the program, I would have kept with it.*

Rules:

- *If they could tell me I was two months behind and tell me how I could catch up instead of just sending me a letter.*
- *I was hoping to use that money toward the house I’m living in now, but for some reason I couldn’t use the money from the program. I do not know why.*
- *Being able to do it faster, a six-month minimum is too long to wait.*

Transportation:

- *I had a problem with transportation. The times they held the meetings were hard to get a bus.*

E. CURRENT SAVINGS GOAL

Respondents were asked to indicate if they were continuing to save even though they are no longer in MIDAP. All of the graduates are; 92 percent of the non-graduates are. Respondents were then asked to tell what their savings goal was (Table 2.13.). Graduates are more likely to be saving for home repairs or renovations (24 percent compared with 10 percent for non-graduates). Graduates are also hoping to start their own business (22 percent compared with 14 percent for non-graduates). Thirty-two percent of non-graduates are saving to buy their own home. This finding is not too surprising given that 70 percent of the non-graduates chose home ownership as their goal at enrollment in MIDAP.

**Table 2.13
Current Savings Goal**

| | Graduates (n=50) | Non- Graduates (n=50) | p-value |
|-------------------------------|-----------------------------|--------------------------------------|----------------|
| Home repairs/home renovations | 24 % | 10 % | * |
| Starting own business | 22 % | 14 % | * |
| Children’s education | 10 % | 6 % | |
| Vacation | 10 % | 2 % | |
| Emergency fund | 6 % | 8 % | |
| Paying off debt | 6 % | 6 % | |
| Car | 4 % | 8 % | |
| Children’s braces | 4 % | 0 % | |
| Retirement | 4 % | 2 % | |
| Buying a home | 4 % | 32 % | * |
| Respondent’s education | 4 % | 8 % | |
| Computer | 2 % | 2 % | |
| Life Insurance | 0 % | 2 % | |

Source: ISED 2003 survey of IDA participants. Number of respondents=100.

III. OUTCOME STUDY

This chapter describes the characteristics of MIDAP participants and program outcomes. We present participants' demographic characteristics, program participation and outcomes, and analyses of different subgroups of participants.

Data sources for these analyses include MIS IDA⁷ data through June 30, 2003 from 56 MIDAP program sites as compiled by the Council of Michigan Foundations, a MIDAP list of participants who made qualified matched withdrawals, Michigan Family Independence Agency data on public benefit receipt, and credit scores. ISED merged the datasets and cleaned the data for analysis. Data are presented in aggregate form, i.e., they are not broken out by individual program sites.

A. PARTICIPANT CHARACTERISTICS AT TIME OF MIDAP ENROLLMENT

One thousand and sixty-three⁸ participants had enrolled in MIDAP as of June 30, 2003. Characteristics of these participants at the time of enrollment are presented in Table 3.1. The typical participant is a 33-year-old unmarried African American woman with some college education, two children living at home, a full-time job, and a monthly household income of about \$1,705 (about \$20,000 annually).

Gender, Ethnicity, and Age. The majority of participants are women (83 percent). Half are African American (50 percent) and 41 percent are Caucasian. Participants range in age from 15 to 66 years; 40 percent of the participants are between 30 and 39 years old.

Marital Status and Residency. About half of the participants have never been married, nearly one-quarter are divorced or separated, and about one-quarter of the participants are married. Over sixty percent of the participants are the only adult in their household, about one-third live with another adult, and 5 percent have two or more other adults living with them. Over three-quarters of the participants live in urban areas (78 percent compared with 22 percent in rural areas) as defined by the participant in the self-report section of MIS IDA.

Number of Children. Most participant households include children under age 18. Over half of the participants (57 percent) live with one or two children, and nearly one-third of the participants have three or more children in their household. Only 13 percent have no children living with them.⁹

⁷ The entire MIDAP network manages information using MIS IDA (Management Information System for Individual Development Accounts), an information system developed by the Center for Social Development at Washington University in St. Louis specifically to track and manage IDA participation and accounts. It is the only available software system expressly intended for IDA programs.

⁸ One participant is not included in the analyses due to lack of data.

⁹ The source of MIDAP funding is restrictive, which means a large number of accounts are available to TANF households who by definition include at least one child.

Table 3.1
Participant Characteristics at Time of MIDAP Enrollment

| Participant Characteristic | Number N=1,063 | Percent | Participant Characteristic | Number N=1,063 | Percent |
|----------------------------------|-------------------|---------|---------------------------------------|-------------------|---------|
| Gender | | | Highest Level of Education | | |
| Female | 887 | 84 % | Less than high school | 144 | 14 % |
| Male | 176 | 16 % | H.S. diploma/GED | 245 | 23 % |
| Ethnicity | | | Some college | 430 | 40 % |
| African American | 532 | 50 % | 2-year college degree | 108 | 10 % |
| Caucasian | 431 | 41 % | 4-year college degree | 99 | 9 % |
| Latino/Hispanic | 57 | 5 % | Attended graduate school | 26 | 2 % |
| Native American | 9 | 1 % | Unknown/missing | 11 | 1 % |
| Asian/Pacific Islander | 5 | 0 % | Employment Status | | |
| Other | 29 | 3 % | More than full-time | 106 | 10 % |
| Age | | | Full-time | 563 | 53 % |
| 19 years or younger | 34 | 3 % | Part-time | 214 | 20 % |
| 20 to 29 years | 359 | 34 % | Working and in school | 91 | 9 % |
| 30 to 39 years | 424 | 40 % | In school/training | 28 | 3 % |
| 40 to 49 years | 205 | 19 % | Laid off | 9 | 1 % |
| 50 years or older | 41 | 4 % | Seeking employment | 14 | 1 % |
| Average Age | 33.27 | (n/a) | Homemaker | 11 | 1 % |
| Residence | | | Disabled | 11 | 1 % |
| Urban | 829 | 78 % | Retired | 3 | 0 % |
| Rural | 234 | 22 % | Unknown/missing | 13 | 1 % |
| Marital Status | | | Household Monthly Income | | |
| Single | 547 | 51 % | \$999 or less | 193 | 18 % |
| Married | 246 | 23 % | \$1,000 to 1,499 | 259 | 24 % |
| Divorced | 180 | 17 % | \$1,500 to 2,499 | 457 | 43 % |
| Separated | 77 | 7 % | \$2,500 or more | 126 | 12 % |
| Widowed | 13 | 1 % | Unknown/missing | 28 | 3 % |
| Unknown/missing | | | Average Household Monthly Income | \$ 1,660 | (n/a) |
| Number of Adults in Household | 679 | 64 % | Has Health Insurance | | |
| One | 317 | 30 % | Yes | 647 | 61 % |
| Two | 40 | 4 % | No | 378 | 36 % |
| Three | 7 | 1 % | Unknown/missing | 38 | 4 % |
| Four or more | 20 | 2 % | Has Life Insurance | | |
| Average # of Adults in Household | 1.48 | (n/a) | Yes | 377 | 35 % |
| Number of Children in Household | | | No | 649 | 61 % |
| None | 133 | 13 % | Unknown/missing | 37 | 3 % |
| 1-2 | 605 | 57 % | Current FIP Recipient | | |
| 3-4 | 266 | 25 % | Yes | 193 | 18 % |
| 5 or more | 59 | 6 % | No | 844 | 79 % |
| Average # of Children in HH | 2 | (n/a) | Unknown/missing | 26 | 2 % |
| | | | Had Existing Relationship with Agency | | |
| | | | Yes | 442 | 42 % |
| | | | No | 615 | 58 % |
| | | | Unknown/missing | 6 | 1 % |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Level of Education. Over sixty percent of the participants attended some college or have a college degree. About one-fourth (23 percent) have a high school diploma or GED. Fourteen percent of the participants have less than a high school education.

Employment Status and Insurance. Most participants (92 percent) are employed.¹⁰ Ten percent work more than 40 hours per week, over half work 35-40 hours per week, and 20 percent have part-time jobs. Another nine percent work and attend school or a job training program. In spite of this high employment rate, over one-third (36 percent) of the participants do not have health insurance, and even more (61 percent) do not have life insurance.

Household Income and Public Assistance. Participants' households receive income from a variety of sources including employment, public assistance, child support, self-employment, gifts, and pensions as shown in Table 3.2 (Appendix C). The average total monthly household income from all sources is \$1,705 (or \$20,460 annually). Ninety percent of the participants' households have income from wage-earning employment, and over three-quarters of the total income reported is from employment. Twenty-one percent have incomes less than \$1,000 per month, while twelve percent have monthly incomes of \$2,500 or more.

Though the MIDAP Program is not designed specifically for public assistance recipients, some participants do receive public assistance. At the time they enrolled in the program, eighteen percent were receiving cash assistance benefits through the Family Independence Program (FIP), Michigan's cash assistance program or Michigan's Temporary Assistance for Needy Families TANF program, and 30 percent were receiving Food Stamps. Given the current political climate, it is an interesting area for policymakers to know if fewer participants receive public assistance over time. As shown in Table 3.3 (Appendix C),¹¹ more participants received FIP at the time of their enrollment in MIDAP than in October 2003. Of 1,036 participants for whom data were available at both time points—enrollment and October 2003—19 percent were receiving FIP when they enrolled in MIDAP, and only 7 percent were receiving it in October 2003. On the other hand, the percentage of participants receiving Food Stamps increased from 30 percent at enrollment to 34 percent in October 2003.

Both FIP and Food Stamps are income-based programs, so a person with a lower income is more likely to be eligible for these benefits than a person with a higher income. Also, Food Stamps has a higher income eligibility level than FIP, possibly explaining why a fairly steady number of participants remain eligible for Food Stamps. However, it must be noted that other factors might account for these changes in receipt of public assistance—the economy, participation in other service or training programs—and the changes cannot be attributed to MIDAP alone.

¹⁰ It is a requirement of the MIDAP Program that participants are employed or their spouse/partner is employed at the time of enrollment. However, people may lose their jobs or rely on the income of a spouse/partner and still be eligible to participate.

¹¹ FIP receipt at enrollment is recorded in MIS IDA, and the Michigan Family Independence Agency (FIA) provided data about receipt of public assistance benefits in October 2003 for participants who had enrolled in the IDA program by June 2003. Medicaid eligibility or use data are not collected in MIS IDA at the time of enrollment or later during program participation.

B. PROGRAM PARTICIPATION AND OUTCOMES

Program Participation. As of June 30, 2003, 1,052 IDAs had been opened by 1,046 participants (see Table 3.4 in Appendix C).¹² About one-tenth (11 percent) of these participants use direct deposit for their accounts. At the time they opened their account, most participants (77 percent) planned to save for a home purchase, followed by business (11 percent) and education (9 percent). On average, participants have been in the program for about 12 months.

Account Activity. Account activity outcomes are defined as IDA deposits, matched withdrawals, and unmatched withdrawals.¹³ Details about account activity outcomes are presented in Table 3.5 (Appendix C). Of the 1,031 participants for whom account activity data are available:

- 1,021 participants (99 percent) have made at least one savings deposit, with an average of \$1,077 in total deposits (which includes people who have made deposits over the \$1,000 cap and people who have made withdrawals for emergencies).
- 142 participants (14 percent of those with account data) have made at least one matched withdrawal, with average total matched withdrawals of \$892. 111 of these participants had accumulated and average of \$120 in additional savings (i.e., beyond the amount matched by the program).
- 297 participants (29 percent) have made at least one unmatched withdrawal, with average total unmatched withdrawals of \$431. An unmatched withdrawal means a person withdrew their savings from their IDA for a purpose other than their asset goal.¹⁴

If we include only participants who did not make an unmatched withdrawal and who have not saved more than the MIDAP matchable limit of \$1,000, there are 632 participants for whom account activity data are available. Of these 632 participants:

- 623 participants (99 percent) have made at least one savings deposit, with an average of \$480 in total deposits.
- 27 participants (4 percent) have made at least one matched withdrawal, with average total matched withdrawals of \$845.

Program Status and Matched Withdrawals. Additional outcomes include program status (active or exited) and making a qualified matched withdrawal, as shown in Table 3.6 below. As of June 30, 2003, 698 of the participants (66 percent) were active in the program and 365 (34 percent) had exited the program. A total of 142 participants (14 percent) had made qualified matched withdrawals to purchase assets with their IDA savings; 24 of these were active participants who remained in the program to continue saving money in their IDAs to purchase additional assets, and the remaining 118 participants exited the program. It follows that of the 365

¹² Of the 17 participants who had not yet opened an IDA by the end of the data (June 2003), 4 were recent enrollees (within the previous two months) and 10 had formally exited the program. Six participants had two accounts in their household (one for two different saving goals).

¹³ Complete definitions of the variables discussed in this section are located in Section C of this chapter.

¹⁴ Program rules allow for unmatched withdrawals in emergency circumstances, for example to pay for a medical bill, and participants can remain in the program. Of the 297 participants who made unmatched withdrawals, 71 were still active in the program, 9 had exited the program successfully after reaching their IDA goal and making qualified matched withdrawals, and 217 had exited the program unsuccessfully as of June 30, 2003.

participants who exited the program, 247 exited unsuccessfully—they did not make a matched withdrawal.¹⁵ This calculates to a drop-out rate of 23 percent.

Table 3.6
Program Status and Matched Withdrawals

| Program Status | | Matched Withdrawal | No Matched Withdrawal | Total |
|----------------|----------------|--------------------|-----------------------|--------------|
| Active | Number | 24 | 674 | 698 |
| | Percent | 2 % | 63 % | 66 % |
| Exited | Number | 118 | 247 | 365 |
| | Percent | 11 % | 23 % | 34 % |
| Total | Number | 142 | 921 | 1,063 |
| | Percent | 13 % | 86 % | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Percentages may sum to more 100 due to rounding. Data cleaned for analysis by ISED.

Asset Obtained and IDA Savings. Of the 142 participants who have made matched withdrawals, over two-thirds (68 percent) purchased homes, 21 percent made business-related purchases, and 11 percent used their savings to pay for education and related expenses. The matched portions of participant savings for these purchases totaled \$126,724; participants also accumulated \$13,357 of additional savings in their IDAs beyond the amount matched by the program. Matched savings were matched at a rate of \$2 or \$3 for every dollar saved, for a grand total of \$501,009 in savings plus match funds used to purchase assets. The amounts by asset obtained are presented below in Table 3.7.

Table 3.7
Assets Obtained with IDA Savings

| Asset Purchased | Number of Participants | Matched Participant Savings | Additional Participant Savings | Total Match Amount | Total Amount |
|-----------------|------------------------|-----------------------------|--------------------------------|--------------------|-------------------|
| Home | 96 | \$ 91,059 | \$ 9,914 | \$ 272,751 | \$ 373,724 |
| Business | 30 | \$ 25,225 | \$ 2,382 | \$ 54,600 | \$ 82,207 |
| Education | 16 | \$ 10,440 | \$ 1,061 | \$ 33,576 | \$ 45,078 |
| Total | 142 | \$ 126,724 | \$ 13,357 | \$ 360,927 | \$ 501,009 |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Data cleaned for analysis by ISED.

Credit Scores. To better understand the financial health of participants, we looked at the credit scores of participants (Table 3.8). This was not part of the original evaluation design and was only added mid-year, therefore, the data are not comprehensive. Most program sites run credit scores on their participants at enrollment—though some sites do this only at the participant’s request. It also varies if program sites run credit scores at exit.

¹⁵ Of the 247 participants who exited the program unsuccessfully, 78 were not able to save, 46 lost interest in the program, 36 violated program rules, 21 moved out of the area, 15 were no longer eligible for the program, 14 withdrew savings for an unapproved purpose, 1 reached the program savings time limit, and 36 left for an unspecified reason.

The data to date show that there are improvements in credit scores from the time of enrollment to exit. The average changes in credit scores range from 73 to 135 points (or an improvement between 12 to 23 percent depending on the credit vendor). A credit score of 620 is an industry benchmark that indicates a person is credit-worthy and therefore more likely to receive financing. Again, it must be remembered that this is a very small sample and may not be representative of all participants. This is an important first step in establishing a baseline.

Table 3.8
Credit Scores

| | At Enrollment (n=45) | At Exit (n=23) | |
|----------------------------|---------------------------------|---------------------------|---------------|
| Credit Score Vendor | Average | Average | Change |
| Beacon | 621 | 699 | 78 |
| Fair Isaac | 584 | 719 | 135 |
| Empirica | 601 | 674 | 73 |

Source: Individual program sites were asked to provide credit scores. Scores were provided in aggregate (i.e., not by individual participant ID number) so scores are reported in aggregate only. Data merged and cleaned for analysis by ISED.

With more time, MIDAP will be able to institute the requirement that credit scores be run at enrollment and at exit. Up until this point this practice has only been encouraged. Another deterrent is that MIS IDA does not require or even allow for the entry of a credit score, so it is not a prompt that staff members receive when they are entering data into the system. Most sites have the reports in hard-copy only in a participant's file. It must be recognized that asking staff members to collect and enter these data will lead to cost and time commitments. Our hope is that next year we will have more complete data and will be able to better report the changes that participants experience over time.

C. SUBGROUP ANALYSES

In this section we present the findings of outcomes for different categories, or subgroups, of participants. These groupings were selected based on analyzing the data trends and on the interest of MIDAP and FIA staff members. The eight different groupings of participants are:

1. Rural and urban participants (residence at time of enrollment into the program based on participant's assessment; no definitions are provided)
2. Asset for which participants were saving at the time they opened their IDA (home purchase, business, or education)
3. Public assistance receipt (whether or not participant received FIP at time of enrollment)
4. Income level (household monthly income at time of enrollment: \$999 or less, \$1000 – 1499, \$1500 – 2499, and \$2500 or more)
5. Direct deposit (whether or not participant used direct deposit for IDA savings)
6. Gender
7. Marital status (married or not married at time of enrollment)
8. Minority status (ethnic minority or non-minority)

For these analyses, three types of account activity outcomes were examined:

- Deposits: participant deposits of funds into their IDAs

- Matched Withdrawals: withdrawals which comply with IDA program regulations and are matched at a given rate to purchase assets
- Unmatched Withdrawals: withdrawals that do not comply with program guidelines to qualify for matched funds

Based on these categories of account activity, the following variables were calculated:

- Number and percentage of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal
- Total number and amount of deposits, matched withdrawals, and unmatched withdrawals: average across the participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively
- Average monthly number and amount of deposits:¹⁶ using the available monthly account data, the average monthly number and amounts of deposits were calculated

Observed differences in savings account activity outcomes for these subgroups were compared to assess whether the program has differential outcomes for different groups of participants. As noted earlier, a difference is described as statistically significant if, based on statistical analysis of the available evidence, it achieves a *confidence level* of 95 percent or higher, meaning that one can be 95 percent confident that the finding is not the result of chance alone. A 95 percent confidence level is equivalent to a *p-value* of 0.05. In the data tables located in Appendix C, p-values are provided for statistically significant differences of 0.05 or less; the absence of a p-value indicates that any observed difference is not statistically significant.

Before presenting the results of the subgroup analyses a note of caution must be given. We do not have the data to determine why there are differences among the subgroups of participants. Therefore, we cannot speculate about the reasons for these differences. Perhaps in next year's evaluation we could include specific items on the annual participant telephone survey that would help us better understand the behaviors and motivations of the participants.

1. RURAL AND URBAN PARTICIPANTS

Some significant differences were noted between the saving behaviors of rural and urban participants, as well as in making at least one matched withdrawal (Table 3.9 in Appendix C). The average number and amount of total deposits are higher for rural participants (15.38 deposits totaling \$666 as compared with 9.33 deposits totaling \$538), as are the monthly average number and amount of deposits (1.25 deposits totaling \$54 as compared with 0.85 deposits totaling \$49). The percentage of participants who have made at least one matched withdrawal is also higher for rural participants (18 percent as compared with 13 percent). However, the number and amount of matched withdrawals are not significantly different for the two groups, nor are the unmatched withdrawals.

2. ASSET GOAL

Differences were analyzed among participants based on their asset goal at the time they opened their IDA: home purchase, business, or education (Table 3.10 in Appendix C). When interpreting these findings, it is important to keep in mind that participants purchasing business or

¹⁶ MIDAP has a requirement of a \$20 minimum monthly deposit.

education assets frequently make multiple matched withdrawals for a variety of assets (e.g., tuition and books), while those saving for a home usually make a larger, one-time matched withdrawal. Also, match rates are different for savings goals—\$2 for education and small business and \$3 for homeownership for every dollar saved by the participant.

Outcomes for participants do vary somewhat depending on their asset goal. On average, participants saving for a home make significantly more frequent deposits each month than those saving for a business or education. The percentage of participants who have made at least one matched withdrawal varies by savings goal (23 percent for business, 13 percent for education, and 12 percent for home purchase); these differences are statistically significant. Among participants who have made a matched withdrawal, those purchasing business-related assets have made the largest number of withdrawals (2.21 as compared with 1.54 for education and 1.05 for home purchases), while the total amount of matched withdrawals is higher for participants making a home purchase (\$941 as compared with \$829 for business and \$686 for education); these differences are statistically significant.

3. PUBLIC ASSISTANCE RECEIPT

While most MIDAP participants are not receiving cash assistance (79 percent), some participants are receiving FIP cash assistance (18 percent).¹⁷ Though the MIDAP Program is not designed specifically for public assistance recipients, policymakers may be interested in knowing if outcomes are different for welfare recipients. To answer this question, participants were categorized as “FIP” or “non-FIP” at the time of enrollment in the IDA program. This information was recorded in MIS IDA based on participant self-report responses.

Outcomes are slightly different for these two subgroups of participants, as shown in Table 3.11 (Appendix C). The average number of deposits per month is significantly higher for the non-FIP participants (1.00 compared with 0.77 for FIP participants), as is the average monthly deposit amount (\$52 as compared with \$44). There were no significant differences noted in matched withdrawals between the two groups. The percentage of participants making at least one unmatched withdrawal is significantly higher for the FIP group (38 percent as compared with 27 percent), but the number and amounts of unmatched withdrawals are not significantly different. These findings might be explained by the varying saving behaviors of people with higher and lower income—people with higher income would not be eligible for FIP—which is described in the next section.

4. INCOME LEVEL

In general, income level does appear to affect monthly IDA deposit activity. Four subgroups were defined based on household monthly income at time of intake: \$999 or less; \$1,000 to 1,499; \$1,500 to 2,499; and \$2,500 or more. Savings account activities by income level are presented in Table 3.12 (Appendix C). The average number and amount of deposits per month generally increase with income level; these differences are statistically significant. For example, the lowest income group deposits, on average, \$44 per month, while the highest income group deposits \$59 per month. The average total amount of matched withdrawals also increases with income level (\$770 for the lowest income group as compared with \$998 for the highest income group).

¹⁷ Family Independence Program (FIP) is Michigan’s cash assistance program.

However, when comparing monthly deposit amounts with reported monthly income, the percentage of monthly income deposited in IDAs *decreases* with income level (see Table 3.13 below), with the lowest income group depositing, on average, 8 percent of their monthly income per month and the highest income group depositing 2 percent of their monthly income.¹⁸ These differences are also statistically significant.

Table 3.13
Percentage of Income Saved Monthly by Income Level

| Income Level | Percentage of Monthly Income Saved in IDA |
|------------------|---|
| \$999 or less | 8 % |
| \$1,000 to 1,499 | 4 % |
| \$1,500 to 2,499 | 3 % |
| \$2,500 or more | 2 % |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations. Data cleaned for analysis by ISED.

5. DIRECT DEPOSIT

Using direct deposit to accumulate savings in IDAs does appear to affect the frequency of deposits (Table 3.14 in Appendix C). Participants who use direct deposit for their IDAs make, on average, a greater number of total deposits (18.57 as compared with 9.89 for participants who do not use direct deposit) and a greater number of deposits per month (1.83 as compared with 0.88 for the non-direct deposit group); these differences are statistically significant. However, the amounts of deposits are not significantly different for the two groups, nor are there notable differences in matched or unmatched withdrawals. Given these results, program sites might wish to encourage participants to use direct deposit since it does have a positive affect on saving behavior (number of total deposits and number of deposits per month).

6. GENDER

Differences in savings account activity by women and men are presented in Table 3.15 (Appendix C). In general, women make more frequent, but smaller, deposits. Women have made an average of 11.29 deposits while men have made a total of 7.53 deposits (statistically significant), but the average total amount of deposits is less for women (\$563 as compared with \$581 for men; not significant). Women also make significantly more frequent deposits on a monthly basis (0.98 as compared with 0.74 by men), but the average monthly deposit amount by men is larger (\$57 as compared with \$49); both of these differences are statistically significant. No significant differences were noted in either matched or unmatched withdrawal behavior.

The account activity differences between women and men may be explained in part by other participant characteristics that appear to affect account activity, as shown in Table 3.16 (Appendix C). Women are significantly more likely to be saving for a home purchase (a characteristic

¹⁸ For participants who made at least one deposit, the percentage of monthly income deposited was calculated for each month that account activity data are available, and the means were compared across subgroups for all months for which data are available.

associated with more frequent monthly deposits), while men are more likely to be saving for a small business (associated with larger monthly deposit amounts). Women are also significantly more likely to receive FIP, have lower monthly incomes, be unmarried, and be ethnic minorities than are men; all of these characteristics are related to lower monthly deposit amounts.

7. MARITAL STATUS

Account activity is similar for participants who were married at the time they enrolled in MIDAP were compared to participants who were not married (single, divorced, separated, or widowed), as shown in Table 3.17, Appendix C. One significant difference was noted between these two groups: the married participants deposit more money per month (\$55 as compared with \$49 for the unmarried participants). No other significant differences were observed.

8. MINORITY STATUS

Non-minority participants were compared to ethnic minority participants (see Table 3.18, Appendix C). Non-minority participants made more frequent and larger deposits per month than minority participants (0.98 deposits totaling \$56 as compared with 0.92 deposits totaling \$47); these differences are statistically significant. Non-minority participants were significantly more likely to have made a matched withdrawal than minority participants (18 percent as compared with 11 percent), and the average matched withdrawal amount was higher for non-minorities (\$933 as compared with \$849). Minority participants were more likely to have made at least one unmatched withdrawal (31 percent as compared with 25 percent), but the average amount of unmatched withdrawals was not significantly different for the two groups.

The account activity differences between minority and non-minority participants may be explained in part by other participant characteristics that appear to affect account activity, as shown in Table 3.19 (Appendix C). Minority participants are significantly more likely to receive FIP, a characteristic associated with fewer and smaller monthly deposits and with making an unmatched withdrawal. Minorities are also significantly more likely to have lower monthly incomes, which is likewise associated with fewer and smaller monthly deposits, as well as with lower average matched withdrawal amounts. A significantly larger percentage of minorities are women, which is associated with lesser monthly deposit amounts. Finally, minority participants are more likely to be unmarried, which is associated with lesser monthly deposit amounts.

D. COMPARISON TO NATIONAL IDA STUDY

To determine whether the results for MIDAP participants are typical of IDA participants in other states, we reviewed the report on savings outcomes for participants in the American Dream Demonstration (ADD),¹⁹ a nationwide demonstration of IDA programs over the course of four years (1997-2001).²⁰ Some general comparisons can be made between the ADD and MIDAP data

¹⁹ Shreiner, M., Clancy, M., & Sherraden, M. (October 2002). *Saving Performance in the American Dream Demonstration: A National Demonstration of Individual Development Accounts*. St. Louis: Washington University, Center for Social Development.

²⁰ Research was systematically conducted for those four years and for three years beyond the end of the demonstration by the Center for Social Development (CSD) at Washington University in St. Louis. The final report of this research addresses savings patterns and performance by 2,364 participants at 14 IDA sites. Data for this research were collected using MIS IDA, which was developed by CSD.

using categorical data, as presented below in Table 3.20. It is important to keep in mind that the ADD ran for four years, while the MIDAP data reflects participants who enrolled over a period of 27 months, two-thirds of whom (66 percent) were still active in the program at the end of the data period. ADD participants were in the program for an average of 24.5 months while MIDAP participants were only in for 12.03 months—roughly a year’s difference in participation time.

The findings show MIDAP participants are more likely than ADD participants to use direct deposits for their IDAs (11 percent compared with 5 percent). However, this percentage decreased dramatically from the time of last year’s report, which was 24 percent for MIDAP and 5 percent for ADD.

Table 3.20
Selected Variables for MIDAP and ADD Comparison

| | MIDAP N=1,063 | ADD N=2,364 |
|--|------------------|----------------|
| Average Number of Months in Program | 12.03 | 24.5 |
| Used Direct Deposit for IDA | | |
| Yes | 11 % | 5 % |
| No | 85 % | 89 % |
| Unknown/missing | 6 % | 6 % |
| Intended Withdrawal Use when IDA Opened | | |
| Home Purchase | 77 % | 58 % |
| Business | 11 % | 16 % |
| Education | 9 % | 14 % |
| Home repair | NA | 4 % |
| Retirement | NA | 4 % |
| Job training | NA | 2 % |
| Home and Education | < 1 % | 0 % |
| Unknown/missing | 2 % | 0 % |
| Assets Purchased | (n=142) | (n=754) |
| Home | 68 % | 28 % |
| Business | 21 % | 23 % |
| Education | 11 % | 21 % |
| Home repair | NA | 18 % |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Data cleaned for analysis by ISED.

Source: Shreiner, M., Clancy, M., & Sherraden, M. (October 2002). *Saving Performance in the American Dream Demonstration: A National Demonstration of Individual Development Accounts*. St. Louis: Washington University, Center for Social Development.

Note: Percentages may sum to more than 100 due to rounding.

More MIDAP participants than ADD participants intended to acquire a home with their savings at the time they opened their account (77 percent compared with 58 percent). Of the participants who did obtain assets with their IDA savings, more MIDAP participants purchased homes than did ADD participants (68 percent compared with 46 percent—combining home and home repair). Roughly 20 percent of MIDAP and ADD participants went into business using their savings. Fewer MIDAP than ADD participants chose to further their education (11 percent compared with 21 percent).

IV. ACHIEVEMENTS AND RECOMMENDATIONS

This chapter addresses program achievements, areas for improvement, recommendations for consideration, and future research directions. The chapter reflects the analysis of the two components of the study and the implications that flow from that analysis.

A. ACHIEVEMENTS

The Michigan IDA Partnership continues to do a noteworthy job of providing IDA services statewide. As reflected in the data set analyzed for this year's evaluation, participants are overwhelmingly pleased with the services they receive—both graduates and non-graduates. One person said, *"It is great having someone guiding you through the steps of purchasing a house, someone there to help me out with matched funds which is a huge incentive. It made 'someday' turn into reality."* Even non-graduates are mostly positive about their experiences. One person explained, *"I didn't want to stop, but I wasn't able to put money into the account every month."* It seems as if all of the respondents are eager to continue their savings habit—100 percent of the graduates and 92 percent of the non-graduates currently have a savings goal.

Based on the findings, it is clear that there are positive benefits to participating in the MIDAP Program—knowledge of and taking action to manage household finances and improved planning for the future—and this holds true even for people who did not make an asset purchase. The information and knowledge stays with non-graduates even after they leave the program. For example, non-graduates are creating and keeping budgets, paying attention to their credit and taking steps to improve it, and feeling more confident about their future.

The commitment to save continues even after people graduate or leave the MIDAP Program. One hundred percent of the graduates and 92 percent of the non-graduates have current savings goals. Also, the MIDAP Program affects more than the sole adult participant. The saving approach can have implications for the entire family. As one graduate explained, *"My kids see me do positive things and they want to do something positive too."*

An important achievement is the considerable improvements that have been made in the quality of data collected in MIS IDA in this past year. Participant account activity, funding sources and match rates, and matched withdrawal data are much more complete and accurate for this year's evaluation report, and duplicate records have been removed from the system. It is clear from the improved state of the database that MIDAP made a concerted effort to make cleaning up MIS IDA a priority. This is especially commendable because entering and maintaining data accurately is a time-consuming process.

As of June 30, 2003, MIDAP has achieved the following outcomes:

- 1,021 participants (99 percent of those with account data) have made at least one savings deposit, with an average of \$1,077 in total deposits (which includes people who have made deposits over the \$1,000 cap and people who have made withdrawals for emergencies).
- Of these 632 participants who did not make an unmatched withdrawal and who have not saved more than the MIDAP matchable limit of \$1,000: 99 percent have made at least one savings deposit, with an average of \$480 in total deposits.
- 142 participants (14 percent of those with account data) have made at least one matched withdrawal, with average total matched withdrawals of \$892. 111 participants also accumulated extra savings in their IDAs beyond the amount matched by the program, with an average of \$120 in additional savings.
- Of the 142 participants who have made matched withdrawals, 68 percent (96 people) purchased homes, 21 percent (30 people) made small business purchases, and 11 percent (16 people) used their savings to pay for education. Matched participant savings for these purchases totaled \$126,724; additional savings beyond the matched amount totaled \$13,357. Including match funds of \$2 or \$3 for every dollar saved, the grand total used to purchase assets was \$501,009.
- 297 participants (29 percent) have made at least one unmatched withdrawal with average total unmatched withdrawals of \$431.

B. RECOMMENDATIONS

The program is very solid and we found few areas for concern. Our primary recommendation is to continue with the practice and policies that been instituted because they are obviously working. The issues and recommendations are grouped in two categories: effective practices for operating an IDA program site and data collection and management. The recommendations are based on what we learned during the third year of the evaluation and our own assessment of potential next steps to help the program achieve its goals. They are offered for consideration.

1. EFFECTIVE PRACTICES FOR OPERATING AN IDA PROGRAM SITE

1.1 ISSUE: It is clear that respondents are aware of eligibility and participation rules. The 11 non-graduates who were asked to leave the program all understood the reason they were expelled and they all thought this was a reasonable rule. Though this is a very small sample, this finding shows that program staff are clearly explaining the program to individuals.

RECOMMENDATION: Our recommendation is to keep up this practice.

1.2 ISSUE: Participants who use direct deposit for their IDAs have a greater number of total deposits and a greater number of deposits per month than participants who do not

have direct deposit. However, last year 24 percent of participants had direct deposit; this year only 11 percent do.

RECOMMENDATION: Encourage program sites to have direct deposit saving accounts for their participants.

1.3 ISSUE: Some participants believe they are attending classes that do not pertain to their particular saving goal.

RECOMMENDATION: Consider making the financial literacy training more separate and distinct from asset-specific training that occurs after financial literacy. Only require participants to attend asset training for their personal saving goal. For example, people who are pursuing education for their asset goal should not be required to attend homeownership training.

1.4 ISSUE: People are discouraged when their chosen goal does not receive the same amount of support and encouragement. Participants perceive that choosing education or microenterprise is not as highly valued by staff as is homeownership.

RECOMMENDATION: Clearly identify which asset goals are available by each site. Participants must be informed up front about which asset saving goals are provided by their program. For those sites that offer more than one asset goal, truly value all three asset goals equally. Make certain orientation classes and materials present all goals as viable options. Make certain staff do not stress one goal over another.

Encourage all programs to establish referral relationships for education and business training and support. All programs should review their policies and procedures to ensure that all asset goals are valued and, if offered at the program site, that all are viable options with pre-arranged training and support.

It must be recognized that all sites do not have the capacity or the relationships to offer all three asset goals. Twenty-five percent (or 14 of the 56 programs) only offer housing assistance specifically. The remaining 75 percent offer at least two of the other asset goals through internal staff expertise or referrals to existing community resources.

2. DATA COLLECTION AND MANAGEMENT

The MIS IDA software is the only available software specifically designed for IDA programs. MIDAP programs are expected to make the investment of time and training to effectively use this tool as the program requires intensive, ongoing data collection. This presents a challenge to many agencies.

2.1 ISSUE: Considerable progress has been made in improving the quality of MIS IDA data in the past year. Continuing in this direction will require the ongoing diligent efforts of staff.

RECOMMENDATION: Continue to provide sites and RCOs with support for MIS IDA training and technical assistance and for sufficient staff time to enter data. Adhere to procedures for ensuring that data are entered in a timely manner. Continue to build capacity to use MIS IDA and plan for staff transitions so that data collection remains consistent and of high quality. Continue to use tools such as MIS IDA and MIS IDA QC²¹ reports to detect and correct discrepancies.

2.2 ISSUE: For a few sites, data problems continue to limit the sites' ability to track participant progress and program performance. One of the problems is a single site that has a part-time, evenings-only data entry person. This limits the communication that can take place during the normal working hours between the RCO and MIDAP to rectify any problems as well as provide any technical assistance.

RECOMMENDATION: MIDAP is aware of the problem and is doing everything in its power to mentor and provide supports to make internal improvements.

2.3 Issue: Systematic collection of credit scores and credit reports does not occur across program sites at enrollment.

RECOMMENDATION: We recommend clarifying the policy for all program sites to collect participant credit reports and credit scores at MIDAP enrollment. This is a valuable tool to track the amount of change that occurs from the time of enrollment to any point in the future—which is an important program effectiveness measure.

C. FUTURE RESEARCH DIRECTIONS

This report is the third year in a five-year evaluation of the MIDAP Program. As with any research there are often questions that remain unanswered. Some topics for future research directions include:

Participant Outcomes

1. What are the specific business and education activities of successful program graduates?
2. How much time are participants investing in the program – including attending required classes/trainings and also time participants spend preparing budgets, researching their asset goal, financial planning?
3. What positive financial health behaviors do program participants and graduates maintain over time?
4. What are the long-term financial impacts of participating in an IDA program? Do graduates still own and invest in their assets after 1 year, 3 years, and 5 years? Has the value of the asset appreciated?

²¹ MIS IDA QC is a supplemental information system developed by the Center for Social Development at Washington University in St. Louis to identify some of the more common data errors in MIS IDA.

5. What is the relationship between participation in and graduation from IDA programs and the long term receipt of public assistance benefits?
6. What are the long-term effects on child well-being (e.g., school achievement, high school graduation rates, saving behaviors) and family behaviors (e.g., voting and engagement in civic activities)?

Program Outcomes

1. How are IDA programs being integrated into the existing array of services available in the different asset goal areas (i.e., affordable housing, microenterprise/small business development, and job training/post-secondary education)? Does this influence participant asset choices?
2. How does the impact of an IDA program compare with and/or complement other affordable housing programs that provide homeownership opportunities?
3. What are the most and least cost effective and cost efficient services available in an IDA program?

While these inquiries are beyond the scope of the current research project, the IDA field would truly benefit from their examination.

**APPENDIX A:
ACRONYM LIST**

| | |
|-------------------|---|
| ADD | American Dream Demonstration (a national IDA demonstration) |
| AFIA | Assets for Independence Act |
| CAA | Community Action Agency |
| CDCU | Community Development Credit Union |
| CFED | Corporation for Enterprise Development |
| CMF | Council of Michigan Foundations |
| CSD | Center for Social Development (Washington University, St. Louis) |
| CU | Credit Union |
| FIA | Family Independence Agency (Michigan’s public assistance agency) |
| FIP | Family Independence Program (Michigan’s TANF program) |
| GROW | Grand Rapids Opportunities for Women |
| IDA | Individual Development Account |
| ISED | Institute for Social and Economic Development |
| IT | Information Technology |
| MCAAA | Michigan Community Action Agency Association |
| MIDAP | Michigan IDA Partnership |
| MIS IDA | Management Information System for Individual Development Accounts |
| MIS IDA QC | MIS IDA Quality Control |
| OSHA | Occupational Safety and Health Administration |
| OLSHA | Oakland Livingston Human Services Agency |
| RCO | Regional Coordinating Organizations |
| RFP | Request for Proposals |
| TANF | Temporary Assistance for Needy Families |

APPENDIX B: RESEARCH METHODOLOGY

This appendix describes the research questions, data sources, and samples for the participant survey and the outcome study.

A. PARTICIPANT TELEPHONE SURVEY

The MIDAP evaluation research design includes a participant telephone survey in project Years 2 through 5. In each of these four years, ISED will survey 100 MIDAP participants. This is the second year a participant survey was conducted.

1. RESEARCH QUESTIONS

The purpose of the participant telephone survey is to provide detailed information regarding participants' saving behavior, perceptions of the IDA program, and the effects of IDAs on their lives. Four general research questions were addressed using the survey data.

- What are the saving behaviors of IDA participants?
- How do participants assess the IDA services?
- How has involvement with the IDA program affected the participants' lives, their children, and their partners/spouses?
- What are the differences between participants who complete the IDA program and those who do not?

2. DATA SOURCES

ISED used both telephone survey data and MIS IDA data to answer these research questions (see Table B.1).

TELEPHONE SURVEY DATA. Given the nature of the research questions, information obtained directly from the MIDAP participants themselves is the foundation of the study. The development of the questionnaire was a collaborative process between MIDAP staff, FIA staff, and ISED. The questionnaire was based on an existing IDA survey prepared by Washington University, Center for Social Development for the American Dream Demonstration.²²

The survey contained a wide range of questions. Items from the ADD survey included questions about how participants save, the positive and negative effects of having an IDA, barriers and supports they encountered to saving, and an assessment of MIDAP services. Additional items were added to the survey based on Michigan's research questions, such as self-confidence, impact on children, and impact on spouse/partner. Items were added to gather information about the specific experiences of graduates and non-graduates. The survey consists primarily of close-ended questions with a few open-ended items.

²² Moore, A., Beverly, S., Schreiner, M., Sherraden, M., Lombe, M., Cho, E., Johnson, L., & Vonderlack, R. (2001). *Saving, IDA Programs, and Effects of IDAs: A Survey of Participants*. St. Louis: Washington University, Center for Social Development.

Telephone interviews were conducted in October 2003 and a 70 percent response rate was achieved. Interviewers were contracted by ISED and were not connected with MIDAP, the RCOs, or the individual program sites. The interview lasted approximately 20 minutes (with a range of 13 to 37 minutes) and respondents received a \$10 gift certificate for completing the interview.

MIS IDA DATA. ISED used MIS IDA²³ data through June 30, 2003 from the program sites as compiled by the Council of Michigan Foundations. ISED combined and cleaned these data for analysis.

Table B.1
Data Categories and Data Sources

| Data Category | Data Source |
|---------------------------------------|--------------------|
| Self-Report Data | |
| Support for saving | Telephone survey |
| Barriers for saving | Telephone survey |
| Positive effects of having IDA | Telephone survey |
| Negative effects of having IDA | Telephone survey |
| Assessment of MIDAP services | Telephone survey |
| Satisfaction with meeting basic needs | Telephone survey |
| Status of sanctioned recipients | Telephone survey |
| Sources of support | Telephone survey |
| Reasons stopped participating | Telephone survey |
| MIDAP Data | |
| Demographic variables | MIS IDA |
| IDA program participation variables | MIS IDA |

3. SAMPLE

Based on discussions with MIDAP staff, FIA staff, and Advisory Committee members, it was agreed that for the second survey we would interview 50 graduates (i.e., participants who have reached their savings goal and have made an approved withdrawal) and 50 non-graduates (i.e., people who stopped participating before they reached their savings goal).

For this study, we drew a random sample of 142 participants from the sites. As of the June 2003 MIS IDA data:

| | |
|-------|---|
| 1,063 | Entire population in MIS IDA |
| 365 | Graduates (n=167) and non-graduates (n=198) |
| 142 | Sample pool for survey |

Interviews were completed with 100 (70 percent response rate) of the 142 sample members; of the completed interviews, 50 were graduates and 50 were non-graduates. Sample members who did not complete interviews fell into two categories—either they were unable to complete the interview during the interview period (15 percent) or they could not be located (9 percent). There

²³ The entire MIDAP network manages information using MIS IDA (Management Information System for Individual Development Accounts), an information system developed by the Center for Social Development at Washington University in St. Louis specifically to track and manage IDA participation and accounts. It is the only available software system expressly intended for IDA programs.

were only 5 refusals (or 4 percent). The final disposition of the survey sample is presented in Table B.2.

Table B.2
Final Survey Sample Disposition

| | Number | Percent |
|---|--------|---------|
| Completed an interview | 100 | 70 % |
| Did not complete an interview | | |
| Not located | 13 | 9 % |
| Located but unable to complete an interview during survey period after multiple attempts to reach | 22 | 15 % |
| Refused | 5 | 4 % |
| Incomplete interview | 1 | < 1 % |
| Ill/Hospitalized | 1 | < 1 % |
| Total | 142 | 100 % |

B. OUTCOME STUDY

1. RESEARCH QUESTIONS

- What are the characteristics of program participants?
- What are the participants' savings patterns, use of program services, and outcomes?
- What are the participants' patterns of utilization of public benefits?
- Are there different outcomes for subgroups of participants?

2. DATA SOURCES

Data sources for the outcome study include the following:

- MIS IDA data through June 30, 2003 from 56 MIDAP program sites as compiled by the Council of Michigan Foundations
- a MIDAP list of participants who made qualified matched withdrawals
- Michigan Family Independence Agency (FIA) data on public benefit receipt
- Aggregate participant credit scores at program enrollment and exit (only from sites that systematically gather this information)

ISED obtained FIA data by compiling a data file of identifying participant information from MIS IDA for FIA to use to match public benefit assistance data about the program participants. Second-quarter MIS IDA data (through the end of June 2003) were used to compile the list so that FIA would have sufficient time to complete the match. FIA then transmitted a data file to ISED regarding public benefits status in October 2003. In total, data were available at the two time

points (enrollment in MIDAP and October 2003) for 1,036 participants regarding FIP²⁴ receipt and for 1,010 recipients regarding Food Stamps receipt.

3. SAMPLE

The sample for the analysis of participant characteristics and certain outcomes included 1,063 participants²⁵ who had enrolled in MIDAP as of June 2003, as identified by MIS IDA data. Savings account activity outcomes were analyzed for the participants for whom account activity data were available in MIS IDA (1,031 participants). FIP receipt analysis included 1,036 participants and the Food Stamps analysis included 1,010 participants who enrolled in MIDAP by June 30, 2003.

²⁴ Family Independence Program, Michigan's Temporary Assistance for Needy Families program.

²⁵ One participant was not included in the analyses due to missing data.

**APPENDIX C:
TABLES FOR OUTCOME STUDY (CHAPTER III)**

**Table 3.2
Participants' Income Sources at Time of MIDAP Enrollment**

| Income Source | Participants Receiving Income from Source | | Average Monthly Amount Received from Source | | Percentage of Total Income from Source |
|-------------------|--|---------|--|--|--|
| | Number n= 1,035 | Percent | All Participants | Participants with This Income Source | |
| Formal Employment | 936 | 90 % | \$ 1,331 | \$ 1472 | 76 % |
| Public Assistance | 351 | 34 % | \$ 160 | \$ 472 | 11 % |
| Child Support | 215 | 21 % | \$ 75 | \$ 359 | 5 % |
| Self-Employment | 105 | 10 % | \$ 89 | \$ 876 | 5 % |
| Gifts | 15 | 1 % | \$ 4 | \$ 291 | < 1 % |
| Pension | 9 | 1 % | \$ 3 | \$ 357 | < 1 % |
| Investments | 3 | < 1 % | \$ 1 | \$ 178 | < 1 % |
| Other Source | 47 | 5 % | \$ 43 | \$ 938 | 2 % |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations. Only participants for whom income data are available are included in this analysis. Data cleaned for analysis by ISED.

Table 3.3
Change in Public Assistance Receipt
from Enrollment in IDA Program to October 2003

| | | Received Benefit in October 2003 | Did Not Receive Benefit in Oct. 2003 | Total |
|---|---------|---|---|-------|
| FIP | | | | |
| Receiving FIP at Enrollment | Number | 44 | 149 | 193 |
| | Percent | 4 % | 14 % | 19 % |
| Not Receiving FIP at Enrollment | Number | 33 | 810 | 843 |
| | Percent | 3 % | 78 % | 81 % |
| Total | Number | 77 | 959 | 1,036 |
| | Percent | 7 % | 93 % | |
| Food Stamps | | | | |
| Receiving Food Stamps at Enrollment | Number | 200 | 149 | 304 |
| | Percent | 20 % | 14 % | 30 % |
| Not Receiving Food Stamps at Enrollment | Number | 144 | 810 | 706 |
| | Percent | 14 % | 78 % | 70 % |
| Total | Number | 344 | 959 | 1,010 |
| | Percent | 34 % | 93 % | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; FIA file of public assistance receipt for October 2003. Only participants for whom data are available at both time points (MIDAP enrollment and October 2003) are included in these analyses.

Table 3.4
IDA Program Participation and Outcomes through June 30, 2003

| | Number | |
|---|----------|---------|
| | N= 1,063 | Percent |
| Program Participation | | |
| Opened IDA | | |
| Yes | 1,046 | 98 % |
| No ^a | 17 | 2 % |
| Number of IDAs Opened per Participant ^b | | |
| None | 17 | 2 % |
| One | 1,029 | 97 % |
| Two | 6 | < 1 % |
| Total Number of IDAs Opened | 1,052 | (n/a) |
| Used Direct Deposit for IDA ^c | | |
| Yes | 110 | 11 % |
| No | 890 | 85 % |
| Unknown/missing | 63 | 6 % |
| Intended IDA Use at Enrollment ^d | | |
| Home purchase | 823 | 77 % |
| Business | 122 | 11 % |
| Education | 100 | 9 % |
| Home and education ^d | 2 | < 1 % |
| Unknown/missing | 16 | 2 % |
| Average Number of Months in MIDAP | 12.03 | (n/a) |
| Outcomes | | |
| Program Status at End of Data | | |
| Active in program | 698 | 66 % |
| Exited successfully (made matched withdrawal) | 118 | 11 % |
| Exited unsuccessfully (no matched withdrawal) | 247 | 22 % |
| Made Qualified Matched Withdrawal (Purchased Asset with IDA) ^e | | |
| Yes | 142 | 13 % |
| No | 921 | 87 % |
| Asset Purchased (n=142) ^f | | |
| Home | 96 | 68 % |
| Business | 30 | 21 % |
| Education | 16 | 11 % |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

^a Of the 17 participants who had not yet opened an IDA by the end of the data, 4 had enrolled within the previous two months and 10 had formally exited the program.

^b One of the program sites switched banks during the course of the year; the participants whose accounts transferred are counted as opening only one account.

^c Percentages based on the number of participants who opened accounts (1,046).

^d Two participants each opened two accounts to save for a home purchase and education.

^e This includes the 118 people who exited the program successfully after making a matched withdrawal and the 24 people who made a qualified matched withdrawal but continue to participate in MIDAP.

^f Percentages based on the number of participants who purchased assets (142).

Table 3.5
Participant Account Activity Outcomes

| Account Activity | Number n= 1,031 | Amount | Percent |
|--|----------------------------|---------------|----------------|
| Deposits | | | |
| Made at least one deposit | 1,021 | | 99 % |
| Average total deposits | 13.58 | \$ 1,077 | |
| Average monthly deposits | 1.04 | \$ 90 | |
| Matched Withdrawals | | | |
| Made at least one matched withdrawal | 142 | | 14 % |
| Average total matched withdrawals | 1.32 | \$ 892 | |
| Unmatched Withdrawals | | | |
| Made at least one unmatched withdrawal | 297 | | 28 % |
| Average total unmatched withdrawals | 1.84 | \$ 431 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Table 3.9
Participant Account Activity Outcomes for Rural and Urban Participants

| Account Activity | | Rural n= 225 | Urban n= 806 | p-value |
|--|---------|-------------------------|-------------------------|----------------|
| Deposits | | | | |
| Made at least one deposit | Number | 225 | 797 | |
| | Percent | 100 % | 99 % | |
| Average total deposits | Number | 15.38 | 9.33 | 0.000 |
| | Amount | \$ 666 | \$ 538 | 0.007 |
| Average monthly deposits | Number | 1.25 | 0.85 | 0.000 |
| | Amount | \$ 54 | \$ 49 | 0.043 |
| Matched Withdrawals | | | | |
| Made at least one matched withdrawal | Number | 40 | 102 | 0.049 |
| | Percent | 18 % | 13 % | |
| Average total matched withdrawals | Number | 1.23 | 1.39 | |
| | Amount | \$ 934 | \$ 876 | |
| Unmatched Withdrawals | | | | |
| Made at least one unmatched withdrawal | Number | 57 | 240 | |
| | Percent | 25 % | 30 % | |
| Average total unmatched withdrawals | Number | 1.54 | 1.91 | |
| | Amount | \$ 447 | \$ 427 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).

Table 3.10
Participant Account Activity Outcomes by Participants' Asset Goals

| Account Activity | | Home Purchase n= 807 | Business n= 120 | Education n= 100 | p-value |
|--|---------|----------------------------|--------------------|---------------------|---------|
| Deposits | | | | | |
| Made at least one deposit | Number | 800 | 120 | 100 | |
| | Percent | 99 % | 98 % | 100 % | |
| Average total deposits | Number | 11.09 | 9.36 | 8.88 | |
| | Amount | \$ 555 | \$ 664 | \$ 531 | |
| Average monthly deposits | Number | 1.02 | 0.74 | 0.72 | 0.000 |
| | Amount | \$ 51 | \$ 52 | \$ 43 | 0.042 |
| Matched Withdrawals | | | | | |
| Made at least one matched withdrawal | Number | 100 | 28 | 13 | 0.007 |
| | Percent | 12 % | 23 % | 13 % | |
| Average total matched withdrawals | Number | 1.05 | 2.21 | 1.54 | 0.000 |
| | Amount | \$ 941 | \$ 829 | \$ 686 | 0.000 |
| Unmatched Withdrawals | | | | | |
| Made at least one unmatched withdrawal | Number | 233 | 32 | 31 | |
| | Percent | 29 % | 26 % | 31 % | |
| Average total unmatched withdrawals | Number | 1.86 | 2.19 | 1.32 | |
| | Amount | \$ 462 | \$ 353 | \$ 292 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the differences among the groups are not statistically significant (i.e., p-value > 0.05).

Table 3.11
Participant Account Activity Outcomes by Public Assistance Receipt Status

| Account Activity | | FIP n=185 | Non-FIP n=823 | p-value |
|--|---------|----------------------|--------------------------|----------------|
| Deposits | | | | |
| Made at least one deposit | Number | 183 | 817 | |
| | Percent | 99 % | 99 % | |
| Average total deposits | Number | 9.25 | 11.01 | |
| | Amount | \$ 524 | \$ 574 | |
| Average monthly deposits | Number | 0.77 | 1.00 | 0.000 |
| | Amount | \$ 44 | \$ 52 | 0.003 |
| Matched Withdrawals | | | | |
| Made at least one matched withdrawal | Number | 23 | 119 | |
| | Percent | 12 % | 15 % | |
| Average total matched withdrawals | Number | 1.26 | 1.34 | |
| | Amount | \$ 877 | \$ 895 | |
| Unmatched Withdrawals | | | | |
| Made at least one unmatched withdrawal | Number | 71 | 219 | 0.001 |
| | Percent | 38 % | 27 % | |
| Average total unmatched withdrawals | Number | 1.80 | 1.88 | |
| | Amount | \$ 320 | \$ 474 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).

Table 3.12
Participant Account Activity Outcomes by Income Level

| Account Activity | | \$ 999 or less n= 215 | \$ 1,000 - 1,499 n=248 | \$ 1,500 - 2,499 n= 444 | \$ 2,500 or more n= 124 | p-value |
|--|---------|--------------------------------------|---------------------------------------|--|--|----------------|
| Deposits | | | | | | |
| Made at least one deposit | Number | 211 | 247 | 441 | 123 | |
| | Percent | 98 % | 100 % | 99 % | 99 % | |
| Average total deposits | Number | 10.24 | 10.47 | 10.51 | 12.34 | |
| | Amount | \$ 534 | \$ 610 | \$ 537 | \$ 641 | 0 |
| Average monthly deposits | Number | 0.84 | 0.92 | 0.96 | 1.14 | 0.000 |
| | Amount | \$ 44 | \$ 53 | \$ 49 | \$ 59 | 0.000 |
| Matched Withdrawals | | | | | | |
| Made at least one matched withdrawal | Number | 26 | 28 | 68 | 20 | |
| | Percent | 12 % | 11 % | 15 % | 16 % | |
| Average total matched withdrawals | Number | 1.81 | 1.14 | 1.25 | 1.20 | |
| | Amount | \$ 770 | \$ 866 | \$ 919 | \$ 998 | 0.001 |
| Unmatched Withdrawals | | | | | | |
| Made at least one unmatched withdrawal | Number | 69 | 80 | 113 | 35 | |
| | Percent | 32 % | 32 % | 26 % | 28 % | |
| Average total unmatched withdrawals | Number | 1.90 | 2.06 | 1.73 | 1.57 | |
| | Amount | \$ 443 | \$ 492 | \$ 387 | \$ 410 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the differences among the groups are not statistically significant (i.e., p-value > 0.05).

Table 3.14
Participant Account Activity Outcomes by Use of Direct Deposit

| Account Activity | | Direct Deposit n= 109 | No Direct Deposit n= 862 | p-value |
|--|---------|--------------------------------------|---|----------------|
| Deposits | | | | |
| Made at least one deposit | Number | 107 | 856 | |
| | Percent | 98 % | 99 % | |
| Average total deposits | Number | 18.57 | 9.89 | 0.000 |
| | Amount | \$ 575 | \$ 570 | |
| Average monthly deposits | Number | 1.83 | 0.88 | 0.000 |
| | Amount | \$ 57 | \$ 51 | |
| Matched Withdrawals | | | | |
| Made at least one matched withdrawal | Number | 10 | 131 | |
| | Percent | 9 % | 15 % | |
| Average total matched withdrawals | Number | 1.70 | 1.30 | |
| | Amount | \$ 946 | \$ 888 | |
| Unmatched Withdrawals | | | | |
| Made at least one unmatched withdrawal | Number | 27 | 248 | |
| | Percent | 25 % | 29 % | |
| Average total unmatched withdrawals | Number | 1.74 | 1.85 | |
| | Amount | \$ 408 | \$ 444 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).

Table 3.15
Participant Account Activity Outcomes by Gender

| Account Activity | | Female n= 859 | Male n= 172 | p-value |
|--|---------|--------------------------|------------------------|----------------|
| Deposits | | | | |
| Made at least one deposit | Number | 851 | 171 | |
| | Percent | 99 % | 99 % | |
| Average total deposits | Number | 11.29 | 7.53 | 0.009 |
| | Amount | \$ 563 | \$ 581 | |
| Average monthly deposits | Number | 0.98 | 0.74 | 0.000 |
| | Amount | \$ 49 | \$ 57 | 0.007 |
| Matched Withdrawals | | | | |
| Made at least one matched withdrawal | Number | 125 | 17 | |
| | Percent | 15 % | 10 % | |
| Average total matched withdrawals | Number | 1.34 | 1.24 | |
| | Amount | \$ 888 | \$ 923 | |
| Unmatched Withdrawals | | | | |
| Made at least one unmatched withdrawal | Number | 240 | 57 | |
| | Percent | 28 % | 33 % | |
| Average total unmatched withdrawals | Number | 1.83 | 1.86 | |
| | Amount | \$ 418 | \$ 486 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).

Table 3.16
Differences in Asset Goal, Public Assistance Receipt Status, Income Level, Marital Status and Minority Status by Gender

| | | Female n= 851 | Male n= 171 | p-value |
|--|---------|------------------|----------------|---------|
| Asset Goal | | | | |
| Home Purchase | Number | 682 | 118 | |
| | Percent | 80 % | 69 % | |
| Business | Number | 95 | 25 | 0.002 |
| | Percent | 11 % | 15 % | |
| Education | Number | 72 | 28 | |
| | Percent | 9 % | 16 % | |
| Public Assistance Receipt Status | | | | |
| Receiving FIP at MIDAP Enrollment | Number | 170 | 13 | 0.000 |
| | Percent | 20 % | 8 % | |
| Not Receiving FIP at MIDAP Enrollment | Number | 668 | 149 | |
| | Percent | 80 % | 92 % | |
| Income Level (Total Monthly Income) | | | | |
| \$ 999 or Less | Number | 175 | 36 | |
| | Percent | 21 % | 21 % | |
| \$ 1,000 – 1,499 | Number | 214 | 33 | 0.000 |
| | Percent | 25 % | 19 % | |
| \$ 1,500 – 2,499 | Number | 377 | 64 | |
| | Percent | 44 % | 37 % | |
| \$ 2,500 or More | Number | 85 | 38 | |
| | Percent | 10 % | 22 % | |
| Marital Status | | | | |
| Married | Number | 142 | 91 | 0.000 |
| | Percent | 17 % | 53 % | |
| Not Married | Number | 709 | 80 | |
| | Percent | 83 % | 47 % | |
| Minority Status | | | | |
| Minority | Number | 528 | 77 | 0.000 |
| | Percent | 62 % | 45 % | |
| Caucasian | Number | 323 | 94 | |
| | Percent | 38 % | 55 % | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding. Percentages are based on the number of participants for whom the given characteristic is known.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).

**Table 3.17
Participant Account Activity Outcomes by Marital Status**

| Account Activity | | Married n= 236 | Not Married n= 795 | p-value |
|--|---------|---------------------------|-----------------------------------|----------------|
| Deposits | | | | |
| Made at least one deposit | Number | 233 | 789 | |
| | Percent | 99 % | 99 % | |
| Average total deposits | Number | 11.09 | 10.53 | |
| | Amount | \$ 621 | \$ 550 | |
| Average monthly deposits | Number | 0.97 | 0.93 | |
| | Amount | \$ 55 | \$ 49 | 0.021 |
| Matched Withdrawals | | | | |
| Made at least one matched withdrawal | Number | 35 | 107 | |
| | Percent | 15 % | 13 % | |
| Average total matched withdrawals | Number | 1.34 | 1.32 | |
| | Amount | \$ 935 | \$ 878 | |
| Unmatched Withdrawals | | | | |
| Made at least one unmatched withdrawal | Number | 69 | 228 | |
| | Percent | 29 % | 29 % | |
| Average total unmatched withdrawals | Number | 1.64 | 1.90 | |
| | Amount | \$ 490 | \$ 413 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).

Table 3.18
Participant Account Activity Outcomes by Minority Status

| Account Activity | | Minority n= 614 | Caucasian n= 417 | p-value |
|--|---------|----------------------------|-----------------------------|----------------|
| Deposits | | | | |
| Made at least one deposit | Number | 605 | 417 | |
| | Percent | 99 % | 100 % | |
| Average total deposits | Number | 10.60 | 10.75 | |
| | Amount | \$ 535 | \$ 611 | |
| Average monthly deposits | Number | 0.92 | 0.98 | 0.042 |
| | Amount | \$ 47 | \$ 56 | 0.000 |
| Matched Withdrawals | | | | |
| Made at least one matched withdrawal | Number | 69 | 73 | 0.004 |
| | Percent | 11 % | 18 % | |
| Average total matched withdrawals | Number | 1.39 | 1.26 | 0.018 |
| | Amount | \$ 849 | \$ 933 | |
| Unmatched Withdrawals | | | | |
| Made at least one unmatched withdrawal | Number | 193 | 104 | 0.024 |
| | Percent | 31 % | 25 % | |
| Average total unmatched withdrawals | Number | 2.03 | 1.48 | |
| | Amount | \$ 438 | \$ 418 | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations; MIDAP list of matched withdrawals. Only participants for whom account activity data are available are included in this analysis. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding.

Note: Averages and percentages are based on the number of participants who had made at least one deposit, matched withdrawal, or unmatched withdrawal, respectively.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).

Table 3.19
Differences in Public Assistance Receipt Status, Income Level, Gender,
and Marital Status by Minority Status

| | | Minority n= 605 | Caucasian n= 417 | p-value |
|--|---------|--------------------|---------------------|---------|
| Public Assistance Receipt Status | | | | |
| Receiving FIP at MIDAP Enrollment | Number | 124 | 59 | 0.018 |
| | Percent | 21 % | 15 % | |
| Not Receiving FIP at MIDAP Enrollment | Number | 476 | 341 | |
| | Percent | 79 % | 85 % | |
| Income Level (Total Monthly Income) | | | | |
| \$ 999 or Less | Number | 128 | 83 | 0.001 |
| | Percent | 21 % | 20 % | |
| \$ 1,000 – 1,499 | Number | 167 | 80 | |
| | Percent | 28 % | 19 % | |
| \$ 1,500 – 2,499 | Number | 254 | 187 | |
| | Percent | 42 % | 45 % | |
| \$ 2,500 or More | Number | 56 | 67 | |
| | Percent | 9 % | 16 % | |
| Gender | | | | |
| Female | Number | 528 | 323 | 0.000 |
| | Percent | 62 % | 38 % | |
| Male | Number | 77 | 94 | |
| | Percent | 45 % | 55 % | |
| Marital Status | | | | |
| Married | Number | 111 | 122 | 0.000 |
| | Percent | 18 % | 29 % | |
| Not Married | Number | 494 | 295 | |
| | Percent | 82 % | 71 % | |

Source: MIS IDA data through June 2003 provided by the Council of Michigan Foundations from MIDAP program sites and regional coordinating organizations. Data cleaned for analysis by ISED.

Note: Percentages may sum to more than 100 due to rounding. Percentages are based on the number of participants for whom the given characteristic is known.

Note: In this table, p-values are provided for statistically significant differences; the absence of a p-value indicates that the difference between the groups is not statistically significant (i.e., p-value > 0.05).