Asset Development and Financial Literacy Task Force
Ladder Out of Poverty Asset-building bills Review
Pam Johnson, MN Community Action Partnership

1) **Community Engagement Bill: Circles of Support/Northern Connections/Search Institute**
   - **HF 77/SF 110**: Lanning/Jungbauer, *co-authors: Abeler, Hayden, Peterson, S.,Fritz, Murdock/Marty, Dibble*
   - Legislation emerged from Community Supports Work Group, Chairs: Lanning/Jungbauer
   - Goal: build social assets and social capital among low income households through community engagement strategies.
   - Three successful community-based initiatives identified by Commission to End Poverty: *1) Search Institute's "Healthy Community Initiative," 2) "Circles of Support, 3) "Northern Connections"*
   - General Fund Appropriations proposed to support these initiatives. Received hearings but not included in final HHS omnibus bill passage during difficult budget-balancing year.

   Handout: Bill legislation (HF77)

2) **DHS Asset Limit Study**
   - **SF470/HF979:** Jungbauer/Lanning, *co-authors: Hosch, Shimanski, Fritz*. Bill passed in 2011.
   - DHS instructed to examine asset limit requirements across human service programs (*group residential housing, MN supplemental aid, GA, MFIP, DWP, SNAP, state food assistance, and child care)* in order to establish consistency and reduce administrative burdens on counties.
   - DHS conducted research with internal and external input in 2012, producing 2013 report to legislature.
   - HHS committees received the following recommendations: *1) Halt any new asset limit category creation, 2) simplify and align asset polices across programs by reducing the number of asset categories, using common methodology, and self attestation; and 3) if the intent is to support greater stability and longer-term self sufficiency, eliminate asset limit requirements completely for state economic assistance programs.*

   Handout: DHS recommendations

3) **Family Assets for Independence in Minnesota (FAIM)**
   - Minnesota's statewide IDA program delivering financial education and asset-building for low income households. Launched in 1999 with state legislation co-authored by Rep. Pawlenty/Sen. Berglin
   - FAIM is a multi-partner collaboration comprised of Bremer Banks, City County Federal Credit Union, Emerge Community Development, Leech Lake Tribal Government, and Community Action Agencies.
   - Low income households save money in matched savings accounts to acquire a long-term asset: a home, college degree, or small business. Receive 1:1 coaching and 12 hours financial education.
   - Over 1700 assets have been acquired, over 3000 participants have completed financial education.
   - Packet contains return-on-investment research findings including:
     - *Nearly 90% FAIM small businesses still thriving after 2 years, compared to 44% national average.*
     - *Over 85% of those pursuing higher education met goal or were in process of doing so.*
     - *NO reported foreclosures among home purchasers, during the recent foreclosure crisis.*
     - *Public assistance usage decreased dramatically following FAIM participation, with nearly 60% of participants accessing no cash assistance at program exit, compared to 12% at entry.*
   - **HF2062/SF1720:** (Banaian/Benson), co-authors: Lanning, Fritz, Shimanski, Abeler, Clark, Murphy, Hosch, Huntley, Rosen, Marty. Restored 1 year temporary funding in 2012 to address 2011 budget balancing year appropriation loss.
   - **HF0538/SF450** (Moran/Clausen), co-authors: Huntley, Abeler /Lourey, Benson, Marty, Rosen). Restores $500,000 biennial appropriation in Governor/Senate/House budgets for 2014-15 budget year.

   Handouts: FAIM Fact Sheet, ROI research

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

HOUSE FILE NO. 77

January 13, 2011
Authored by Lanning, Abeler and Hayden
The bill was read for the first time and referred to the Committee on Health and Human Services Finance

A bill for an act
relating to human services; establishing grant programs to promote healthy communities and the development of circles of support initiatives; appropriating money.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **PURPOSE.**

The Ladder Out of Poverty Task Force, developed out of recommendations from the Legislative Commission to End Poverty, was created to identify specific policies, strategies, and actions to:

(1) increase opportunities for poor and near-poor families and individuals to acquire assets and create and build wealth;

(2) expand the utilization of individual development account programs;

(3) reduce or eliminate predatory financial practices in Minnesota;

(4) provide financial literacy information to low-income families and individuals at the time the recipient has the ability, opportunity, and motivation to receive, understand, and act on the information provided; and

(5) identify incentives and mechanisms to increase community engagement in combating poverty and helping poor and near-poor families and individuals to acquire assets and create and build wealth.

The grant programs created in sections 2 and 3 are strategies to promote community engagement in combating poverty.

Sec. 2. **GRANT PROGRAM TO PROMOTE HEALTHY COMMUNITY INITIATIVES.**

(a) The commissioner of human services must contract with the Search Institute to help local communities develop, expand, and maintain the tools, training, and resources needed to foster positive community development and effectively engage people in their community. The Search Institute must: (1) provide training in community mobilization, youth development, and assets getting to outcomes; (2) provide ongoing technical assistance to communities receiving grants under this section; (3) use best practices to promote community development; (4) share best program practices with other interested communities; (5) create electronic and other opportunities for communities to share experiences in and resources for promoting healthy community development; and (6) provide an annual report of the strong communities project.

(b) Specifically, the Search Institute must use a competitive grant process to select ten interested communities throughout Minnesota to undertake strong community mobilization initiatives to support communities wishing to catalyze multiple sectors to create or strengthen a community collaboration to address issues of poverty in their communities. The Search Institute must provide the selected communities with the tools, training, and resources they need for successfully implementing initiatives focused on strengthening the community. The Search Institute also must use a competitive grant process to provide eight strong community innovation grants to encourage current community initiatives to bring new innovation approaches to their work to reduce poverty. Finally, the Search Institute must work to strengthen networking and information sharing activities among all healthy community initiatives throughout Minnesota, including sharing best program practices and providing personal and electronic opportunities for peer learning and ongoing program support.

(c) In order to receive a grant under paragraph (b), a community must show involvement of at least three sectors of their community and the active leadership of both youth and adults. Sectors may include, but are not limited to, local government, schools, community action agencies, faith communities, businesses, higher education institutions, and the medical community. In addition, communities must agree to: (1) attend training on community mobilization processes and strength-based approaches; (2) apply the assets getting to outcomes process in their initiative; (3) meet at least two times during the grant period to share successes and challenges with other grantees; (4) participate on an electronic listserv to share information throughout the period on their work; and (5) all communication requirements and reporting processes.

(d) The commissioner of human services must evaluate the effectiveness of this program and must recommend to the committees of the legislature with jurisdiction over health and human services reform and finance by February 15, 2013, whether or not to make the program available statewide. The Search Institute annually must report to the commissioner of human services on the services it provided and the grant money it expended under this section.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. **CIRCLES OF SUPPORT GRANTS.**

The commissioner of human services must provide grants to community action agencies to help local communities develop, expand, and maintain the tools, training, and resources needed to foster social assets to assist people out of poverty through circles of support. The circles of support model must provide a framework for a community to build relationships across class and race lines so that people can work together to advocate for change in their communities and move individuals toward self-sufficiency.

Specifically, circles of support initiatives must focus on increasing social capital, income, educational attainment, and individual accountability, while reducing debt, service dependency, and addressing systemic disparities that hold poverty in place. The effort must support the development of local guiding coalitions as the link between the community and circles of support for resource development and funding leverage.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 4. **APPROPRIATIONS.**

(a) $....... in fiscal year 2012 and $....... in fiscal year 2013 are appropriated from the general fund to the commissioner of human services for contracting with the Search Institute to promote healthy community initiatives under section 2, paragraph (b). The commissioner may expend up to five percent of the appropriation to provide for the program evaluation under section 2, paragraph (d).

(b) $....... in fiscal year 2012 and $....... in fiscal year 2013 are appropriated from the general fund to the commissioner of human services for the purpose of providing grants to community action agencies for circles of support initiatives under section 3.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 5. **NORTHERN CONNECTIONS.**

$....... is appropriated from the general fund in fiscal year 2011 and fiscal year 2012 to the commissioner of employment and economic development for a grant to Northern Connections in Perham for a workforce program that provides one-stop supportive services to individuals as they transition into the workforce.

Sec. 6. **WORKFORCE TRANSITION SERVICES.**

$....... is appropriated from the general fund in fiscal year 2011 and fiscal year 2012 to the commissioner of employment and economic development for grants to counties that have a written collaboration agreement to establish and operate programs that provide one-stop supportive services to individuals as they transition into the workforce. The commissioner must award grants on a competitive basis in accordance with criteria to be developed by the commissioner in consultation with the commissioner of human services.

I. Executive Summary

Background
Laws of Minnesota 2012, Chapter 247, article 3, section 28, require the Minnesota Department of Human Services (DHS) to report on its analysis of the differences in asset limit requirements across human services' economic assistance programs. The study requires the commissioner of Human Services, in consultation with county human services representatives, to analyze the differences in asset limit requirements across Group Residential Housing (GRH), Minnesota Supplemental Aid (MSA), General Assistance (GA), Minnesota Family Investment Program (MFIP), Diversionary Work Program (DWP), the federal Supplemental Nutrition Assistance Program (SNAP), state food assistance programs and child care programs. The goal of the analysis is to establish consistent asset limits across human services programs, and minimize the administrative burden on county agencies in implementing asset tests.

Department personnel reviewed literature in the field and the status of asset limits in other states, worked with appointed representatives of the Minnesota Association of County Social Service Administrators (MACSSA), and other interested stakeholders, to develop an analysis of current asset limits, and discussed options and decision points for consideration.

Options
There was general agreement by stakeholders that the legislature should not impose any additional asset limit categories, and that no asset limits be instituted for those programs not currently having asset limit requirements.

There was support for the use of "self-attestation" in determining the value of assets to minimize county agencies' administrative work and applicants' documentation requirements. Applicants sign the self-attestation document with the understanding that they are held to a criminal penalty of fraud for providing incorrect or misleading information. Self-attestation is often permitted when efforts have been exhausted and it has been determined that the documentation is unavailable, and obtaining the documentation will cause undue hardship for the individual. The department estimates that "self-attestation" would have minimal impact on caseload costs, given a reasonable level of enforcement.

There was general consensus that options that address the intent of the legislation include:

Option A: Simplify and align asset policies across programs by reducing the number of asset categories from about 10 to two (bank accounts/cash and vehicles), and having a common methodology for verifying and valuing assets.

- This would create consistency across programs and provide administrative relief to county agencies (e.g., not having to verify minor items or where the verification of information is out of the control of the county agency or client) while not increasing caseloads significantly

- Stakeholders agreed there should be at least one vehicle per licensed driver exempted from the vehicle limit to support transportation needs to maintain employment
- The department estimates that this option would cost approximately $1.6 million per year once fully phased in.

Option B: Simplify and align policies *and* promote self-sufficiency by reducing the number of asset categories from about 10 to two, having a common methodology *and* raising the current asset cap limit to $10,000 or $20,000.

- This is expected to increase caseloads slightly, but would allow applicants to retain resources for difficult financial situations
- This option provides some county administrative relief, but county personnel would still have to verify the value of assets at the higher level
- The department estimates this option would cost approximately $3.5 million per year once fully phased in if the asset limit was raised to $10,000, and would be $4.3 million if raised to $20,000.

Option C: Simplify and align policies, promote self-sufficiency, and provide the greatest administrative relief by removing asset limit requirements for all state economic assistance programs, and where federal government allows state flexibility.

- Stakeholders suggested that most people in poverty come to the programs without wealth and the income limit requirements catch most people who have resources
- This option provides the greatest administrative relief to both county personnel and applicants
- Asset limit requirements are being removed for certain populations to receive health care under the Affordable Care Act; advocates argue that they should be removed for economic assistance programs as well. Five states have eliminated asset limits for the Temporary Assistance for Needy Families program, Supplemental Nutrition Assistance Program and Medicaid: Alabama, Colorado, Louisiana, Maryland and Ohio
- The department estimates this option would cost approximately $4.4 million per year once fully phased in, which is slightly larger than raising the asset limit to the $20,000 level.

Department personnel also priced a variant of the options by keeping General Assistance, Minnesota Supplemental Aid and Group Residential Housing aligned at the same asset level limits as the federal Supplemental Security Income asset limit standards while changing the limits for the remaining programs. These variant options reduced program costs for each option by approximately $1 to $1.1 million a year. Summary of options and costs are provided below. A detailed table of costs is on page 20.

Costs of Uniform Asset Limit Options		
All costs are from fiscal estimates for State Fiscal Year 2016 in $000s (fully phased-in impact)		
Option A Simplify/align asset policies and reduce number of asset categories	**Option B** Simplify/align asset policies, reduce number of asset categories and raise limit to $10,000	**Option C** No asset limit
$1,596	**$3,528**	**$4,413**

Costs identified above for all of the options only reflect program caseload costs and do not include any up-front or ongoing administrative costs, such as computer system changes, notices, appeals, enforcement, etc. which would be determined based on the actual legislative language, the effective date, and interactive effects with other proposals passed during the same legislative session. These costs also do not reflect administrative savings to county agencies due to reduced administrative efforts related to assets.

Recommendations
Based on review of reports from across the country, actions of other states, an analysis of Minnesota's programs, and discussions with stakeholders as required by legislation, department personnel recommend:

1. That no additional asset limit categories be created; no asset limits be instituted for those programs that do not currently have asset limit requirements; and, that windfalls, lottery winnings or other large payments of $20,000 or more be treated as income in the month received.
2. That the legislature adopt the option to simplify and align asset policies across programs by reducing the number of asset categories, having a common methodology for verifying and valuing assets and allowing self-attestation by applicants. This option provides administrative relief to county agencies and applicants.
3. That, if the intent is to support greater stability and longer-term self-sufficiency for families in poverty, current asset limit requirements be eliminated completely for state economic assistance programs, and where federal requirements allow.

II. Legislation

Laws of Minnesota 2012, Chapter 247, article 3, section 28:

Sec. 28. UNIFORM ASSET LIMIT REQUIREMENTS.
The commissioner of human services, in consultation with county human services representatives, shall analyze the differences in asset limit requirements across human services assistance programs, including group residential housing, Minnesota supplemental aid, general assistance, Minnesota family investment program, diversionary work program, the federal Supplemental Nutrition Assistance Program, state food assistance programs, and child care programs. The goal of the analysis is to establish a consistent asset limit across human services programs and minimize the administrative burdens on counties in implementing asset tests. The commissioner shall report its findings and conclusions to the legislative committees with jurisdiction over health and human services policy and finance by January 15, 2013, and include draft legislation establishing a uniform asset limit for human services assistance programs.

FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA (FAIM)

Purpose: Family Assets for Independence in Minnesota helps low-income working Minnesotans increase savings, assets, and financial knowledge to achieve greater economic security.

Description: Participants open savings accounts at local banks to save for one of three assets: *home purchase, post-secondary education,* or *small business capitalization.* Savings are matched 3 to 1, much like employer-based retirement accounts. Accountholders can save for two years with a maximum match and savings total of $3,840.

Eligibility: Households incomes must fall below 200% of the federal poverty level ($37,060/year for a family of three). Accountholder deposits must be from **earned income.**

Delivery: A statewide multi-partner collaborative of Bremer Banks, City County Federal Credit Union, Greater Twin Cities United Way, Community Action Agencies, Leech Lake Tribal Government, and Emerge Community Development, deliver services at multiple sites throughout Minnesota.

Return on Investment: The following results demonstrate a solid return on investment:

- Over the last 12 years, very low income FAIM accountholders earned and deposited nearly **$ 2.5 million** into local savings accounts statewide.
- Over **1700 assets** have been acquired: 28% home purchases, 39% capitalized businesses, and 33% higher education degrees.
- Over **3000 participants completed 12 hours** of **financial education**, increasing the financial fitness of Minnesotans working to leave poverty permanently. These new skills are modeled and passed on to the next generation, **decreasing the likelihood of intergenerational poverty.**
- FAIM asset purchases **boost local economies** through increased **home ownership** property taxes, newly **created jobs**, local **small business purchases**, and increased **professional skills**.
- University of Minnesota research (Solheim & Wochnick, 2008) demonstrated **high FAIM home ownership retention and foreclosure prevention rates.** The study examined home purchases made over 4 years, concluding that 94% improved their economic well-being through home retention or a net gain property sale. Only three homes went into foreclosure.
- A **return-on-investment study** (see reverse side) demonstrated extremely strong results and makes the case for ongoing federal, state, and philanthropic support.
- **High quality financial education** and **ongoing coaching** are key program success factors. Participants receive 1:1 guidance on sound budgeting, credit repair, debt reduction, consumer protection, mortgage lending products, and how to maintain their assets. Free tax preparation is offered at many sites.
- **New partnerships** with **MNSCU** and a small **Youth IDA pilot** are expanding the reach of FAIM.

State Funding Leverages Federal Match: A state biennial appropriation of $500,000 successfully leveraged a 1-to-1 matching federal Assets for Independence grant for 10 years. This match was lost during the difficult 2011 budget-balancing legislative session, but partially restored in 2012. Advocacy efforts continue

Visit www.minnesotafaim.org or contact: Kate Ouverson at WCMCA: 218-685-4486 ext. 133; kateo@wcmca.org; or Pam Johnson at MN Community Action Partnership: 651-645-7425 x2; pamjohnson@minncap.org

FAIM Return-on-Investment Research Highlights

Three studies were conducted over this past year to determine the return-on-investment of the FAIM program to investors--funders, legislators, and other supporters. Examining each of the three assets separately, we worked with students from Gustavus Adolphus College in January and University of MN Humphrey School students over this past summer to contact FAIM program graduates over the past ten years. In-depth phone interviews conducted with former FAIM participants to collect data about their experience with the program and its impact on their lives and productivity. The Humphrey students created an additional on-line survey option for their survey respondents.

The overarching research finding from these three reports is that the FAIM program has provided tremendous resources and assistance to support the mobility of Minnesota's low-wage families. Here are a few highlights from each of the reports for your review.

Home Ownership Asset Findings:

Of the **81** FAIM graduates surveyed:

- **67 had purchased** a home and 14 were aiming to buy one in the near future.
- **97% still owned** their home, and 2 had already sold. There were **no reported foreclosures.**
- **89% had not used risky financial products** or services in the past 6 months.
- **56%** experienced an **increase in their income** since completing FAIM.

Education Asset Findings:

Of the **115** Education Track FAIM graduates surveyed:

- **65%** had **completed their degree** or certificate, 31% were in active pursuit.
- **40%** said their employment has improved since completing their education;
- **57% said their incomes have increased** by a combined $440,000+ per year.
- **While 12%** of respondents reported using no public assistance upon FAIM enrollment, that percentage **more than quadrupled** to 57% following FAIM participation.

Small Business Asset Findings:

Of the **130** Small Business Track FAIM graduates surveyed:

- **89%** of surveyed FAIM-sponsored businesses are still in operation after over 2 years, compared to a national average of **44%.**
- **14%** reduced their state assistance in low income heating assistance, food support, and MN Care health coverage; resulting in an estimated savings to the state of **$241,313/year**.
- **65%** of businesses achieved an increase in their sales and income after applying their FAIM matched savings to improve their businesses.
- **22%** of businesses have added at least 1 additional employee since launching their business.
- **$26,681,504/year of total estimated income revenue** was generated for all FAIM recipients and their employees.

Family Assets for Independence in Minnesota (FAIM)

Strong Return-on-Investment, Strong Impact on Families and Communities

January 2013

FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA

Mission Statement

Family Assets for Independence in Minnesota (FAIM) provides Individual Development Accounts (IDAs) to enable people to escape poverty and achieve wealth through asset acquisition.

Family Assets for Independence in Minnesota (FAIM) Return on Investment Summary

Program Overview

Family Assets for Independence in Minnesota (FAIM) is a matched savings program that helps low-income workers build financial assets through the purchase of a home, pursuit of post-secondary education or launch or expansion of a small business. Participants must have incomes below 200% of poverty ($37,060/year for a family of three).

During their 2 years of enrollment, FAIM accountholders complete 12 hours of personal finance education, additional asset-specific education and deposit up to $960 ($40/month) of earned income into their Individual Development Accounts (IDA). Deposits are matched at a 3:1 rate. Historically, Minnesota matched these savings with $1,440 per account holder and the federal government matched the remaining $1,440. Similar to employer-based matched retirement accounts, IDAs provide an incentive for savings and asset building.

Launched in 1999, FAIM is Minnesota's only statewide IDA program and serves all 87 counties through a collaborative of 21 organizations including Minnesota Community Action Agencies, Leech Lake Tribal Council, Emerge Community Development and Bremer Bank.

FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA

Mission

Family Assets for Independence in Minnesota (FAIM) provides Individual Development Accounts (IDAs) to enable people to escape poverty and achieve wealth through asset acquisition.

"They (FAIM program) give you the tools to help you. I was at a point in my life where I could've gone either way. They really wanted to help you do better in life. I actually started looking for jobs and started to help myself."

- FAIM Accountholder

Key Outcomes

Between 1999 and 2012, FAIM accountholders saved over $2.5 million of their earnings and acquired nearly 1,700 long-term financial assets.

- 25% purchased their first home.
- 34% capitalized a small business.
- 41% made post-secondary education investments.

Over 3,000 FAIM accountholders have completed 12 hours of personal finance education, plus additional asset-specific training and ongoing financial coaching.

Return on Investment

FAIM delivers a strong return on investment for the public and private dollars that have supported this initiative since its inception. When accountholders reach their asset goal, Minnesota benefits from stable housing for low-income families, increased home ownership property taxes, newly created jobs, local small business purchases, increased professional skills and a better educated workforce.

The following pages summarize research conducted in 2012 about the return on investment of each FAIM asset building track, including post-secondary education, homeownership and small business.

Small Business Asset Track

Since 1999, 702 MInnesotans have pursued their dreams of establishing or expanding small businesses. A February 2012 survey of small business accountholders resulted in the following findings.

FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA

FAIM alumni have high rates of business retention.

Nationally, only 66% of businesses survive the first two years of operation. In contrast, 86% of FAIM respondents were still in business after two years and 89% after two or more years. In part this can be attributed to the financial and business planning training that participants complete before capitalizing their small business.

Small Business Retention Rates

Success Rates	National[1]	FAIM Recipients[2]
0-2 Years (2010-2012)	66%	86%
2+ Years Later (before 2010)	44%	89%

[1] Data from Bureau of Labor Statistics

[2] Data from collected information, does not include respondents who did not provide dates of business launch and/or close.

Comments from FAIM small business accountholders:

" The FAIM program gave me a backbone that allowed me to go forward with my business."

"The FAIM program has been very instrumental in motivating me to take the steps that would encourage me to reach my goals. The program provided me with technical skills such as financial literacy, career planning and developing a business plan."

FAIM builds stronger local economies.

FAIM small businesses boost local economies through newly created jobs, spending on materials and increased professional skills. The total estimated income revenue for surveyed FAIM alumni and their employees is $4.64 million per year. If all 702 business asset track participants are included, this figure increases to $26.68 million per year.

FAIM helps businesses to thrive and grow.

Of participants surveyed, 22% have added at least one additional employee since they launched their business. For those who applied their FAIM savings and match to improve their business, 65% achieved an increase in their sales and income, 45% expanded hours and 67% reported growth due to FAIM funding.

Impact of FAIM Participation on Small Business Growth

Status of Business	Percentage of Respondents
Business Grew	67%
Business Maintained Stability	31%
Business Expects Growth Soon	1%

Other Impacts of FAIM Participation

Impact	Percentage
Materials/Supplies Purchased	69%
Start-Up Capital Provided	10%
Mentoring Support Assigned	7.5%
Business Expansion supported	4%
Learned to Save Money	2.5%
Stayed In Business	2.5%
Personal Fortitude Increased	2.5
Paid Bills	1%
Land/Office Space	1%

Homeownership Asset Track

Since 1999, 402 Minnesotans have pursued their dreams of homeownership. An August 2012 survey of homeownership accountholders resulted in the following findings.

FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA

FAIM helps low income workers buy and retain homes.

Of the participants surveyed who had completed the program and purchased a home, 97% still owned their home. Only 2 homes had been sold and no foreclosures were reported. During a period of high home foreclosure rates, this outcome is a testament to the thorough education and preparation that participants receive before home purchase.

Comments from FAIM homeownership accountholders:

"I worked with him (FAIM coach) for 4 years. When I met him I was in a battered women's shelter, when I started doing FAIM, and it took me 4 years to buy a house."

"I feel more connected to my community because I'm a homeowner. I feel really invested. I've become a block club leader. It's been really positive for me."

FAIM improves the quality of life of participants.

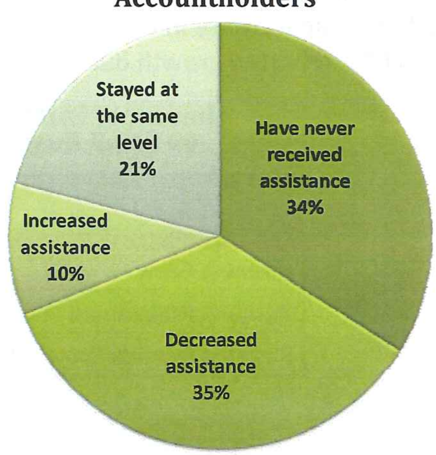
Respondents reported improvements in their quality of life including nearly 80% who reported improved physical or mental health and greater access to outdoor space, as well as 61% who were closer to work, school or family.

Ways FAIM Participants' Lives Improved after Purchasing their Home

Improvement	Percentage of Respondents
Better school district	21%
Closer to businesses	46%
Safer neighborhood	60%
Closer to work/school/family	61%
Improved physical/mental health	79%
Greater access to outdoor space	79%

Research from the U.S. Department of Housing & Urban Development shows that homeowners accumulate wealth as the investment in their homes grows, enjoy better living conditions, are often more involved in their communities, and have children who tend on average to do better in school and are less likely to become involved with crime. Communities benefit from real estate taxes homeowners pay and from stable neighborhoods homeowners create.

Change in Public Assistance Use FAIM Homeownership Accountholders



FAIM decreases use of public benefits and improves economic security.

35% of homeowner respondents decreased their use of public assistance. Of those who increased their level of public assistance, many started receiving energy assistance (LIHEAP) or they or a family member began receiving medical assistance.

Post-Secondary Education Asset Track

Since 1999, 650 FAIM participants have pursued their career goals through the post-secondary education track. An August 2012 survey of post-secondary education accountholders resulted in the following findings.

FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA

FAIM builds human capital and a higher skilled workforce.

Of participants surveyed, more than 85% of respondents in each degree category had met their educational goal or were in the process of doing so. Attainment of post-secondary education increases the skills and employability of low-income workers and offers the potential of higher earnings over a working lifetime.

Education Level and Status of FAIM Respondents

Education Level	Pursued	Achieved	In Progress	Total Assets
Certificate	9%	80%	10%	90%
Associate Degree	26%	62%	24%	86%
Bachelor Degree	47%	47%	40%	87%
Graduate Degree	11%	67%	33%	100%
Other/Continuing Education	7%	63%	25%	88%
Total	100%			

Comments from FAIM post-secondary education accountholders:

"FAIM was very helpful in making my dream of earning a bachelor's degree a reality."

"I have received a promotion at my current employer because of my degree."

"I have a new nursing certification (Public Health Nurse) and a new job with benefits, health insurance for me and my children, and a 403 (b) plan with match!"

FAIM increases career aspirations and earned income.

FAIM increased the career aspirations of participants. Of those surveyed, 42% indicated they wanted to progress in their current field and 27% wanted to earn another degree.

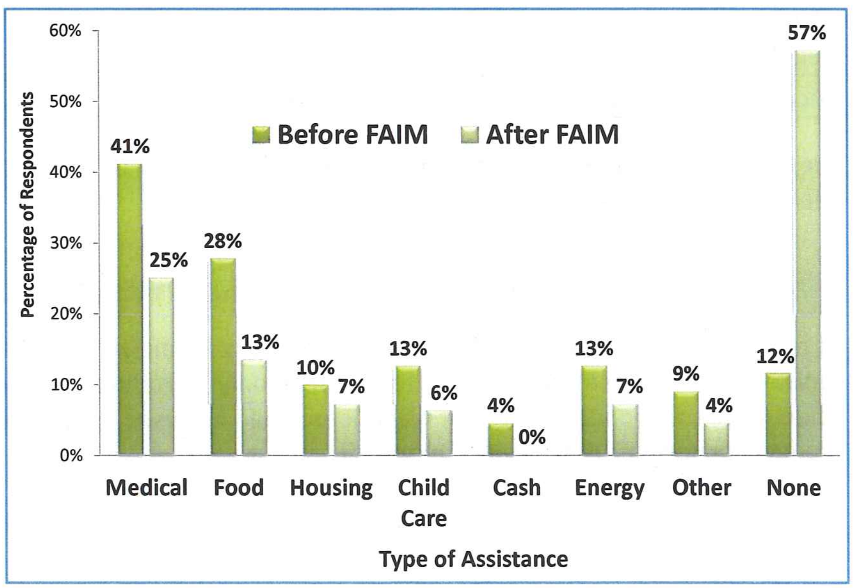
- 40% of respondents indicated that their employment has improved since completing their education
- 57% of respondents indicated their incomes have increased by a combined $440,000+ per year.

FAIM decreases use of public benefits and improves economic security.

The percentage of education respondents not using any type of public assistance program increased from 12% (at enrollment) to 57% (time of survey).

Across all types of public assistance, usage decreased—often by more than half. None of the respondents who were on cash assistance when they entered FAIM were using any type of cash assistance at the time of the survey.

Change in Public Assistance Use - FAIM Education Accountholders



Personal Finance Education and Coaching

FAIM improves financial knowledge and capability.

High quality financial education and ongoing coaching are key factors in the success of FAIM. Accountholders receive one-to-one guidance on sound budgeting, credit repair, debt reduction, consumer protection and mortgage lending products, and how to maintain their assets.

FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA

- 87% of education asset track respondents found the financial literacy training either very helpful or extremely helpful.
- 86% of home ownership respondents found the home buyer classes very helpful or extremely helpful. Of those who also worked with a coach, 96% found them very helpful or extremely helpful.

Examples of Improved Financial Behavior

Outcome	Percentage of Respondents
Have not used any risky financial services or products in the last 6 months: payday loans, direct deposit advance, car title loans, check cashing services, refund anticipation loans, pawn shop, rent-to-own purchases. Of those who have, all used only one product and often in an isolated incident.	89%
Of those who have debts other than their mortgage, are able to make payments regularly.	86%
Track their spending by writing down what they spend most or all of the time.	77%
Use a written budget most or all of the time.	71%
Found ways to decrease their expenses after completing FAIM financial education.	70%
Decreased their level of public assistance or stayed at the same level.	69%
Have a savings account and add money to it frequently or regularly.	62%
Increased their income since completing FAIM.	56%

These new skills are modeled and passed on to the children of accountholders, decreasing the likelihood of intergenerational poverty.

Comments from FAIM accountholders:

"One thing I learned was how to budget. My coach worked with me. We set up an affordable budget that I could deal with, where I could make all my obligations and still have a little left over. Without the (financial) classes, I would still be struggling budget-wise."

"It was a very informational class, one that actually applied to my everyday life and still use the information."

"This was very motivating. Before taking this (financial) class my credit score was in the low 500s and I was using payday advance loans, crying a lot, we barely had food. This class helped me see the errors and helped me clean everything up and I have since stayed on track."

FAIM reduces the use of predatory financial products.

Of homeowner respondents, 89% had not used risky financial products or services in the last 6 months. Of those who had, only 1 product was used. Of education respondents, 82% of respondents had not used risky financial products or services in the past 6 months.