

# EXHIBIT D

## **FAMILY SAVINGS INITIATIVE ANNUAL REPORT**

STATE OF ARKANSAS  
STATE FISCAL YEAR 2010  
JULY 1, 2010 – JUNE 30, 2011

**Arkansas Department of Workforce Services**

Jobs for People. People for Jobs.

**DWS**  
Department of  
WORKFORCE Services

*September 2011*

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## **History of the Arkansas IDA Program**

Act 1217 of 1999, the Family Savings Initiative Act, authorized the Department of Health and Human Services to establish an Individual Development Account program for the State of Arkansas, and provide an annual report to the Legislature on the status of the program. A trust fund consisting of Transitional Employment Assistance (TEA) program funds was established by DHHS to support the IDA program.

Specifically, the Act specifies four distinct purposes for establishing the IDA program:

1. Provide low-income families with an opportunity to accumulate assets.
2. Facilitate good saving habits.
3. Promote home ownership, microenterprise development, education, saving for retirement, and automobile purchase.
4. Stabilize families and build communities.

Act 252 of 2007, an Act to Transfer the Family Savings Initiative, authorized the transfer of this Initiative from the Department of Health and Human Services to the Department of Workforce Services.

## **Who Is Eligible To Participate?**

To be eligible for participation, a household's income cannot exceed 185% of the federal poverty level, and their net worth cannot exceed \$10,000, excluding one automobile and the family's primary residence.

For each \$1 contributed to the IDA savings account by the participant during the preceding calendar year, a match of \$3 will be made by the state, up to a maximum of \$2,000 per IDA account holder or \$4,000 per household per year.

IDA savings accounts can only be used to purchase the following assets (federal Temporary Assistance to Needy Families matching funds are only allowed to be used on items A through D):

- A. Purchase of residence for first time homebuyers.
- B. Major repairs on existing homes if paid directly to the company conducting the repair.
- C. Micro-enterprise development when handled through a business capitalization account through an insured financial institution.
- D. Post-secondary education expenses paid directly to the educational institution.
- E. Amounts paid directly to a retirement account or education IRA established pursuant to federal law in the name of the account holder or an immediate family member.

- F. For the purchase or repair of an automobile, as long as that is not the sole approved purpose.
- G. Qualified emergency withdrawals.

### **Money Management Training for IDA Participants**

IDA program participants are encouraged to attend Economic Literacy training sessions before matching deposits can be made by the state. The training sessions may include:

- Budgeting & Money Management
- Checking & Savings Accounts
- Insurance
- Credit
- Loans
- Goal Setting

### **How the Arkansas IDA Program Is Administered**

The Family Savings Initiative Act provides DWS the authority to contract with one or more Arkansas-based fiduciary (banking) organizations to operate IDA programs. Requests from fiduciary organizations to provide IDAs are evaluated using the following criteria:

- Their ability to market the project to potential account holders.
- Ability to leverage additional matching and operating funds.
- Ability to provide safe and secure investments for individual accounts.
- Overall administrative capacity.
- Capacity to provide financial counseling and other related services to participants.
- Capacity to provide other activities designed to increase the independence of families through the purposes of the program, or to provide links to agencies with such a capacity.
- Proposed operating costs of the fiduciary organization to manage the IDA program.

The fiduciary organization is allowed to use no more than 30% of their compensation from the state for operating and administrative costs, with administrative costs accounting for no more than 10% of the total. In addition, no more than 70% of their compensation can be used for matching qualified bank deposits made by participants.

The fiduciary organization's responsibilities in operating the IDA program include:

- Marketing participation.
- Soliciting matching contributions.
- Counseling participants.
- Conducting basic economic and financial literacy training for participants.
- Conducting required verification.
- Conducting compliance activities.
- Coordinating arrangements between the participant and the financial institution to open the IDA.
- Providing the IDA savings account holders with regular statements of the accounts and matching funds at least once a year.

#### **Non-State Contributions and Grievances**

The fiduciary organizations are allowed to accept contributions from private sector businesses, individuals, and organizations to supplement DWS funds to operate the Arkansas IDA program. These private sector entities are allowed a credit against state income tax liability of fifty percent of the amount contributed, up to a maximum of \$25,000 for that calendar year. For SFY 2010, none of the fiduciary organizations reported receiving any non-state contributions eligible for state income tax credits.

The fiduciary organizations are required to develop and implement a process for the handling of grievances. There were no grievances reported during State Fiscal Year 2010.

#### **SFY 2010 IDA Program Highlights**

- During the reporting period, there was decrease in the number of counties with IDA activity (savings or withdrawals) from fifty-four counties last year to fifty-two counties this year.
- During the reporting period, there was an increase in the number of IDA participants from 697 participants last year to 913 participants this year.
- During the reporting period, there was an increase in the dollar amount of participant savings from \$170,087.33 last year to \$175,098.26 this year.

## SFY 2010 IDA Participants By County of Residence

Number of participants:	913
Money saved by participants:	\$175,098.26
Number of Withdrawals:	294

Arkansas Department of Workforce Services contracted with nine organizations in SFY 2010 to provide IDA services in the following counties:

- *Argenta Community Development Corporation – Pulaski county*
- *Central Arkansas Development Council - Saline, Clark, Hot Spring, Montgomery, Pike, Lonoke, Pulaski, Calhoun, Columbia, Dallas, Ouachita, Union Counties*
- *Chicot Housing Assistance Corporation - Chicot, Ashley, Desha, Drew Counties*
- *Crawford Sebastian Community Development Council – Crawford and Sebastian Counties.*
- *East Arkansas Enterprise Community - Cross, Crittenden, Lee, Monroe and St. Francis counties.*
- *EOA of Washington County - Washington, Benton, Madison, Carroll, Newton, Boone, Baxter, Marion, Searcy counties.*
- *Healthy Connections – Howard, Montgomery, Pike, Polk, Scott, and Sevier Counties.*
- *Southern Good Faith Fund - Arkansas, Ashley, Bradley, Chicot, Clark, Cleveland, Crittenden, Cross, Dallas, Desha, Drew, Garland, Grant, Hot Spring, Howard, Jefferson, Lee, Lincoln, Monroe, Montgomery, Nevada, Ouachita, Phillips, Pike, Prairie, Pulaski, Saline, St. Francis, and Union Counties.*
- *Universal Housing Development Corporation – Conway, Franklin, Johnson, Logan, Perry, Pope and Yell Counties.*

The chart below illustrates the IDA Participants by their County of Residence.

County	Number Of Participants	County	Number Of Participants
Arkansas	0	Monroe	1
Ashley	2	Montgomery	0
Benton	20	Newton	1
Boone	7	Ouachita	16
Bradley	0	Perry	0
Calhoun	1	Phillips	92
Carroll	5	Pike	0
Chicot	23	Poinsett	0
Clark	15	Polk	0
Cleburne	0	Pope	79
Cleveland	0	Prairie	0
Columbia	12	Pulaski	83
Conway	5	Saline	19
Craighead	0	Scott	0
Crawford	12	Searcy	2
Crittenden	0	Sebastian	43
Cross	3	Sevier	0
Dallas	3	St. Francis	12
Desha	3	Union	8
Drew	0	Washington	83
Faulkner	0	White	0
Franklin	6	Woodruff	0
Garland	12	Yell	0
Grant	0		
Greene	0		
Hot Spring	5		
Howard	0		
Jackson	0		
Jefferson	11		
Johnson	12		
Lee	14		
Lincoln	0		
Logan	6		
Lonoke	1		
Madison	2	<b>TOTAL</b>	<b>619</b>

<b>Withdrawals from IDA Accounts in State Fiscal Year 2010</b>
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Below is a list of the number and types of participant withdrawals, by county of residence during the report year. These withdrawals include participant deposits made into IDA bank accounts in State Fiscal Year 2008 and withdrawn in State Fiscal Year 2010.

<b>County of Residence</b>	<b>Home Purchase</b>	<b>Repair/Remodel Home</b>	<b>Higher Education</b>	<b>Micro-enterprise</b>	<b>County Total</b>
Arkansas					
Ashley		2			2
Baxter					
Benton		1	4	2	7
Boone		1			1
Bradley					
Calhoun					
Carroll					
Chicot	2	14	7		23
Clark	1	1	3		5
Cleveland					
Columbia	1	9			10
Conway					
Crawford	5	3			8
Crittenden					
Cross					
Dallas	2				2
Desha		2	1		3
Drew					
Franklin					
Garland	1	1	1		3



County of Residence	Home Purchase	Repair/Remodel Home	Higher Education	Micro-enterprise	County Total
Grant					
Hot Spring				1	1
Howard					
Jefferson	1	4			5
Johnson		6			6
Lee		7		1	8
Lincoln					
Logan					
Lonoke					
Madison					
Marion					
Monroe		1			1
Montgomery					
Nevada					
Ouchita		7	7		14
Perry					
Phillips	6	32	2	1	41
Pike					
Polk					
Pope	6	11	3		20
Prairie					
Pulaski	8	28	9		45
Saline	3	1			4
Scott					
Searcy					
Sebastian	9	19	1	4	33

<b>County of Residence</b>	<b>Home Purchase</b>	<b>Repair/ Remodel Home</b>	<b>Higher Education</b>	<b>Micro-enterprise</b>	<b>County Total</b>
Sevier					
St Francis		1	2	2	5
Union		4		2	6
Washington	4	14	14	9	41
Yell					
<b>Totals</b>	<b>47</b>	<b>171</b>	<b>54</b>	<b>22</b>	<b>294</b>
<b>Percentage</b>	<b>16%</b>	<b>58%</b>	<b>18%</b>	<b>8%</b>	