

COMMUNITY ACTION DULUTH

FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA: A CLOSER LOOK AT ASSET RETENTION AND FINANCIAL STABILITY

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Community Action Duluth promotes Asset Development for low-income citizens through its matched savings programs and financial education classes. The Family Assets for Independence in MN program (FAIM), assists working-poor households to save for first-time home-ownership, the starting or expanding of a small business, or post secondary college education. Participants in FAIM open an Individual development Account (IDA) and have their savings matched at a 3-to-1 rate to help them achieve their dreams of asset acquisition.

Through the long-term counseling and financial education provided by the FAIM program, participants have achieved significant improvements in their financial practices and behavior as a result of focusing on building savings, reducing debt, repairing credit and planning for the future.

Between 2005 and 2007, Duluth's FAIM program had 76 successful graduates. Through a grant from the University of Minnesota's Center for Regional and Urban Affairs, a study of graduates was completed in the summer of 2008. University of MN-Duluth MSW graduate student Rachel Sawyer worked with Community Action Duluth to determine the long-term outcomes of the FAIM program regarding asset retention and financial practices. A database of FAIM participants' enrollment information was compiled and a phone survey instrument developed and utilized with an impressive 80% response rate, reaching 61 of the 76 graduates during the summer of 2008.

The following is a brief summary of key findings.

At enrollment the average FAIM participant :

- 34 years old
- Female (70%)
- Single parent of 1
- Employed, with an annual household income of \$15,302
- Had attended some college
- Rented an apartment
- Had fair to good credit (653)
- Spent 29% of their income on debt payments other than housing

In 2008, the average surveyed FAIM graduate :

- Was employed, with an annual household income of \$31,152, an increase of 104% or \$15,850/year
- Had deposited \$941 into their matched savings account
- 63% have an emergency savings account, 48% have a retirement account
- 97% have not used a predatory financial service in the last 6 months (pay day loan, check cashing service, car title loan, pawn shop or high interest tax loan)
- For the 40 participants who gave us permission to pull their credit reports, their average credit score at enrollment was 641; today it is 701.

For more information, please visit us at:

www.communityactionduluth.org

OUTCOMES ACCORDING TO ASSET CHOICE

24 HOMES PURCHASED, 24 BUSINESSES CREATED OR EXPANDED,
21 ATTENDED COLLEGE

(13 POST-SECONDARY DEGREES COMPLETED, 8 SOON-TO-BE-ACHIEVED)

96% of Home Purchasing Graduates were surveyed

- 100% still own their home; No one is in foreclosure
- 42% purchased a newly constructed house
- 33% of homes were purchased by people of color
- 58% of homes were purchased by single women
- 46% were purchased by a parent or parents
- 42% received Northern Community Land Trust down payment assistance (an average of \$20,000/ house)

76% of education graduates were surveyed

- 59% have finished their degree, another 36% will in 1-2 years. Their choices are listed below:
- 35% AA/Vo-Tech, 30% BA/BS, 35% MA/MS

67% of business graduates were surveyed

- 71% still own and operate their business
- 67% reported an average increase in sales of 10-15% since completing FAIM