# Family Assets for Independence in Minnesota (FAIM)

For over 20 years, Family Assets for Independence in Minnesota (FAIM) has helped working Minnesotans with low incomes increase their savings, build financial assets and education, and enter the financial mainstream. The FAIM program combines matched savings accounts with personal finance education, asset-specific training, and ongoing coaching. FAIM works with families to acquire assets, improve their financial capabilities, and increase their economic security.

Eligible program participants open an Individual Development Account (IDA), a matched savings account that provides financial incentives to save. Participants receive financial match at a rate of a 3-to-1 for every dollar of earned income deposited, up to a maximum of $1,000 in savings annually or approximately $80 each month. Accountholders may save for an asset for up to two years and can build up to $8,000 in total savings and match. The program’s match incentives operate similarly to an employer match for 401(k) contributions.

These savings and match may be used to purchase a first home, pursue post-secondary education, capitalize a small business or purchase a personal vehicle.

## 2022 FAIM Survey Results

In 2022, West Central Minnesota Communities Action (WCMCA) in partnership with Minnesota Community Action Partnership and Minnesota Asset Building Coalition surveyed existing and former providers about needs and opportunities for the FAIM program. What follows is a summary of results.

**Feedback from Existing FAIM Providers (N=20)**

**Staffing/Capacity:** Staffing of the FAIM program ranged from as little as .01 FTE to three agencies with 2 FTE financial coaches. Of the twenty agencies responding, the average staffing level for FAIM coaches currently is .66 FTE, just over a half-time position. On average, FAIM coaches spend 25-30 hours per accountholder providing financial literacy education, asset-specific training, and additional financial coaching. Existing FAIM programs responded that they could serve at least 450 accountholders statewide each year if a sustainable level of match, coaching, and program administration dollars were available.

**Sustainable funding, training, and other financial coaching needs:** Increasing coaching and program delivery dollars and sustainable funding (i.e. not attached to enrolled participants) **was raised as a way to build program stability.** Additional funding to support financial literacy efforts, outreach, and increased coaching time was also raised as a need. Currently there are limited financial coaching dollars distributed on a per account basis. Survey respondents cited a need for additional training. One respondent noted that pivoting during Covid to online training has been a challenge, but one that also has successfully been met.

**Other barriers and program improvement opportunities:** Survey respondents noted additional barriers to delivering FAIM, including the following:

* Limited resources for FAIM compared to the large demand
* Staff turnover is high
* Clients unable to complete the program due to limited income and personal challenges
* Helping clients stay motivated
* Program rules are complex
* Limited eligible assets
* Pandemic related challenges, including clients having less income and it being harder to deliver services
* Marketing and recruiting support would be helpful

Survey respondents also shared improvement ideas for WCMCA in its role as statewide administrator:

* Use the term financial empowerment rather than financial literacy
* More asset-specific trainings

**Expanding Eligible Assets & Other Innovation/Redesign ideas:**

Local agencies offering FAIM have many ideas for program innovation or redesign. One idea popular with many programs is expanding eligilbe assets beyond the four current allowable assets of home purchase, post-secondary education, business capitalization, and personal vehicle purchase. Among current FAIM programs, the most frequently cited asset expansion ideas were the following: home repair or improvement (12), child savings accounts (10), emergency savings (10), addressing medical debt (8), and addressing court debt (8). Additional ideas for eligible asset expansion included addressing student loan debt, vehicle debt, collections debt, car repairs, child care costs, and major appliance replacement. One program responded that, with the exception of child savings accounts and emergency savings, these options are not productive assets and not in the spirit/intent of the program.

Additional innovation ideas include the following:

* Expand program eligibility by increasing the asset limit of the program, currently at $10,000, and increasing the amount people can save in FAIM
* Make FAIM accounts a credit-building/credit-reporting product
* Integrating FAIM into Whole Faimly work
* Use FAIM accounts to incentivize volunteering by offering a higher match rate for those who volunteer
* Think of FAIM accounts as a tool, not a program
* Hire a statewide FAIM trainer who could mobilize statewide and provide regional trainings to clients and coaching staff

**Partnerships**

FAIM has many important partnerships. Survey respondents highlighted several key partnerships including Bremer Bank which holds all FAIM accounts; Habitat for Humanity, which builds homes for families and works with firstime homebuyers; Metropolitan Consortium of Community Developers (MCCD), for their credit building loan program; Neighborhood Development Center; African Development Center, SCORE-Small business mentorship program, local Small Business Administration offices, and Small Business Development Centers for business development support; community service agencies and social services partners making referrals; schools community liaisons; Central MN Housing Partnership offering First-Time Homebuyers training; financial institutions and lenders for help with financial coaching; realtors; and others.

As one survey respondent notes with respect to the FAIM program: “You simply cannot do it alone.”

**Feedback from Former FAIM Providers (not currently participating, N=6)**

**Barriers to Participation:** For agencies that previously offered FAIM, but no longer do, the following were the primary (interrelated) reasons:

* Lack of sustainable funding to support FAIM program administration. Sustainable funding is defined as enough funding to to hire qualified individuals at a market rate, cover program costs, support administrative costs, and provide enough for space, promotional, and outreach materials
* Staffing capacity – including too few accounts (given the statewide program’s current small scale) to support a full-time position, staff turnover, and difficulty hiring
* Complexities of FAIM program administration, particularly given the small scope of the program (with often just a few accounts available per agency)
* Difficulty recruiting and engaging accountholders
* Lack of support from agency leadership

**Considerations in Rejoining FAIM:** When asked about conditions or considerations with respect to rejoining FAIM in the future, the following responses were provided:

* Need the program to be fully funded (e.g., to support at least one FTE) and self-sustaining
* Need an expanded scope of the program for clients
* Ease of administering FAIM would need to be improved
* Need training, resources, and guidance on how to successfully implement the program

One agency responded that they would prefer to be able to refer clients to a regional FAIM program, rather than offer it directly.

**Expanding Eligible Assets & Other Innovation/Redesign ideas:** For agencies no longer providing FAIM, the most frequently cited asset expansion ideas were: home repair or improvement (6), emergency savings (4), addressing medical debt (2), child savings accounts (1), moving costs (first/last month, deposit) (1) and addressing court debt (1).

Additional innovation ideas provided by former FAIM providers include the following:

* A regional provider model where every county is represented by a FAIM program, referred by local partners and with required trainings done remotely. Any case management or client follow-up would be conducted locally.
* Have varying timelines depending on the asset type (e.g., cars shorter).

## FAIM economic return on investment

Family Assets for Independence in Minnesota delivers a strong return on investment for the public and private dollars invested. Purchases boost local economies through increased home ownership, property taxes, newly created jobs, small business purchases and increased professional skills. Program participants fuel their local economies by:

* Depositing money into savings accounts; between 1999 and 2022, they deposited more than
$4.92 million into savings accounts,
* Completing 12 hours of financial education to increase their financial capabilities to work toward greater economic security, and
* Spending in their communities; 28% of participants purchased homes, 39% pursued post-secondary education and 33% capitalized a business.

## For more information

For more information about FAIM, visit <http://minnesotafaim.org/>