Research Report

Saving, IDA Programs, and Effects of IDAs: A Survey of Participants

Downpayments on the American Dream Policy Demonstration: A National Demonstration of Individual Development Accounts

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Center for Social Development

Washington
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Many staff members at CSD have been involved in this cross-sectional survey. Sandy Beverly, Esther Cho, and Michael Sherraden developed the survey. Sandy also wrote the theoretical section of report, directed analysis, and assisted with the writing and editing of the final report. Lissa Johnson organized implementation of the survey at the ADD programs. Margaret Lombe, Susan Cooper, and Seth Patch contacted past IDA participants for their completion of the survey. Margaret Lombe and Jennifer Crouse helped enter and manage the data. Rebecca Vonderlack managed and analyzed the qualitative data (open-ended questions) collected through the survey. Mark Schreiner assisted with analysis and interpretation, and helped to edit the report. Suzanne Fragale formatted the final report. I am especially grateful to Amanda Moore who led the analysis and writing teams.

Michael Sherraden
Director

Executive Summary

Individual Development Accounts (IDAs) are special savings accounts designed to help people build assets to reach life goals and to achieve long-term security. Account-holders receive matching funds as they save for purposes such as buying a first home, attending job training, going to college, or financing a small business. Research has shown that most low-income participants save in IDAs (Sherraden et al., 2000). But what do participants think about the match rates, the withdrawal restrictions, and other institutional attributes of IDAs? How do they manage to set aside money for IDA deposits? And what effects do they perceive from their participation in IDA programs?

This report uses cross-sectional survey data from current (N=298) and former (N=20) IDA participants in the American Dream Demonstration to address these and other questions. Key findings and conclusions are as follows:

- Current participants were overwhelmingly positive about the institutional attributes of IDAs. More than 90 percent of respondents agreed or strongly agreed that match rates were adequate; they liked the financial institution that held their IDA accounts; their accounts seemed secure; and they liked rules regarding withdrawals.

- Especially noteworthy are findings related to rules regarding withdrawals and economic-education classes. Ninety-two percent of current participants said they liked the rules regarding withdrawals, and these participants saved about $8 more, on average, than those who did not like the rules.

- Eighty-five percent of current participants said that IDA classes helped them to save. In response to an open-ended item, over 170 participants reiterated that IDA classes were helpful, and some noted that they had learned specific saving strategies in these classes. However, 20 respondents said that the classes were remedial or boring. IDA staff might consider offering optional "advanced" economic-education classes or making classes optional, after a test of initial knowledge.

- Participants who said that the economic-education classes helped them to save on average saved about $9 less per month than those who did not find the classes helpful. Perhaps those who believe they benefit from classes are those who enter with little knowledge of saving and budgeting and thus are likely to save less with or without economic education. Evaluating the effects of economic education on saving and asset accumulation is an important area for future research.

- Responses regarding saving barriers suggest that economic circumstances influence ability to save. A majority (82 percent) agreed that most of their money went for necessities, and over half said that it was hard to resist temptations to spend money. Regression results suggest that resource constraints, whether real or perceived, influence saving outcomes, even within

the structure of IDA programs. Future research should seek to determine whether IDAs are an effective and efficient intervention for very low-income individuals.[1]

- The most common strategies for setting aside money for IDA deposits were changes in consumption behavior, particularly using existing resources more efficiently and reducing consumption quality or quantity. For example, 70 percent said they shopped more carefully for food, 68 percent ate out less, and 64 percent spent less on leisure. These findings reveal that participants are willing to alter current consumption choices for the possibility of improved well-being through asset accumulation.

- Regression results suggest that no particular strategy leads to more IDA saving than any other strategy. We suspect that each participant chose the saving strategies that he or she perceived to be most effective and least costly.

- Participants who saved a regular amount each month saved about $6 more per month than those who saved only when they had extra money. Those who saved a regular amount each month may have had greater ability or greater motivation than others to save in IDAs, but the effect of saving regularity exists even after controlling for income, perceptions about spending on necessities, perceptions of savings goals, other perceived saving supports and barriers, and saving strategies. IDA staff should continue encouraging participants to make regular monthly deposits, while also discouraging saving strategies that increase material hardship or jeopardize long-term financial well-being.

- Current participants generally reported positive effects from IDA participation. The effects reported by the most respondents were those related to psychological status. Current participants said they felt more confident about their futures (93 percent), more economically secure (84 percent), and more in control of their lives (85 percent) because they had IDAs.

- Regarding perceived effects on asset purchases, many said they were more likely to buy or renovate a home (73 percent) or to start or expand a business (57 percent), some even if they had named other IDA asset goals. These patterns may indicate that IDA participants have become more financially sophisticated, more confident, and/or more future-oriented.

[1] Other research in ADD suggests that lower-income IDA participants have higher saving rates (average monthly deposit divided by monthly household income) than higher-income IDA participants (Sherraden et al., 2000).

1. Introduction

Individual Development Accounts (IDAs) are special savings accounts designed to help people build assets to reach life goals and to achieve long-term security. Account holders receive matching funds as they save for purposes such as buying a first home, attending job training, going to college, or financing a small business. Funding for IDAs can come from public and/or private sources.

IDAs were introduced by Sherraden (1991), who suggested that (1) saving and asset accumulation depends not only on personal preferences but also on institutional structures and incentives; and (2) assets may have a wide range of positive psychological, social, and economic impacts (in addition to deferred consumption and increased productive capacity). IDAs are a conceptually simple community-development and public-policy tool, adaptable to a wide range of applications and circumstances.

The first large-scale test of IDAs as a development tool for low-income individuals was initiated by the Corporation for Enterprise Development (CFED) in September 1997 in the form of a national policy demonstration. The Downpayments on the American Dream Policy Demonstration, or the "American Dream Demonstration" (ADD), involves 13 host organizations[2] selected through a competitive process to design, implement, and administer IDA initiatives in their local communities. Fourteen IDA programs in ADD have established more than 2,000 IDAs in low-income communities across the country, with 13 programs each having 50 to 150 accounts and one program (experimental design site) having about 500 accounts. The demonstration will operate from 1997 to 2001, with an additional two years of post-program evaluation to 2003.

ADD uses multiple methods, each with a different purpose (Appendix B). At this writing, CSD has released two evaluation reports, both using monitoring data to describe outcomes for programs and participants (Sherraden et al., 1999, 2000). These data demonstrate that low-income individuals can save and accumulate assets in IDAs. For example, using the most recent data, in the first three years of ADD (through June 30, 2000), the average participant had net deposits (total deposits minus unmatched withdrawals minus deposits in excess of match eligibility) of about $25, or about 67 percent of match eligibility. Given an average match rate of 2:1, the average participant accumulated assets in IDAs at a rate of about $900 per year (Schreiner et al., 2000). These monitoring data provide the best available information on saving and withdrawal patterns in ADD, and they provide insight into the individual and program characteristics that predict these patterns. However, monitoring data cannot answer more nuanced questions regarding participants' saving behavior and perceptions of IDA programs, and the longitudinal experimental design data, which will do this, will not be available for some time.

The purpose of the cross-sectional survey is to provide an early glimpse of how people save and the effects of IDAs in ADD. The experiment should later provide more definitive data on these important issues. However, as an interim strategy, Michael Sherraden decided to undertake a

[2] One host organization, the Community Action Project of Tulsa County, has two IDA programs.

short, cross-sectional survey even though it was not originally part of the ADD research design. Fortunately, the Ford Foundation provided the additional support, and CSD was able to undertake the study. We believe the effort has been worthwhile.

This report presents data from the cross-sectional survey. Chapter 2 describes relevant theory and empirical evidence from other studies of IDAs. Chapter 3 provides an overview of the survey and data-analysis techniques. Chapters 4 and 5 present sample characteristics and descriptive data on perceptions of IDAs and their effects for current IDA participants, and Chapter 6 provides comparable information for former IDA participants. Chapter 7 presents multivariate analyses assessing the correlates of perceptions of institutional attributes of IDAs, saving supports and barriers, and saving strategies. Chapter 8 presents multivariate regression results identifying the correlates of saving in IDAs. Finally, Chapter 9 summarizes findings and concludes.

2. Theory Related to Saving and Asset Accumulation in IDAs

Below we describe theory and empirical evidence related to three questions: (1) What variables are likely to shape saving and asset accumulation in IDAs? (2) How do participants set aside money for IDA deposits? and (3) What are the likely effects of participation in an IDA program?

2.1 Predictors of Saving and Asset Accumulation in IDAs

Existing theories of saving and asset accumulation may be classified into four categories: (1) neoclassical economic, (2) psychological and sociological, (3) behavioral, and (4) institutional. In the following subsections, we briefly describe each category[3] and, at the risk of over-simplification, identify variables that can be expected to affect saving and asset accumulation in IDA programs. In the final subsection, we summarize related empirical evidence.

Neoclassical Economic Theories

Neoclassical economic theories assume that individuals are rational beings who respond in predictable ways to changes in incentives. From this perspective, there are two broad determinants of individual behavior: opportunities (or constraints) and individual preferences (Pollak, 1998). The two most well-known neoclassical theories of saving are the life-cycle hypothesis (Ando & Modigliani, 1963; Modigliani & Ando, 1957; Modigliani & Brumberg, 1954), and the permanent-income hypothesis (Friedman, 1957). Both of these theories assume that individuals and households are concerned about *long-term* consumption opportunities and view saving as a way to smooth consumption in the face of income fluctuations.

From this perspective, key predictors of saving and asset accumulation in IDAs include income, consumption needs, stage in the life cycle (generally proxied by age), expectations of future income and consumption needs, match rate, interest rate, restrictions on withdrawals, and individual preferences. It should be noted that neoclassical economic theory does not predict that those who receive higher match rates and/or higher interest rates will necessarily save more in IDAs. An increase in the rate of return on saving is assumed to have two opposing effects. Individuals may choose to save more because the price of current consumption increases relative to the price of future consumption. On the other hand, with higher rates of return, individuals can save less and still enjoy the same amount of future consumption.

Psychological and Sociological Theories

Psychological and sociological theories of saving posit that the effects of external stimuli on economic behavior are conditioned by intervening variables such as motives, aspirations, and expectations (Green, 1991; Katona, 1975; Olander & Seipel, 1970; Strumpel, 1972; 1975; Van Raaij, 1989). The best-known economic psychologist, George Katona (1951; 1975), suggests that consumer sentiment (i.e., the evaluation and expectations people have regarding the economic circumstances of the nation and their own households) determines households' willingness to save. Other psychological and sociological propositions consider the effects of families (Cohen, 1994), peers (Duesenberry, 1949), and past savings experiences (Furnham,

[3] More detailed discussions of relevant theory may be found in Beverly (1997), Beverly and Sherraden (1999), and Sherraden et al. (2000, Chapter 1).

1985; Katona, 1975) on consumption patterns, saving-related beliefs, and aspirations for saving. Key predictors of saving and asset accumulation in IDAs include social, cultural, and personal norms regarding saving and spending; encouragement to save from family, friends, and IDA staff; and expectations regarding the feasibility and outcomes of an approved asset purchase.

Behavioral Theories

Behavioral theories of saving are partly rooted in economics, but they modify conventional economic models in important ways. Most importantly, behavioral theories do not assume that individuals are perfectly rational. Instead, these theories emphasize that individuals sometimes have trouble resisting temptations to spend in the short term even though resistance would be in their own bests interests in the long-term. Therefore, individuals may benefit from creating their own behavioral incentives and constraints (Shefrin & Thaler, 1988; Thaler, 1994). These rules may be externally imposed, although individuals voluntarily place themselves under these restrictions (e.g., a Christmas saving account), or self-imposed rules (e.g., "rules-of-thumb," such as avoiding borrowing or restricting borrowing to specific purchases). With these rules in mind, household saving is seen at least in part as "the result of the successful and sophisticated imposition of welfare-improving, self-imposed constraints on spending" (Maital & Maital, 1994, p. 7).

Behavioral theories imply that saving and asset accumulation are likely to increase when mechanisms of contractual saving (see Katona, 1975, pp. 230-233) or precommitment constraints are available. Once in place, these mechanisms make it difficult to choose current pleasure at the expense of future pleasure (Maital, 1986; Maital & Maital, 1994; Shefrin & Thaler, 1988). A common precommitment constraint is payroll deduction. When pension-plan contributions, for example, are deducted from an individual's paycheck, temptations to spend that money are virtually eliminated, and the participant no longer has to make, on a monthly or biweekly basis, a conscious decision to save. Her "willingness" to save is, in effect, guaranteed. Other precommitment constraints include Christmas and vacation accounts, over-withholding of income tax (Neumark, 1995), and even mortgage-financed home purchases (Maital & Maital, 1994).[4] Key predictors of saving and asset accumulation in IDAs include saving regularity (e.g., saving a regular amount each month vs. saving "extra" money), the use of automatic deposit, and program rules that increase the cost of withdrawals.

Institutional Theories

Sherraden (1990; 1991) has proposed a theory of welfare based on assets which emphasizes the role of institutions—formal and informal socioeconomic relationships, rules, and incentives—in asset accumulation. This perspective is part of a larger body of institutional theory emphasizing that institutions shape, and give meaning to, individual behavior (see, e.g., Gordon, 1980; Green, 1991; Neale, 1987). According to Sherraden (1991), "asset accumulations are primarily the result of institutionalized mechanisms involving explicit connections, rules, incentives, and subsidies" (p. 116). He emphasizes the subsidies provided through housing- and retirement-related tax benefits, including deductions for home mortgage interest and property taxes,

[4] Mortgage-financed home purchases facilitate saving because mortgage payments are a contractual obligation and because the part of each payment that goes toward principal increases the buyer's home equity. In fact, Maital and Maital (1994) suggest that the desire for this precommitment mechanism is as strong a motivation for mortgage-financed home purchases as the incentive created by the tax-deductibility of interest payments.

deferment and exclusion of capital gains on sales of principal residences, exclusions for employment-sponsored pension contributions and earnings, deferments for Individual Retirement Accounts and Keogh Plans, and employer contributions to employee pension plans.

Beverly and Sherraden (1999) have identified four major categories of institutional constructs that are expected to shape saving and asset accumulation: (1) access, (2) incentives, (3) information, and (4) facilitation. Key predictors of saving and asset accumulation in IDAs include the (perceived) accessibility and security of affiliated financial institutions, match rate, interest rate, quantity and quality of financial education, information and support provided by program staff, availability of automatic deposit, and program rules regarding deposits and withdrawals.

2.2 Saving Strategies

In addition to identifying predictors of saving and asset accumulation in IDAs, this study seeks to identify strategies used by IDA participants to set aside money for IDA deposits. There are at least two broad categories of strategies: those used to find or create resources that may be allocated to savings and those used to resist temptations to spend.[5] The first category is important because IDA participants live in households where "surplus" resources (i.e., resources in excess of subsistence) are limited. Setting aside money for IDA deposits may cause families hardship if, for example, they reduce expenditures on food, shelter, or medical care. Participants might also finance IDA deposits by assuming new debt, even though IDA programs explicitly discourage this practice. They might also finance deposits by reducing saving and asset accumulation in other forms. These "reshuffling" strategies might include not saving as much in passbook and checking accounts as they otherwise would, not paying down old debt as quickly as they otherwise would, and postponing asset maintenance.

Scholars have devoted relatively little attention to strategies used by low-resource households to create or reallocate resources for savings, but there is some literature regarding strategies used to cover infrequent or unanticipated expenses or to cope with budget shortfalls. Using survey and in-depth interview data from almost 2,000 American. families, Caplovitz (1979) identified four types of adjustments in financial management: increasing income, reducing consumption, increasing the efficiency of resource use, and increasing debt. The most common strategy was reducing consumption, followed by increasing efficiency, and increasing income. Assuming debt was relatively uncommon. Varcoe (1990) surveyed 934 households in California regarding methods for meeting unexpected expenses. Twenty-seven percent said they did without new clothes, entertainment, or other items, 14 percent borrowed money from a financial institution, 11 percent postponed paying other bills, and 8 percent borrowed from friends or family.[6] In in-depth interviews with 42 low-income families in Milwaukee, Romich and Weisner (2000) noted the following strategies: increasing work hours, cooking inexpensive meals, being more vigilant about collecting child support payments from non-custodial parents, borrowing money from relatives, and conserving energy to reduce utility payments. Finally, Bird, Hagstrom, and Wild (1997) found evidence that poor and near-poor households use credit cards to finance consumption when income falls.

[5] Theory related to saving strategies is discussed in more detail in Moore et al. (2000).
[6] Also, 44 percent used regular savings and 22 percent used emergency savings.

The second type of strategy—those used to resist spending temptations—is relevant to households of all income levels.[7] However, these strategies may be particularly important to low-income families because they are closer to subsistence and because they may face greater pressures to transfer resources to less-advantaged social network members (see, e.g., Chiteji & Hamilton, 2000; Lindblad-Goldberg, Dukes, & Lasley, 1988; Stack, 1974). This area has received some scholarly attention. As noted above, proponents of behavioral theories of saving suggest that precommitment constraints help individuals resist spending temptations, and some argue that individuals use mortgage-financed home purchases and over-withholding of income taxes as forced-saving mechanisms.

Few, if any, empirical studies have explicitly set out to identify strategies used by low-income households to resist spending temptations, but several studies provide insight. Observed strategies include: (1) choosing to receive the federal Earned Income Tax Credit as a lump-sum, rather than choosing the advanced payment option (Olson & Davis, 1994, p. 10); (2) postponing the cashing of checks (Finn, Zorita, & Coulton, 1994); (3) giving money to trusted individuals to avoid spending it on alcohol or gambling (Caskey, 1997, p. 13); (4) making rent, child care, or other payments in advance (Romich & Weisner, 2000, p. 22, 27); (5) choosing not to have an ATM card (Caskey, 1997, p. 17); (6) choosing a savings account that charges per withdrawal (Caskey, 1997, p. 21); and (7) opening a bank account at a branch that is inconveniently located (Romich & Weisner, 2000, p. 22).

2.3 Effects of Program Participation

The final broad research question we seek to answer with data from the cross-sectional survey relates to the effects of IDA participation. Sherraden (1990; 1991) has argued that asset accumulation may have many positive effects other than future consumption and enhanced productive capacity. Although additional studies are needed, research is beginning to confirm several of these hypotheses. For example, assets appear to increase economic stability in households, decrease economic strain, promote educational attainment, and improve physical and mental health (see Boshara, Scanlon, & Page-Adams, 1998; Page-Adams & Sherraden, 1997; and Scanlon, 1998 for reviews). There is also some indication that asset effects are particularly strong for economically disadvantaged individuals (Page-Adams & Sherraden, 1997).

If these and other hypotheses regarding the effects of asset accumulation are supported, then we should ultimately observe positive outcomes for individuals who accumulate assets in IDAs. Of course, issues of asset levels and the duration of asset holding are important: If asset effects are not immediate, and/or if they occur only when (or especially when) asset accumulation reaches particular levels,[8] then we may not observe these effects in short-term evaluations of IDAs. On the other hand, IDA programs may have positive outcomes that are not related to asset accumulation. For example, IDA participants may benefit from economic-education courses and from interaction with peers and program staff. At this time, we are unable to say what aspect(s) of IDA programs may be causing particular effects.

[7] For example, in a focus group conducted as part of the pretest of the 1995 Survey of Consumer Finances, several high-income individuals mentioned the need to put money "out of reach" to avoid spending temptations (Kennickell, Starr-McCluer, & Sunden, 1997, p. 4).

[8] For example, Sherraden (1991, p. 169) suggests that thresholds of assets may yield bundles of welfare effects.

3. Methods

3.1 Cross-Sectional Survey Method

The cross-sectional survey method was implemented with 324 ADD participants. The survey was designed to assess participant perceptions of various components of IDA programs, the saving process, and the effects of IDAs. The survey was developed by CSD staff and pre-tested with 19 participants at one ADD site (A copy of the survey is in Appendix C.).

Survey respondents include current participants—those who had been in an IDA program for at least six months and whose accounts were still open at the time of the interview—and former participants—those who had purchased approved assets and had therefore "completed" the program, those who no longer met the eligibility rules, and those who had voluntarily withdrawn from the program.

Trained ADD program staff administered surveys to current participants. Six of the 13 ADD host organizations volunteered to implement the survey (These programs are described in Appendix D). Across the six programs, 378 current IDA participants had been in the program for at least six months, and 298 (79 percent) completed the survey.

These surveys were administered between August 5, 1999 and October 15, 1999. To encourage uniformity in understanding and completion of the surveys, staff read the survey items to respondents. Each host organization was allowed to choose among three methods of administration: face-to-face interviews; phone interviews; or group interviews. Forty-two surveys were completed face-to-face; 241 surveys were completed by phone; and 15 surveys were completed in a group setting (with the participants recording their own responses in writing).

Interviewers from CSD administered the cross-sectional survey to former participants. These interviews were conducted by phone. We had difficulty locating many of the former participants because time had lapsed since their IDA participation and they had moved. Eighty-nine former participants were identified, and 26 (29 percent) were located and completed the survey.

The overall response rate for the survey was 69 percent (324 of 467).

3.2 Data Analysis

Chapters 4, 5, and 6 present descriptive statistics. In Chapters 7 and 8, we present multivariate regression results. When the dependent variable is continuous (e.g., average monthly net deposit), we use ordinary least squares regression. When the dependent variable is dichotomous, we use logistic regression. Some dependent variables are necessarily dichotomous because respondents answered yes or no questions. Survey items assessing participants' perceptions of IDA programs and their effects were measured at the ordinal level (i.e., a four-point scale from strongly agree to strongly disagree). However, because the response distributions tended to be quite skewed (i.e., few respondents answered strongly disagree or few answered strongly agree), these responses were collapsed into dichotomous variables with two categories, agree and disagree.

Throughout the report, we integrate comments from three open-ended survey questions. These items gave respondents the opportunity to name additional saving strategies, other effects of IDA participation on self and family, and other comments on program experiences. Responses to open-ended questions were analyzed using the qualitative-analysis software package, Atlas.ti. Each response was coded hierarchically to capture the conceptual basis of the comment and its specific reference (e.g., saving strategy/depositing/direct deposit).

3.3 Caveats

Like all cross-sectional surveys, this survey provides a "snap-shot" assessment. We do not measure change over time in participant perceptions nor do we compare participant perceptions to perceptions of a comparison group consisting of non-ADD participants. The ADD evaluation includes an experimental-design survey with random assignment, and in future reports, CSD will use these more rigorous methods to assess the effects of IDA participation. However, wave two data from the experimental design survey will not be available until late 2001. In the interim, the cross-sectional survey provides information about the perceived effects of IDAs.

In most of the analyses reported here, we examine current and former participants separately. Within our sample, we believe there are three distinct groups: current participants (N=298), former participants who made approved asset purchases (N=6), and former participants who voluntarily withdrew from the programs or who were terminated (N=20). For some purposes, it would be useful to combine current and former participants. For example, to evaluate perceived IDA effects for all those who enroll—both "successful" and "unsuccessful" savers—we considered examining data for the entire sample. However, the response rate among former participants is very low. We suspect that those who did respond are more likely to be those former participants who experienced positive effects during and/or from their participation. Thus, including them in the analyses with current participants would overestimate the positive effects (and underestimate the negative effects) for all IDA participants. Therefore, we report findings separately for current and former participants. When reporting findings for former participants, we consider only those who withdrew from the program or who were terminated, not those who successfully completed their IDA participation.

In addition, as noted above, staff at the respective programs administered surveys to current participants. This may have increased "social desirability" bias, the tendency for survey respondents to give answers they believe will please interviewers. Responses to open-ended questions were not always positive, however, indicating that at least some respondents felt free to express negative feelings. It should also be recognized that methods of survey administration (e.g., telephone versus group) could have affected responses differently. Finally, it should be noted that all financial data used here are self-reported. When answering survey questions about IDA deposits, withdrawals, and current balance, respondents were encouraged to refer to recent account statements, but a majority responded from memory. We have examined financial variables closely and believe that data used to compute average monthly net deposit are reasonably accurate.

4. Sample Characteristics: Current IDA Participants

This chapter describes demographic characteristics, length of program participation, asset goals and purchases, average monthly net deposits, and saving patterns for current IDA participants (N=298). The same characteristics of the former participants (N=20) are presented in Chapter 6.

4.1 Demographic Characteristics

Demographic characteristics are in Tables 4.1.1 and 4.1.2. Respondents were predominantly female (80 percent). The sample ranged in age from 14 to 71 years, with an average age of 38 and a median age of 37. Sixty-six percent were Caucasian, and 22 percent were African-American. At the time of the survey, 26 percent of the respondents had no children living with them. The average number of children was 1.5, and the median and mode were both one. Thirty-six percent were living with a spouse or domestic partner. Thirty-seven percent had attended college but had not earned a college degree, and 36 percent had earned an associates degree or more. Thirty-three percent of the sample had typical monthly income less than $1,000, and 38 percent had income between $1,000 and $1,500. Fifteen percent had monthly income between $1,500 and $2,000, and eight percent had income between $2,000 and $2,500.

Except for race and ethnicity, these demographic characteristics are generally consistent with the entire ADD population as reported in Sherraden et al. (2000).

Table 4.1.1 Demographic Characteristics: Current Participants		
	Frequency	**Percent**
Gender		
Male	59	20
Female	238	80
Race/Ethnicity		
Black/African-American	64	22
White/Caucasian	195	66
Hispanic/Latino/Latina	12	4
Asian/Asian-American	3	1
Native American	5	2
Other	14	5
Live with spouse or partner		
Yes	105	36
No	191	64
Education		
Less than high school	10	3
Some high school	22	7
Graduated high school or received GED	48	16
Some college	111	37
Graduated from two-year college	41	14
Graduated from four-year college	34	11
Some graduate school	16	5
Completed graduate school	15	5
Typical monthly income		
Less than $1,000	98	33
Between $1,000 and $1,500	111	38
Between $1,500 and $2,000	44	15
Between $2,000 and $2,500	24	8
Between $2,500 and $3,000	8	3
Greater than $3,000	8	3

Notes: Due to missing data, sample size differs by characteristic. Percentages may not sum to 100 due to rounding.

Table 4.1.2 Additional Demographic Characteristics: Current Participants			
	Range	**Mean**	**Median**
Age in years	14-71	38	37
Number of children in household	0-7	1.5	1

4.2 IDA Program Participation

Two hundred eighty-four current IDA participants indicated the month and year in which they had opened their IDA accounts. For this group, the number of months of program participation ranged from one[9] to 33. The average and median number of months of participation was 14. The most common value was 16 months (n=36).

4.3 Asset Goals and Purchases

Two hundred and ninety-two current participants identified 339 total asset goals, including 256 participants who named one asset goal, 37 participants who named two asset goals, and five who named three (Table 4.3). The most common goal was home purchase (42 percent of all goals), followed by microenterprise (22 percent), post-secondary education (17 percent), and home repair (16 percent). Relatively few respondents named other asset goals.

At the time of the survey, 19 current participants indicated that they had made matched withdrawals for 26 approved asset purchases. Six withdrew for home purchase, seven for home repair, eight for microenterprise, four for post-secondary education, and one for job training. Participants also made unmatched withdrawals from their accounts for reasons other than the purchase of an approved asset. Twenty-one current participants reported making one or more of these "unapproved" withdrawals.[10]

Table 4.3 Asset Goals: Current Participants (N=292)

	Frequency	Percent
Home Purchase	142	42
Microenterprise	73	22
Post-Secondary Education	59	17
Home Repair	53	16
Job/Technical Training	9	3
Primary/Secondary Education	1	0
Other: Computer for Work	1	0
Other: Home Construction	1	0
TOTAL ASSET GOALS	**339**	

4.4 Average Monthly Net Deposit

Average monthly net deposit (AMND) is a measure of saving in IDAs. More specifically, it is the total amount deposited by an IDA participant (not including matching funds) minus unapproved withdrawals, divided by the number of months of program participation. AMND is a better measure of saving in IDAs than the total net deposit (or the total net deposit plus match) because AMND controls for the length of participation and because it is not affected directly by the match rate, which is a rule set by programs rather than a choice of participants. For the 271

[9] Some participants may not have understood the question regarding amount of time in the program and may have named the month and year they began economic-education classes.

[10] The percentage of participants making approved asset purchases and unapproved withdrawals will undoubtedly increase as participants remain in ADD.

current participants who provided deposit and withdrawal information, AMND ranged from $0 to $86. The average AMND was $26 (standard deviation=$16), and the median was $24.

4.5 Saving Regularity

Saving regularity captures an individual's ability and willingness to save a regular amount each month. To assess saving regularity before IDA participation, we asked respondents the following question: "Which of the following statements best describes how you saved before you joined the IDA program?" Response options included "I did not save;" "If I had extra money, I saved some of it;" and "I saved a regular amount each month." Forty-two percent of current participants said they did not save, 46 percent said they saved if they had extra money, and 11 percent said they saved a regular amount each month (Table 4.5.1).

We also asked respondents about their saving regularity during their IDA participation. Four percent of current participants said they did not save, 33 percent reported saving extra money, and 62 percent said they saved a regular amount each month.

Data showing *changes* in saving regularity are also interesting because they may reveal effects of IDA participation. Sixty-nine percent said they saved more regularly during their IDA participation, including 25 percent who said they did not save before joining ADD but had saved a regular among each month while participating in ADD. Four percent said they saved less regularly during their IDA participation than they had before enrolling.

Table 4.5.1 Saving Regularity Before and During IDA Participation: Current Participants

Saving Regularity	N	Did Not Save	Saved Extra Money	Saved Regular Amount
Before IDA participation	296	42%	46%	11%
During IDA participation	294	4%	33%	62%

Table 4.5.2 Change in Saving Regularity: Current Participants (N=294)

	Saving Regularity During IDA Participation		
Saving Regularity Before IDA Participation	Did Not Save	Saved Extra Money	Saved Regular Amount
Did not save	1%	15%	25%
Saved extra money	1%	16%	29%
Saved regular amount	0%	3%	8%

5. Perceptions of IDAs and Their Effects: Current IDA Participants

This chapter presents the responses to all closed-ended items for current IDA participants. It should be noted that some respondents refused to answer certain items or considered them not applicable. We indicate the number of respondents per item in the left-hand column of the tables (N = the number of respondents). Where relevant, responses to the open-ended survey items are also discussed. These items asked respondents to share additional comments about saving strategies, the effects of IDA participation, and any other perceptions of the IDA programs.

5.1 Perceptions of Institutional Attributes of IDAs

Table 5.1 summarizes responses to six questions designed to assess respondents' perceptions of the institutional attributes of IDAs. Below, we discuss these findings using three of the four categories proposed by Beverly and Sherraden (1999): incentives, facilitation, and information.

Incentives. Two of the financial incentives for participation in IDA programs are the match rates offered by programs and the interest rates of individuals' savings accounts. Current IDA participants appear to be quite satisfied with match rates, as 95 percent agreed or strongly agreed that they were adequate. While respondents also indicated that interest rates were acceptable, the assessment was not quite as favorable as 85 percent agreed or strongly agreed that interest rates were adequate.

In response to an open-ended item, 23 participants said that the savings match was the most helpful aspect of the programs. One respondent said, "the match is the supreme incentive to save." However, 11 respondents critiqued the matching policies in some way. For example, some said that the match rate should be increased, and some said that providing higher match rates to welfare recipients creates an incentive to remain on welfare.

Facilitation. Because some low-income individuals may not have had a checking or savings account before, it was important to assess participants' impressions of the affiliated financial institution and the security of deposits. The vast majority of current respondents agreed or strongly agreed that they liked the financial institution they used for their IDA (97 percent) and that they considered their IDA savings accounts to be secure (98 percent). However, in response to an open-ended item, five respondents said they would have liked the option to save at the bank or credit union of their choice instead of the bank affiliated with the IDA program.

We asked respondents whether they liked program rules about taking money from their IDAs. Although the question was phrased generally, two rules are relevant. First, withdrawals that are not used to purchase approved assets are not matched. Second, in order to make an unmatched withdrawal, participants in some programs must talk to an IDA staff member, something that takes time and may cause feelings of embarrassment or failure. Ninety-two percent of respondents agreed or strongly agreed that they liked the rules about withdrawing money from their IDAs, presumably because the rules helped them achieve their asset goals. This finding is striking. In our opinion, this finding supports the behavioral proposition that many individuals want precommitment constraints to help them resist temptations and achieve saving goals. In

fact, in response to the open-ended question, one respondent stated that, "Because of the structure and stringent rules for withdrawing money, it gives me more control and allows me to focus on a future goal. It removes the temptation." Two others wished that the rules were stricter in order to prevent them from making unmatched withdrawals. At the same time, two respondents found the rules too restricting, and two found the rules confusing. It should also be noted that, with the data at hand, we do not know how strictly programs enforced rules regarding withdrawals.

Information. The six IDA programs that participated in the survey offer some form of economic education to participants. The content and format of this training differ by program, but each program covers basic financial concepts, budgeting, and saving. Some programs also offer asset-specific training (e.g., home-buying workshops or microenterprise training). The survey item used to assess the role of economic education and training was phrased generally, "The IDA classes help you to save." Eighty-five percent of respondents agreed or strongly agreed with this statement.

Respondents provided a wealth of comments about the classes through the open-ended survey items. One hundred and seventy-one respondents said that the classes were helpful, particularly for learning about budgeting and money management. One respondent stated, "I like the workshops because it helps to write down everything you spend. Then you see how much you waste, and it's easier to keep your budget. I also liked learning about banking and checking accounts and ATM cards and the whole banking system."

Respondents also offered critiques of the economic-education classes. Twenty respondents considered the content remedial or boring, and some asked for more advanced training (e.g., investment training). Nine respondents said they had trouble attending classes, either because of transportation issues or scheduling conflicts.

Table 5.1 Perceptions of Institutional Attributes of IDAs: Current Participants

	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Incentives					
Match rate is adequate	296	0%	4%	34%	61%
IDA earns enough interest	291	3%	12%	55%	30%
Facilitation					
Like financial institution	297	0%	3%	48%	49%
IDA account seems secure	295	0%	2%	44%	54%
Like rules regarding withdrawals	289	1%	8%	56%	36%
Information					
IDA classes help saving	291	2%	13%	48%	37%

5.2 Saving Supports and Barriers

In order to identify circumstances that serve as supports or barriers for saving, we asked respondents how much they agreed or disagreed with eight statements (Table 5.2). These items represent psychological, economic, social, and institutional phenomena. (In Chapter 8, we examine the extent to which responses to these items are associated with saving in IDAs.)

Psychological. Psychological supports and barriers to saving refer to respondents' cognitive perceptions of their ability to save, as well as their "willingness" to save. Given the nature of IDA programs, it is not surprising that 99 percent of respondents agreed or strongly agreed that they wanted to save for a certain goal and that only five percent of the sample said that saving was not "that important."

Fourteen percent of the sample agreed or strongly agreed with the statement, "Saving takes too long; the goal is too far away." Agreeing with this statement could reflect relatively short time horizons or the perception (or fact) that deposits will not add up to a substantial sum in a reasonable length of time. Forty-five percent of respondents agreed or strongly agreed that they could not save enough to make a difference. Finally, 55 percent of respondents agreed or strongly agreed that it was hard to resist temptations to spend money.

Economic. Eighty-two percent of the sample agreed or strongly agreed with the statement, "All or most of your money goes to buy 'necessities.'" In addition, 17 participants reported through the open-ended items that they found saving in IDAs harder than anticipated due to their financial circumstances.

Social. IDA participants have family and social networks that may affect their motivation and/or ability to save. Thirty-eight percent of the sample indicated that family or friends often asked them for money. Seventy percent said they received encouragement to save from family and friends.

Institutional. In recent years, federal and state governments have reduced or eliminated asset limits connected to public welfare benefits. However, changes are not uniform across states nor does everyone know about the changes. These can serve as institutional barriers to IDA participation and saving. Of the 237 participants who responded to this item, 22 percent agreed or strongly agreed that they worried about losing their government benefits if they saved too much. This figure may underestimate the percentage of individuals *receiving means-tested public assistance* who worried about losing benefits if they saved. Respondents who were not receiving assistance may have said they were not worried about losing benefits rather than noting that the item was "not applicable."

Additional supports and barriers. Through the open-ended items, respondents listed additional supports and barriers that are worthy of mention. Twenty-nine respondents said that support from program staff helped them to save. Comments ranged from the general (e.g., "staff are supportive, available, and helpful") to the specific (e.g., "staff help to keep me focused on my goal"). Respondents also noted that peer support had been helpful in their saving. Twenty-two respondents said they enjoyed the camaraderie they shared with other savers and/or that they learned strategies of saving and asset maintenance from one another.

Table 5.2 Perceptions of Saving Supports and Barriers: Current Participants					
	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Psychological					
Want to save for goal	296	0%	1%	34%	65%
Saving isn't that important	294	57%	38%	3%	2%
Saving takes too long; goal is too far away	295	34%	52%	13%	1%
Can't save enough to make a difference	293	12%	44%	37%	8%
Hard to resist temptations to spend money	295	10%	36%	43%	12%
Economic					
Most money goes for necessities	294	3%	14%	52%	30%
Social					
Family/friends often ask for money	294	22%	40%	28%	10%
Family/friends encourage saving	292	3%	27%	48%	22%
Institutional					
Worry about losing government benefits	237	23%	55%	17%	5%

5.3 Saving Strategies

One of the more important questions in the evaluation of IDA programs is how participants save money.[11] We asked respondents how they "manage to set aside money" for IDA deposits. The survey listed 11 possible saving strategies, and we classified these into four categories: using existing resources more efficiently, changing consumption, generating additional income, and assuming debt (Table 5.3.1).

The most common saving strategy category was using resources more efficiently: Fifty-three percent of respondents reported using strategies in this category. Changing consumption was the next most common category, with 29 percent of all respondents reporting this type of strategy. Eleven percent of respondents reported generating income to finance IDA deposits, and 7 percent reported assuming debt.

In addition to the closed-ended items, an open-ended question asked respondents to describe other ways they set aside money for IDA deposits. Responses to this question are summarized in Table 5.3.2 and Table 5.3.3 and integrated in the discussion below.

Using resources more efficiently. The single most common strategy for financing IDA deposits was to shop more carefully for food (70 percent of respondents reported using this strategy), followed by eating out less often (68 percent). Fifty-five percent of the sample said they bought used as opposed to new clothing in order to finance IDA deposits. In response to the open-ended item, 21 respondents named additional strategies that involved using existing resources more efficiently. These included using coupons, buying discounted items, and bartering goods and services. Three respondents reduced their household consumption of utilities.

[11] These strategies are studied in more detail in Moore et al. (2000).

Reducing consumption. Sixty-four percent of respondents said they spent less on leisure in order to set aside money for their IDAs. Thirty-four percent said they spent less on cigarettes and alcohol.[12] Seventeen percent indicated that they postponed visits to the doctor or dentist.[13] In response to the open-ended item, eight respondents named additional ways they reduced consumption quantity and/or quality. These included not taking trips or vacations, not renewing health club memberships, and spending less money on "treats."

Generating income. Twenty-nine percent of the sample reported working more hours to set aside money for their IDA deposits. Another way to generate money is to sell household or personal items. Twelve percent of the sample reported using this strategy to make IDA deposits. In response to the open-ended item, eight respondents named specific strategies to generate additional income, including returning bottles, selling videos, working a part-time job, and performing work for neighbors or relatives.

Assuming debt. Sixteen percent of the sample said they postponed paying bills in order to make IDA deposits. One respondent specifically reported not paying medical bills. Seven percent said they borrowed from family or friends, and three percent borrowed from credit cards. One respondent reported using school loans in order to make deposits. These strategies may be under-reported because IDA programs explicitly discourage participants from assuming debt in order to finance deposits. (These strategies might also be considered "IDA deposit" strategies rather than saving strategies per se.)

Additional saving strategies named by IDA participants. In response to an open-ended question, seven respondents said they were setting aside money for their IDA deposits because they were budgeting their resource flows (Table 5.3.2). Eleven respondents said they used direct deposit to set aside money for IDA deposits. Seven respondents indicated that their saving deposit was their top priority and that they "pay it" before paying other monthly bills. These strategies—and the strategies represented by the closed-ended survey items—are behavioral strategies used to set aside money for IDA deposits. Behavioral strategies are efforts to change economic actions, especially efforts to control consumption and methods of making deposits and withdrawals.

In response to the open-ended item, respondents also identified psychological strategies (Table 5.3.3). Psychological strategies are grounded in an individual's conceptual understanding of her resource flows and savings goals and self-imposed mental constraints for making deposits and maintaining assets. Two respondents mentioned goal-setting as a psychological strategy for setting aside money for IDA deposits, and two other respondents also said they had created goals that they were now making an "effort to stick to." Others referred to mental accounting, that is, the earmarking of certain in-flows as the source of IDA deposits. Three respondents said they earmarked tax refunds for IDA deposits, and one earmarked child support payments. Eight respondents said that they treat their saving deposit as a monthly bill.

[12] This figure may underestimate the percentage of those who consumed cigarettes or alcohol who spent less on these purchases to finance IDA deposits. Those who did not smoke or drink alcohol may have responded negatively rather than deeming this item "not applicable."
[13] Not all reductions in consumption are desirable.

Table 5.3.1 Saving Strategies: Current Participants		
	N	**Percent Naming Strategy**
Using resources more efficiently		
Shop more carefully for food	291	70%
Eat out less	283	68%
Buy used clothing	285	55%
Reducing consumption		
Spend less on leisure	285	64%
Spend less on cigarettes or alcohol	202	34%
Postpone doctor or dentist visits	296	17%
Generating income		
Work more hours	296	29%
Sell items	294	12%
Assuming debt		
Postpone paying bills	297	16%
Borrow from family and friends	297	7%
Borrow from credit	297	3%

Table 5.3.2 Behavioral Saving Strategies Named by Current IDA Participants	
	Frequency
Use resources more efficiently	21
Reduce consumption	8
Generate additional income	8
Assume debt	2
Budget	7
Use direct deposit	11
Pay savings account first	7

Table 5.3.3 Psychological Saving Strategies Named by Current IDA Participants	
	Frequency
Focus on saving or asset goal	4
Use mental accounting	4
Treat deposits as bills	8

5.4 Perceived IDA Effects

As noted in Chapter 2, IDA program participation may have a number of effects. These effects can be categorized as psychological, planning, economic, social, and civic. Survey respondents were asked how much they agreed or disagreed with a number of statements, each of which began with the phrase "Because I have an IDA . . ."

Perceived psychological effects. The opportunity and ability to save and to achieve an asset goal may affect how IDA participants think and feel about their futures. For some, these effects may be positive. However, by looking more closely at their financial situations and from the anticipation of their asset purchases, participants may also experience more stress about their futures.

In fact, only nine percent of current participants agreed or strongly agreed that having an IDA made them feel more stressful about the future (Table 5.4.1). Ninety-three percent of the sample agreed or strongly agreed that they were more confident about their futures because they had IDAs. Eighty-four percent of respondents agreed or strongly agreed with the statement "Because I have an IDA, I feel more economically secure," and 85 percent of the sample agreed or strongly agreed they felt more in control of their lives as a result of their IDAs.

These patterns were supported by respondents' open-ended comments. Twenty-two respondents said they felt more stable and independent. Of the 22, 13 attributed this to "knowing the money is there as a resource." Others said their IDAs made them feel more secure in themselves as individuals by improving their self-esteem and confidence. Eight individuals specifically stated that because of their IDAs they now "see a future" for themselves. Nineteen respondents said they were more "hopeful in what the future holds" because of their IDAs.

Table 5.4.1 Perceived Psychological Effects: Current Participants

	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Feel more stressful about future	298	25%	66%	8%	1%
Feel more confident about future	296	0%	7%	52%	41%
Feel more economically secure	297	0%	16%	59%	25%
Feel more in control of life	296	0%	15%	57%	28%

Perceived planning effects. About three-fifths of the sample indicated that they were more likely to make plans to acquire additional assets because they had IDAs (Table 5.4.2). Fifty-nine percent of the sample agreed or strongly agreed that they were more likely to make educational plans for themselves. Sixty percent considered themselves more likely to make educational plans for their children. Fifty-seven percent said they were more likely to plan for their retirement.

Table 5.4.2 Perceived Planning Effects: Current Participants					
	N	**Strongly Disagree**	**Disagree**	**Agree**	**Strongly Agree**
Am more likely to make educational plans for self	296	3%	39%	42%	17%
Am more likely to make educational plans for children	274	7%	32%	40%	20%
Am more likely to make plans for retirement	295	6%	37%	45%	12%

Perceived economic effects. Active participation in an IDA program is likely to have economic effects, both real and perceived. These effects may be negative when, for example, a family makes difficult consumption choices in order to finance IDA deposits. These effects may also be positive, as families achieve asset goals.

Eight percent of respondents agreed or strongly agreed that they had to give up food or other necessities, and nine percent agreed or strongly agreed that they had more difficulty paying their bills, because they had IDAs (Table 5.4.3). A higher percentage of participants—30 percent—agreed or strongly agreed that, as a result of IDA participation, they had less money for leisure than they would like. And, 35 percent of the sample agreed or strongly agreed that they were less likely to save in other ways, outside of their IDAs.

With regard to asset acquisition, 73 percent of the sample said they were more likely to buy or renovate a home because of their IDA participation. Sixty-three percent of these individuals had named home purchase as their asset goal, and 21 percent had an asset goal of home repair. The remaining 16 percent agreed or strongly agreed that home purchase or renovation was more possible due to their IDA participation, even though they were pursuing other asset goals. Fifty-seven percent of the current IDA participants agreed or strongly agreed that they were more likely to start or expand a business. Forty-one percent of these individuals had microenterprise as their asset goal. The remaining 59 percent named some other asset goal. This could be an institutional effect because people believe that they can achieve something they did not believe they could before their IDA participation, even though their intrinsic "economic" ability has not changed. Or it could be due to fungibility if, for example, participants can reach some other savings goal more easily due to the IDA match and therefore have more funds available to buy a house.

Finally, 59 percent of the sample agreed or strongly agreed that they were more likely to work or to stay employed as a result of having an IDA. Forty-one percent said they were more likely to increase their work hours, and 61 percent said they were more likely to try to increase their income in other ways because of their IDAs.

Table 5.4.3 Perceived Economic Effects: Current Participants					
	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Have to give up food/necessities	298	41%	52%	7%	1%
Have more difficulty paying bills	294	28%	64%	8%	1%
Have less money for leisure	292	15%	54%	27%	3%
Less likely to save outside of IDA	298	12%	53%	30%	5%
More likely to buy or renovate a home	291	5%	22%	41%	32%
More likely to start or expand a business	292	9%	34%	39%	18%
More likely to work or stay employed	293	8%	32%	44%	15%
More likely to increase work hours	294	6%	53%	32%	9%
More likely to increase income in other ways	295	4%	35%	52%	9%

Perceived social and civic effects. Respondents were asked to consider the effects of IDA participation on family relationships (Table 5.4.4). Only three percent of the sample agreed or strongly agreed that they had more problems with family members because they had IDAs. Fifty-four percent agreed or strongly agreed that they were more likely to have good relationships with their family members because they had IDAs.

Three percent of the sample agreed or strongly agreed that having an IDA caused them to have more problems with neighbors (Table 5.4.4). Thirty-two percent said they were more likely to be involved in their neighborhoods, and 35 percent considered themselves more likely to be respected in their communities because they had IDAs.

Table 5.4.4 Perceived Social and Civic Effects: Current Participants					
	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Have more problems with family	298	44%	53%	3%	0%
Am more likely to have good relationships with family	293	8%	39%	44%	10%
Have more problems with neighbors	292	56%	41%	2%	1%
Am more likely to be involved in my neighborhood	294	7%	61%	27%	5%
Am more likely to be respected in my community	292	9%	56%	31%	4%

Overall effect. Respondents were asked in a summary item to rate how negatively or positively they believed their IDAs had affected them. Responses were overwhelmingly positive: None said that the overall effect of IDA participation was somewhat or very negative. Sixty percent of the sample said they were very positively impacted, and 40 percent said they were somewhat positively impacted.

6. Perceptions of IDAs and Their Effects: Former IDA Participants

This chapter summarizes survey responses for 20 ADD participants who had voluntarily withdrawn from the programs or who were terminated as a result of not following program rules or meeting saving expectations.[14] As noted previously, the response rate for former participants was only 29 percent. In Tables 6.1.1 – 6.5.5, we present descriptive statistics. Due to the low response rate and small sample size for former participants, these findings should be interpreted very cautiously. Data are presented here to highlight areas for future research.

6.1 Demographic Characteristics

Tables 6.1.1 and 6.1.2 show demographic characteristics for former participants. Compared to current participants, former participants were more likely to be white (85 percent compared to 66 percent of current participants) and to have less monthly income than current participants (60 percent received less than $1,000 per month compared to 33 percent). On average, former participants were slightly younger (32 years compared to 38 years).

Not surprisingly, former participants reported being in the IDA programs for a shorter period of time than did current participants (average of eight months compared to 14).

[14] We do not report results for six individuals who were no longer participating in IDA programs because they had met their asset goals. We expect their perspectives to be qualitatively different both from the current IDA participants and from those who voluntarily withdrew or were terminated. Although it is important to assess perceptions and outcomes for the most "successful" IDA participants, no substantive conclusions should be drawn from a sample of six. This is an important area for future research, when more participants will have made matched withdrawals and "completed" the IDA program.

Table 6.1.1 Demographic Characteristics: Former Participants		
	Frequency	**Percent**
Gender		
Male	4	20
Female	16	80
Race/Ethnicity		
Black/African-American	2	10
White/Caucasian	17	85
Hispanic/Latino/Latina	1	5
Asian/Asian-American	0	0
Native American	0	0
Other	0	0
Live with spouse or partner		
Yes	6	30
No	14	70
Education		
Less than high school	0	0
Some high school	2	10
Graduated high school or received GED	3	15
Some college	11	55
Graduated from two-year college	3	15
Graduated from four-year college	1	5
Some graduate school	0	0
Completed graduate school	0	0
Typical monthly income		
Less than $1,000	12	60
Between $1,000 and $1,500	3	15
Between $1,500 and $2,000	2	10
Between $2,000 and $2,500	1	5
Between $2,500 and $3,000	2	10
Greater than $3,000	0	0

Notes: Due to missing data, sample size differs by characteristic. Percentages may not sum to 100 due to rounding.

Table 6.1.2 Additional Demographic Characteristics: Former Participants			
	Range	**Mean**	**Median**
Age in years	20-49	32	30
Number of children in household	0-3	1	1

There were noticeable differences in the saving regularity of past and current participants. Interestingly, former participants were more likely than current participants to report saving a regular amount before joining the IDA program (20 percent compared to 11 percent) and less likely to report that they did not save before joining the program (35 percent compared to 42 percent). However, 40 percent of former participants reported not saving during their IDA participation (compared to four percent of current participants), and only five percent of former participants reported saving a regular amount during their IDA participation (compared to 62 percent of current participants).

Table 6.1.3 Saving Regularity Before and During IDA Participation: Former Participants (N=20)			
	Did Not Save	**Saved Extra Money**	**Saved Regular Amount**
Saving regularity before IDA participation	35%	45%	20%
Saving regularity during IDA participation	40%	55%	5%

Table 6.1.4 Change in Saving Regularity: Former Participants (N=20)			
	Saving Regularity During IDA Participation		
Saving Regularity Before IDA Participation	**Did Not Save**	**Saved Extra Money**	**Saved Regular Amount**
Did not save	15%	20%	0%
Saved extra money	15%	35%	0%
Saved regular amount	10%	5%	5%

6.2 Perceptions of Institutional Attributes of IDAs

Overall, the perceptions of institutional attributes of IDAs reported by former participants were similar to those reported by current participants (Table 6.2). However, former participants were less satisfied with the interest rates for their IDAs (70 percent of former participants agreed or strongly agreed that interest rates were adequate, compared to 85 percent of current participants) and they were less positive about the usefulness of economic education classes (68 percent of former participants agreed or strongly agreed that the IDA classes helped them save, compared to 85 percent of current participants). The fact that the perceptions of current and former participants were generally similar suggests that participants did not drop out because they were unhappy with the institutional attributes of IDA programs.

Table 6.2 Perceptions of Institutional Attributes of IDAs: Former Participants					
	N	**Strongly Disagree**	**Disagree**	**Agree**	**Strongly Agree**
Incentives					
Match rate was adequate	20	0%	5%	45%	50%
IDA earned enough interest	20	10%	20%	40%	30%
Facilitation					
Liked financial institution	20	5%	0%	50%	45%
IDA account seemed secure	20	5%	0%	35%	60%
Liked rules regarding withdrawals	19	0%	5%	58%	37%
Information					
IDA classes helped saving	19	0%	32%	42%	26%

6.3 Saving Supports and Barriers

There were quite a few differences between current and former participants with regard to saving supports and barriers (Table 6.3). Compared to current participants, former participants were more likely to say that saving was not important (20 percent compared to 5 percent of current participants), that saving took too long (35 percent compared to 14 percent), and that they could not save enough to make a difference (75 percent compared to 45 percent). Former participants were also somewhat more likely to report that most money went to necessities (90 percent compared to 82 percent). In fact, 70 percent of former participants *strongly* agreed that most of their money went for necessities, compared to 30 percent of current participants. This latter finding is consistent with the fact that former participants tended to have lower incomes than current participants. These seemingly more-severe financial constraints may also explain why former participants were more likely to report that saving was less important (saving may be less important in the face of more immediate needs), that saving took too long, and that they could not save meaningful amounts.

Former participants were less likely than current participants to report trouble resisting spending temptations (40 percent compared to 55 percent). They were also less likely to report that family and friends often asked for money (20 percent compared to 38 percent).

Table 6.3 Perceptions of Saving Supports and Barriers: Former Participants					
	N	**Strongly Disagree**	**Disagree**	**Agree**	**Strongly Agree**
Psychological					
Wanted to save for goal	20	0%	5%	30%	65%
Saving was not important	20	45%	35%	15%	5%
Saving took too long; the goal was too far away	20	30%	35%	20%	15%
Could not save enough to make a difference	20	5%	20%	50%	25%
Hard to resist temptations to spend money	20	25%	35%	35%	5%
Economic					
Most money went for necessities	20	0%	10%	20%	70%
Social					
Family/friends often asked for money	20	30%	50%	20%	0%
Family/friends encouraged saving	20	5%	20%	30%	45%
Institutional					
Worried about losing government benefits	15	25%	35%	5%	10%

6.4 Saving Strategies

Overall, the saving strategies reported by former participants were quite similar to those reported by current participants (Table 6.4). Much like the current IDA participants, former participants indicated that using resources more efficiently was the primary type of strategy used to set aside money for IDA deposits. Former participants were more likely to report that they spent less on cigarettes or alcohol (54 percent compared to 34 percent of current participants). They were also more likely to report that they postponed paying bills (25 percent compared to 16 percent). However, they were less likely to report that they had worked more hours (10 percent compared to 29 percent).

Table 6.4 Saving Strategies: Former Participants		
	N	**Percent Naming Strategy**
Using resources more efficiently		
Shopped more carefully for food	20	90%
Ate out less	20	80%
Bought used clothing	19	68%
Reducing consumption		
Spent less on leisure	20	65%
Spent less on cigarettes/alcohol	13	54%
Postponed doctor or dentist visit	20	15%
Generating income		
Worked more hours	20	10%
Sold items	20	10%
Assuming debt		
Postponed paying bills	20	25%
Borrowed from family or friends	20	0%
Borrowed from credit	20	0%

6.5 Perceived IDA Effects

Tables 6.5.1 – 6.5.5 present perceived IDA effects for former participants. In terms of psychological effects, the only notable differences between past and current participants were that former participants were more likely to report feeling stressful about the future because they had an IDA (30 percent compared to nine percent of current participants) and were somewhat less likely to report feeling more economically secure (75 percent compared to 84 percent).

In terms of planning effects, former participants were less likely to report that they were more likely to make educational plans for their children because they had IDAs (47 percent compared to 60 percent).

Former participants were more likely to attribute economic hardship to IDA participation than were current participants. Former participants were more likely to say that, because they had IDAs, they had to give up food and necessities (30 percent compared to eight percent), had more difficulty paying bills (50 percent compared to nine percent), and had less money for leisure (80 percent compared to 30 percent). These findings are consistent with earlier indications that former participants face greater financial constraints.

Former participants were less likely to say that IDA participation made them more likely to buy or renovate a home (31 percent compared to 73 percent), to start or expand a business (15 percent compared to 57 percent), and to increase their income in other ways (35 percent compared to 61 percent). Former participants were more likely to report "reshuffling" of assets: Fifty-two percent said that IDA participation made them less likely to save outside of IDAs, compared to 35 percent of current participants.

Interestingly, former participants were more likely to report that IDA participation improved family relationships (69 percent compared to 54 percent of current participants) and increased their involvement in their neighborhoods (40 percent compared to 32 percent).

Finally, former participants reported a less positive overall effect of IDAs than did current participants. Ten percent of former participants said that the overall effect of IDA participation was somewhat negative (No current participants reported a negative effect). Twenty-five percent of former participants reported that the overall effect of IDA participation was very positive, compared to 60 percent of current participants.

Table 6.5.1 Perceived Psychological Effects: Former Participants

	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Felt more stressful about future	20	25%	45%	25%	5%
Felt more confident about future	20	0%	10%	70%	20%
Felt more economically secure	20	5%	20%	50%	25%
Felt more in control of life	19	0%	10%	68%	21%

Table 6.5.2 Perceived Planning Effects: Former Participants

	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Was more likely to make educational plans for self	20	0%	45%	35%	20%
Was more likely to make educational plans for children	19	10%	42%	26%	21%
Was more likely to make plans for retirement	19	10%	37%	32%	21%

Table 6.5.3 Perceived Economic Effects: Former Participants

	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Had to give up food/necessities	20	35%	35%	25%	5%
Had more difficulty paying bills	20	5%	45%	35%	15%
Had less money for leisure	20	5%	15%	50%	30%
Was less likely to save outside of IDA	19	0%	47%	37%	16%
Was more likely to buy or renovate a home	19	16%	53%	21%	10%
Was more likely to start or expand a business	19	5%	79%	10%	5%
Was more likely to work or stay employed	17	6%	29%	35%	29%
Was more likely to increase work hours	18	6%	44%	44%	6%
Was more likely to increase income in other ways	20	10%	55%	25%	10%

Table 6.5.4 Perceived Social and Civic Effects: Former Participants					
	N	**Strongly Disagree**	**Disagree**	**Agree**	**Strongly Agree**
Had more problems with family	20	70%	30%	0%	0%
Was more likely to have good relationships with family	19	10%	21%	53%	16%
Had more problems with neighbors	20	65%	35%	0%	0%
Was more likely to be involved in my neighborhood	20	10%	50%	25%	15%
Was more likely to be respected in my community	20	15%	50%	30%	5%

Table 6.5.5 Perceived Overall Effect of IDA Participation (N=20)	
	Percent
Very Negatively	0%
Somewhat Negatively	10%
Somewhat Positively	65%
Very Positively	25%

7. The Effects of Participant Characteristics on Perceptions of IDAs and Saving

In this chapter, we seek to determine whether participant characteristics are systematically related to perceptions of IDAs and the saving process. We used multivariate regression to identify the independent effects of participant characteristics on these outcome variables. As noted in Chapter 3, some dependent variables were necessarily dichotomous because respondents answered yes or no questions. Other variables were collapsed into two categories, agree or disagree, because the original response distributions were highly skewed.

Because the dependent variables were dichotomous, logistic regression was used. In addition to respondents' demographic characteristics, each regression model included four dichotomous variables identifying respondents' asset goal(s), a continuous variable indicating the number of months each respondent had been in an ADD program, and a series of dummy variables indicating past and current saving regularity. Finally, to control for unobserved differences between ADD programs, we included dummy variables indicating each participant's ADD program.

We present results only for models that were statistically significant. We emphasize the direction of statistically significant differences, but odds ratios (included in the tables) may be used to interpret the magnitude of differences. Overall, we found that demographic characteristics—including income—were not consistently related to perceptions of IDAs or the saving process. Saving regularity during IDA participation was frequently related to perceptions and behaviors, but it is not possible to identify the direction of causality.

7.1 Participant Characteristics and Institutional Attributes

Three of the six items assessing current participants' perceptions of the institutional attributes of IDA programs had distributions acceptable for multivariate analysis. In other words, these three items had an adequate mix of positive and negative responses. All three of the models were statistically significant (Table 7.1).

IDA earns enough interest. A small number of demographic variables were significantly related to respondents' perceptions of IDA interest rates. Those with more children were more likely to agree that interest rates were adequate. Participants with less than a high school degree were more likely than those with some college and those with a college degree to agree that their IDAs earned enough interest. Those who earned less than $1,000 per month were more likely to agree that interest rates were adequate. In addition, those who planned to use their IDAs for home purchase, home repair, and/or post-secondary education were more likely than others to find interest rates adequate. One of the ADD program dummy variables was also significant, indicating that perceptions of IDA interest rates by participants in this program were different from the perceptions of participants in the comparison program.

Like rules regarding withdrawals. Older participants were more likely to like the rules. White IDA participants were much more likely than African-Americans to like the rules regarding withdrawals, and those with a high school degree were much more likely than those with less

than a high school degree to like the rules. Those earning less than $1,000 per month were more likely to like the rules than were those earning between $1,000 and $1,500.

Those who had been in ADD programs for longer periods of time were less likely to like the rules regarding withdrawals, perhaps because, with the passage of time, individuals are more likely to want or need an unapproved withdrawal. Asset goals also mattered, as those pursuing home purchase, home repair, and microenterprise were less likely to like the rules, and those pursuing post-secondary education were more likely. Participants who had been in an ADD program longer were less likely to like the rules about withdrawals. Finally, participants who saved a regular amount each month were more likely to like the rules than were those who reported that they did not save. This last finding may indicate that those who liked the withdrawal restrictions were more willing than others to commit resources to their IDAs.

IDA classes help saving. No demographic variables were significantly related to perceptions of IDA classes. However, participants who had been in an ADD program longer were less likely to say that the IDA classes helped them to save. This finding may indicate that more financially sophisticated participants—that is, those more likely to find the classes remedial—were more likely to enroll in IDA programs quickly or more likely to stay in the programs. Or, this finding may indicate that the effects (real or perceived) of economic-education classes diminish over time. Also, participants who saved a regular amount each month during their IDA participation were more likely than those who did not save during their IDA participation to say that the classes helped them to save. This finding is consistent with the notion that those who said they found classes helpful did indeed benefit from the classes.

Table 7.1 Participant Characteristics and Perceptions of Institutional Attributes: Unstandardized Logistic Regression Coefficients, Probabilities, and Odds Ratios									
	IDA EARNS ENOUGH INTEREST			**LIKE RULES REGARDING WITHDRAWALS**			**IDA CLASSES HELP SAVING**		
	Beta	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**
MALE (compared to female)	-0.48	0.42	0.62	0.39	0.64	1.47	0.08	0.88	1.09
AGE	-0.003	0.89	0.997	0.06	0.07	1.07	0.01	0.68	1.01
RACE/ETHNICITY (compared to white)									
Black/ African-American	-0.98	0.31	0.38	-2.84	0.02	0.06	0.78	0.49	2.18
Other	-0.43	0.54	0.65	-1.37	0.13	0.26	0.52	0.43	1.69
LIVE WITH SPOUSE/PARTNER	-0.15	0.41	0.86	0.36	0.19	1.43	0.19	0.28	1.21
NUMBER OF CHILDREN	1.15	0.06	3.15	0.24	0.74	1.27	-0.69	0.15	0.50
EDUCATION (compared to less than high school degree)									
High school degree or GED	-1.32	0.30	0.27	2.39	0.09	10.94	-0.23	0.82	0.79
Some college	-1.84	0.10	0.16	1.30	0.18	3.67	-0.47	0.58	0.63
College degree	-2.15	0.07	0.12	0.52	0.61	1.68	-0.06	0.95	0.94
MONTHLY INCOME (compared to less than $1,000 per month)									
Between $1,000 and $1,500	-1.25	0.03	0.29	-1.55	0.05	0.21	-0.03	0.95	0.97
Between $1,500 and $2,000	-0.48	0.54	0.62	-0.35	0.76	0.71	-0.01	0.99	0.99
Greater than $2,000	-0.24	0.77	0.79	-1.51	0.16	0.22	0.20	0.79	1.22
ASSET GOAL									
Home purchase	1.51	0.04	4.52	-1.75	0.04	0.17	0.06	0.92	1.06
Home repair	1.74	0.08	5.70	-2.16	0.07	0.12	-0.75	0.33	0.47
Post-secondary education	2.07	0.01	7.91	0.0003	0.01	1.0003	-0.42	0.47	0.66
Microenterprise	0.99	0.17	2.69	-2.64	0.003	0.07	-0.51	0.38	0.60
MONTHS IN PROGRAM	0.004	0.93	1.004	-0.12	0.03	0.88	-0.08	0.05	0.92

(CONTINUED)

Table 7.1 Participant Characteristics and Perceptions of Institutional Attributes: Unstandardized Logistic Regression Coefficients, Probabilities, and Odds Ratios

	IDA EARNS ENOUGH INTEREST			LIKE RULES REGARDING WITHDRAWALS			IDA CLASSES HELP SAVING		
	Beta	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**
SAVING REGULARITY BEFORE IDA (compared to those who saved a regular amount each month)									
Did not save	-0.06	0.93	0.94	-1.01	0.36	0.37	0.87	0.16	2.40
Saved, if had extra	-0.15	0.83	0.86	-0.27	0.80	0.76	0.54	0.38	1.71
SAVING REGULARITY DURING IDA (compared to those who saved a regular amount each month)									
Did not save	-0.60	0.53	0.55	-1.97	0.09	0.14	-2.17	0.01	0.11
Saved, if had extra	0.05	0.91	1.05	-0.63	0.35	0.53	-0.16	0.73	0.85
ADD IDA PROGRAM (compared to ADD Program 6)									
ADD Program 1	-1.70	0.02	0.18	-1.63	0.11	0.20	0.91	0.30	2.47
ADD Program 2	1.30	0.15	3.68	0.22	0.82	1.25	-0.69	0.17	0.50
ADD Program 3	-0.43	0.52	0.65	1.20	0.39	3.33	-0.13	0.84	0.88
ADD Program 4	0.09	0.95	1.09	0.37	0.78	1.44	8.81	0.63	6703.00
ADD Program 5	-0.09	0.94	0.92	2.09	0.13	8.11	0.96	0.49	2.62
CONSTANT	3.31	0.08		4.99	0.05		2.34	0.09	
-2 Log Likelihood	162.24			98.59			177.94		
Model Chi Square	42.32	0.02		36.64	0.08		38.38	0.06	
Degrees of Freedom	26			26			26		
N	257			255			260		

7.2 Participant Characteristics and Saving Supports and Barriers

Seven of the nine items assessing current participants' perceptions of saving supports and barriers had distributions across the response categories that were acceptable for multivariate analysis. Four of the models were statistically significant (Table 7.2).

Goal is too far away. Only one demographic variable was significantly related to perceptions that savings goals were too far away: Somewhat surprisingly, participants with monthly incomes between $1,500 and $2,000 were more likely than those who earned less than $1,000 to agree that their goals were too far away. In addition, those pursuing microenterprise were less likely than others to say that their IDA goals were too far away. This finding makes sense because starting a small business often requires a much smaller up-front investment than buying a home and because participants saving for microenterprise typically make fairly frequent and small matched withdrawals.

Participants who did not save prior to joining the IDA program or who saved only when they had extra money were much more likely than those who saved regularly to consider their goals as too far away. Those who do not save regularly are less likely to understand—from personal experience—how assets may accumulate *over time*. Respondents who were not saving during their IDA participation or who saved only when they had extra were also more likely than those who saved a regular amount each month to consider their goal as too far away. This finding is interesting, but the direction of causality may move in both directions. Those who agreed that their goals were distant may have saved less regularly, and those who saved less regularly may have found that their goals remained distant. Finally, several IDA program variables were significantly related to whether participants considered their goals too far away.

Can't save enough to make a difference. Three demographic variables were significantly related to perceived ability to save meaningful amounts. Older participants were more likely to report that they could not save enough to make a difference. White participants were more likely than those of "other" races, and those with less than a high-school degree were more likely than those with some college to agree they could not save meaningful amounts. In addition, those who did not save during their IDA participation were much more likely than those who saved a regular amount each month to agree that they could not save enough to make a difference. Again, for the last finding, we cannot identify the direction of causality.

Hard to resist temptations to spend money. Males were more likely than females to agree that it was hard to resist temptations to spend money. In addition, those pursuing microenterprise were less likely than others to find it hard to resist spending temptations, and those who did not save during their IDA participation and those who saved only extra money were more likely than those who saved a regular amount each month to believe that it was hard to resist temptations. One ADD program was also significantly different from the comparison program.

Worry about government benefits. Only one demographic variable was significantly related to worries about losing government benefits because of saving: Those with less than a high school education were more likely than those with a college degree to worry about losing government benefits. In addition, those pursuing home purchase, home repair, and post-secondary education were more likely to worry about losing government benefits than those who were not pursuing

these goals. Finally, those who saved a regular amount each month before joining an ADD program were less likely than those who saved extra money to worry about losing benefits.

Table 7.2 Participant Characteristics and Saving Supports and Barriers: Unstandardized Logistic Regression Coefficients, Probabilities, and Odds Ratios												
	GOAL IS TOO FAR AWAY			CAN'T SAVE ENOUGH TO MAKE A DIFFERENCE			HARD TO RESIST TEMPTATIONS TO SPEND			WORRY ABOUT LOSING GOVERNMENT BENEFITS		
	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio
MALE	0.44	0.39	1.55	-0.59	0.12	0.55	0.98	0.02	2.66	0.02	0.97	1.02
AGE	-0.0034	0.88	.9966	0.03	0.08	1.03	-0.01	0.71	0.99	0.02	0.26	1.02
RACE/ETHNICITY (compared to white)												
Black/African-American	-0.19	0.83	0.83	-0.29	0.66	0.75	0.25	0.69	1.29	-0.33	0.72	0.72
Other	0.49	0.41	1.63	-0.86	0.10	0.43	-0.29	0.56	0.75	-0.29	0.66	0.75
LIVE WITH SPOUSE/PARTNER	-0.13	0.47	0.88	-0.03	0.77	0.97	-0.08	0.52	0.93	0.16	0.40	1.18
NUMBER OF CHILDREN	0.68	0.18	1.97	0.44	0.19	1.56	-0.35	0.31	0.71	-0.69	0.21	0.50
EDUCATION (compared to less than high school degree)												
High school degree or GED	-0.30	0.70	0.74	-0.16	0.77	0.85	-0.45	0.43	0.64	-1.03	0.21	0.36
Some college	-1.03	0.13	0.36	-1.13	0.02	0.32	0.14	0.77	1.16	-0.15	0.82	0.86
College degree	-0.03	0.97	0.97	-0.81	0.13	0.44	0.15	0.79	1.16	-1.57	0.06	0.21
MONTHLY INCOME (compared to less than $1,000 per month)												
Between $1,000 and $1,500	0.40	0.45	1.49	-0.16	0.64	0.85	0.21	0.55	1.23	-0.35	0.47	0.71
Between $1,500 and $2,000	1.26	0.06	3.53	0.33	0.50	1.38	0.37	0.44	1.45	-0.21	0.80	0.81
Greater than $2,000	-0.53	0.57	0.59	-0.19	0.69	0.82	0.55	0.27	1.73	-1.47	0.12	0.23
ASSET GOAL												
Home purchase	-0.35	0.58	0.70	0.08	0.84	1.09	-0.25	0.57	0.78	1.45	0.01	4.25
Home repair	-1.27	0.20	0.28	0.37	0.47	1.45	-0.76	0.16	0.47	1.33	0.06	3.80
Post-secondary education	-0.84	0.24	0.43	0.41	0.32	1.50	-0.27	0.54	0.76	1.51	0.01	4.54
Microenterprise	-1.41	0.06	0.24	0.36	0.39	1.43	-1.21	0.01	0.30	0.85	0.18	2.35

(CONTINUED)

Table 7.2 Participant Characteristics and Saving Supports and Barriers: Unstandardized Logistic Regression Coefficients, Probabilities, and Odds Ratios

	GOAL IS TOO FAR AWAY			CAN'T SAVE ENOUGH TO MAKE A DIFFERENCE			HARD TO RESIST TEMPTATIONS TO SPEND			WORRY ABOUT LOSING GOVERNMENT BENEFITS		
	Beta	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**
MONTHS IN PROGRAM	-0.02	0.58	0.98	-0.03	0.30	0.97	-0.02	0.60	0.98	0.02	0.64	1.02
SAVING REGULARITY BEFORE IDA (compared to those who saved a regular amount each month)												
Did not save	2.53	0.03	12.61	0.10	0.83	1.10	0.53	0.24	1.70	-0.68	0.30	0.51
Saved, if had extra	2.17	0.06	8.72	-0.05	0.91	0.95	-0.34	0.46	0.71	-1.32	0.05	0.27
SAVING REGULARITY DURING IDA (compared to those who saved a regular amount each month)												
Did not save	3.46	0.0008	31.94	3.16	0.01	23.51	1.75	0.04	5.78	0.40	0.65	1.49
Saved, if had extra	1.21	0.02	3.34	0.39	0.21	1.48	1.00	0.0021	2.72	-0.73	0.13	0.48
ADD IDA PROGRAM (compared to ADD Program 6)												
ADD Program 1	1.78	0.03	5.94	0.50	0.36	1.66	-0.19	0.74	0.83	-0.98	0.28	0.38
ADD Program 2	2.36	0.0011	10.54	0.33	0.44	1.39	0.19	0.66	1.21	-0.47	0.42	0.62
ADD Program 3	2.05	0.0046	7.79	-0.44	0.36	0.65	-0.19	0.68	0.83	-0.05	0.94	0.95
ADD Program 4	0.73	0.50	2.08	-0.26	0.68	0.77	1.20	0.07	3.32	-0.79	0.41	0.45
ADD Program 5	-0.88	0.55	0.41	0.03	0.97	1.03	0.03	0.97	1.03	-1.30	0.34	0.27
CONSTANT	-4.65	0.01		-0.36	0.71		0.44	0.65		-1.79	0.17	
-2 Log Likelihood	162.24			316.21			314.08			171.80		
Model Chi Square	58.21	0.0003		40.75	0.03		45.21	0.01		38.79	0.05	
Degrees of Freedom	26			26			26			26		
N	262			260			262			205		

7.3 Participant Characteristics and Behavioral Saving Strategies

This section uses logistic regression to describe how demographic characteristics were associated with behavioral saving strategies. Nine saving strategy items had distributions that were acceptable for statistical analysis. Four of the nine logistic models were statistically significant (Table 7.3).

Buys used as opposed to new clothing. Participants in the lowest income category were more likely than those with monthly incomes between $1,000 and $1,500 and those with monthly incomes greater than $2,000 to buy used as opposed to new clothing as a strategy for financing IDA deposits. In addition, those who did not save during their IDA participation were more likely than those who saved a regular amount each month to report using this strategy. Two ADD programs were also significantly different from the comparison program.

Spends less on leisure. Two demographic variables were significantly related to spending less on leisure: Older participants were less likely to use this strategy. And, those with a high-school degree were more likely to use this strategy than were those with less than a high-school degree. Asset goals also mattered. Those saving for home purchase and microenterprise were significantly less likely than those who were not saving for these goals to use this strategy. Finally, those who saved regularly before joining an IDA program were less likely to use this strategy than those who saved extra money, but those who saved a regular amount each month during their IDA participation were much more likely to use this strategy than were those who did not save.

Postpones doctor and/or dentist visits. Some participants had postponed doctor or dentist visits in order to set aside money for IDA deposits. Those living with a spouse or partner were more likely to use this strategy than were those living alone. Participants with more children were less likely to postpone medical care. This finding may indicate that children were less likely than adults to go without needed medical care. Those with less than a high-school degree were much less likely than others to use this strategy. In addition, participants who planned to use their IDAs to purchase or repair homes were less likely than those who did not name these goals to postpone medical care. Those who did not save before joining an IDA program were more likely to use this strategy than were those who saved a regular amount each month. Finally, there were some differences by program.

Postpones paying bills. Only two demographic variables were significantly related to postponing paying bills in order to finance IDA deposits: Older participants were more likely to use this strategy, and participants with incomes less than $1,000 were more likely to use this strategy than were those with incomes between $1,500 and $2,000. In addition, those saving for home purchase and home repair were less likely than others to use this strategy. Finally, several program variables were significant.

Table 7.3 Participant Characteristics and Behavioral Saving Strategies: Unstandardized Regression Coefficients, Probabilities, and Odds Ratios												
	Buys Used Clothing			**Spends Less on Leisure**			**Postpones Doctor or Dentist Visits**			**Postpones Paying Bills**		
	Beta	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**
MALE	-0.03	0.95	0.97	-0.47	0.23	0.63	0.74	0.13	2.09	-1.05	0.13	0.35
AGE	0.0004	0.98	1.0004	-0.03	0.06	0.97	-0.01	0.75	0.99	0.05	0.04	1.05
RACE/ETHNICITY (compared to white)												
Black/African-American	0.30	0.65	1.35	-0.33	0.61	0.72	1.14	0.15	3.14	-1.18	0.34	0.31
Other	0.99	0.07	2.70	-0.09	0.86	0.91	-1.16	0.12	0.32	-0.74	0.37	0.48
LIVE WITH SPOUSE/PARTNER	0.04	0.92	1.04	-0.28	0.44	0.76	1.13	0.02	3.09	-0.12	0.82	0.88
NUMBER OF CHILDREN	0.07	0.55	1.08	0.10	0.41	1.11	-0.56	0.01	0.57	0.13	0.52	1.14
EDUCATION (compared to less than high school degree)												
High school degree or GED	-0.45	0.45	0.64	1.34	0.03	3.84	2.51	0.03	12.28	0.07	0.93	1.08
Some college	0.12	0.81	1.13	0.62	0.22	1.86	2.39	0.03	10.90	-0.11	0.89	0.90
College degree	0.63	0.28	1.87	0.42	0.46	1.52	2.35	0.05	10.52	0.64	0.46	1.90
MONTHLY INCOME (compared to less than $1,000 per month)												
Between $1,000 and $1,500	-0.99	0.01	0.37	0.49	0.19	1.64	0.20	0.67	1.23	-0.75	0.13	0.47
Between $1,500 and $2,000	-0.76	0.14	0.47	0.28	0.59	1.32	-0.20	0.79	0.82	-1.70	0.07	0.18
Greater than $2,000	-1.00	0.05	0.37	-0.57	0.24	0.57	-0.22	0.77	0.81	-0.38	0.62	0.68
ASSET GOAL												
Home purchase	-0.39	0.38	0.68	-0.81	0.08	0.44	-1.14	0.08	0.32	-1.06	0.09	0.35
Home repair	-0.14	0.80	0.87	-0.39	0.49	0.68	-2.19	0.02	0.11	-1.75	0.05	0.17
Post-secondary education	-0.54	0.23	0.58	-0.64	0.15	0.53	-0.86	0.19	0.42	0.31	0.58	1.37
Microenterprise	-0.12	0.78	0.88	-0.99	0.03	0.37	-0.28	0.66	0.75	0.08	0.89	1.09
MONTHS IN PROGRAM	-0.01	0.76	0.99	0.03	0.29	1.03	-0.07	0.12	0.93	0.00	0.98	1.00

(CONTINUED)
Table 7.3 Participant Characteristics and Behavioral Saving Strategies: Unstandardized Regression Coefficients, Probabilities, and Odds Ratios

	Buys Used Clothing			Spends Less on Leisure			Postpones Doctor or Dentist Visits			Postpones Paying Bills		
	Beta	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**	**Beta**	**p-value**	**Odds Ratio**
SAVING REGULARITY BEFORE IDA (compared to those who saved a regular amount each month)												
Did not save	0.04	0.94	1.04	0.65	0.18	1.91	1.61	0.06	5.01	2.38	0.03	10.79
Saved, if had extra	-0.50	0.30	0.61	0.94	0.06	2.56	0.95	0.27	2.57	1.11	0.33	3.03
SAVING REGULARITY DURING IDA (compared to those who saved a regular amount each month)												
Did not save	-1.54	0.08	0.21	-2.55	0.0036	0.08	0.86	0.47	2.37	0.37	0.69	1.45
Saved, if had extra	-0.27	0.41	0.76	-0.24	0.47	0.78	0.11	0.81	1.11	-0.14	0.77	0.87
ADD IDA PROGRAM (compared to ADD Program 6)												
ADD Program 1	-0.53	0.36	0.59	0.60	0.34	1.82	-0.20	0.82	0.82	-2.89	0.03	0.06
ADD Program 2	-1.59	0.0004	0.20	-0.10	0.82	0.90	0.02	0.98	1.02	-1.23	0.04	0.29
ADD Program 3	-0.16	0.75	0.86	-0.25	0.63	0.78	1.14	0.07	3.13	-2.10	0.02	0.12
ADD Program 4	-0.14	0.82	0.87	0.04	0.95	1.04	1.25	0.18	3.49	-0.86	0.39	0.42
ADD Program 5	-1.91	0.02	0.15	0.71	0.38	2.04	-2.18	0.04	0.11	-0.94	0.51	0.39
CONSTANT	2.02	0.05		0.91	0.39		-3.02	0.10		-3.21	0.05	
-2 Log Likelihood	297.58			286.65			183.28			158.12		
Model Chi Square	53.06	.0013		41.12	0.03		53.89	.001		72.88	.01	
Degrees of Freedom	26			26			26			26		
N	255			254			262			263		

8. Perceptions of IDAs, the Saving Process, and the Use of Saving Strategies: Predictors of Saving in IDAs

Ordinary least squares regression analysis was used to assess the relationships between perceptions of institutional attributes, perceptions of saving supports and barriers, and saving strategies and average monthly net deposit (AMND), a measure of saving in IDAs. Participant characteristics and program variables were also included in the model.

The overall model was statistically significant and explained 25 percent of the variance in AMND (Table 8). The only demographic characteristic that was associated with AMND was income. Those with typical monthly incomes of less than $1,000 per month saved about $6 less per month than those with incomes between $1,000 and $1,500.[15] This finding reinforces the notion that resource constraints make saving more difficult, even within the structure of IDA programs.[16] On average, those who saved a regular amount each month during their IDA participation saved about $6 more per month than those who saved only when they had extra money. There were also some large differences among the IDA programs.

Two of the three items assessing perceptions of the institutional attributes of IDA programs were statistically significant predictors of AMND. Participants who liked the rules regarding withdrawals saved $8 more per month than those who did not like the rules. This is a large effect and probably indicates that those who like withdrawal restrictions are more willing to deposit money in their accounts. In addition, this finding may indicate that restrictions discourage unapproved withdrawals and thus help some participants maintain IDA savings.

Those who said that the economic-education classes helped them to save saved about $9 less per month than participants who did not find the classes helpful. This is a large and seemingly counter-intuitive effect. Perhaps those who believe they benefit from classes are those who enter with little knowledge of saving and budgeting and thus are likely to save less with or without economic education.

Only one of the ten items related to saving supports and barriers was a statistically significant predictor of AMND. Respondents who reported that most of their money went for necessities saved about $6 less per month than others. Again, this finding seems to indicate that resource constraints make saving more difficult, even for IDA participants.

None of the saving-strategy items was a statistically significant predictor of AMND.

[15] Those in the lowest income category also saved less than those in the third and fourth income categories, but the differences between the categories were not statistically significant at conventional levels.

[16] However, with the data at hand, we cannot examine *saving rates* (saving divided by income), and other research in ADD (Sherraden et al., 2000) suggests that lower-income IDA participants have higher saving rates than higher-income participants.

Table 8 Participant Characteristics, Perceptions of IDA Institutional Attributes, and Average Monthly Net Deposit: Ordinary Least Squares Regression Results		
	Coefficient	**p-value**
MALE	2.27	0.49
AGE	0.02	0.88
RACE/ETHNICITY (compared to white)		
Black/African-American	6.05	0.27
Other	-2.28	0.56
LIVE WITH SPOUSE/PARTNER	-0.03	0.99
NUMBER OF CHILDREN	-0.70	0.49
EDUCATION (compared to less than high school degree)		
High school degree or GED	-1.31	0.80
Some college	1.37	0.77
College degree	5.04	0.32
MONTHLY INCOME (compared to less than $1,000 per month)		
Between $1,000 and $1,500	5.81	0.05
Between $1,500 and $2,000	3.85	0.38
Greater than $2,000	4.50	0.30
ASSET GOAL		
Home purchase	1.92	0.62
Home repair	-1.67	0.69
Post-secondary education	4.06	0.29
Microenterprise	-0.39	0.92
MONTHS IN PROGRAM	-0.22	0.37
SAVING REGULARITY BEFORE IDA (compared to those who saved a regular amount each month)		
Did not save	-2.28	0.57
Saved, if had extra	0.31	0.94
SAVING REGULARITY DURING IDA (compared to those who saved a regular amount each month)		
Did not save	-6.47	0.38
Saved, if had extra	-5.70	0.04
ADD IDA PROGRAM (compared to ADD Program 6)		
ADD Program 1	20.80	0.01
ADD Program 2	4.26	0.28
ADD Program 3	9.74	0.04
ADD Program 4	-1.37	0.80
ADD Program 5	-1.94	0.79
PERCEPTIONS OF INSTITUTIONAL ATTRIBUTES		
IDA earns enough interest	5.03	0.18
Like rules regarding withdrawals	8.08	0.09
IDA classes help saving	-9.15	0.02

(CONTINUED)
Table 8 Participant Characteristics, Perceptions of IDA Institutional Attributes, and Average Monthly Net Deposit: Ordinary Least Squares Regression Results

	Coefficient	p-value
PERCEPTIONS OF SAVING SUPPORTS AND BARRIERS		
The goal is too far away	-2.77	0.43
Can't save enough to make a difference	-3.41	0.17
Hard to resist temptations to spend money	1.24	0.64
Most money goes for necessities	-6.15	0.08
Family/friends often ask for money	-1.60	0.55
Family/friends encourage saving	2.27	0.41
Worry about losing government benefits	2.44	0.42
SAVING STRATEGIES		
Shops more carefully for food	1.45	0.66
Eats out less	-0.46	0.88
Buys used clothing	-0.79	0.77
Spends less on leisure	1.99	0.51
Spends less on cigarettes/alcohol	-0.97	0.74
Postpones doctor/dentist	-2.29	0.50
Works more	0.19	0.94
Sells items	1.68	0.65
Postpones paying bills	3.91	0.28
CONSTANT	20.93	0.06
R2	.46	
Adjusted R2	.25	
F	2.26	0.01
N	166	

9. Summary and Conclusions

This chapter summarizes key findings from the ADD cross-sectional survey and raises questions and issues for program development and future research.

9.1 Institutional Attributes of IDAs

Current participants' perceptions of the institutional attributes of IDAs were overwhelmingly positive. More than 90 percent of respondents agreed or strongly agreed that match rates were adequate, that they liked the financial institution that held their IDA accounts, that their accounts seemed secure, and that they liked rules regarding withdrawals. This last finding is particularly striking because rules restrict access to IDA funds. We believe many individuals want precommitment constraints to help them resist temptations and achieve savings goals.

Eighty-five percent of the respondents said that their IDAs earned enough interest and that the IDA classes helped them to save. Given that IDA accounts earn market rates of interest, it is difficult to explain why some participants are dissatisfied with interest rates. Perhaps interest rates seem low relative to match rates. Responses to an open-ended item provide insight into perceptions of IDA classes. Over 170 participants said that IDA classes were helpful. This is a very strong indication of satisfaction. However, 20 respondents said that the classes were remedial or boring. IDA programs might consider offering optional "advanced" economic-education classes or making classes optional, after a test of initial knowledge.

In multivariate analyses, few participant characteristics were significantly related to perceptions of institutional attributes, and there were few noteworthy patterns. (In fact, three of the six models were statistically insignificant.) Those who saved a regular amount each month were more likely to like the rules about withdrawals and to report that the IDA classes helped them save. The length of program participation also affected these perceptions. Those who had been in ADD programs for longer periods of time were less likely to like the rules regarding withdrawals, perhaps because, with the passage of time, individuals are more likely to want or need an unapproved withdrawal. Those who had been in ADD programs for longer periods of time were also less likely to report that the classes helped them save. This finding may indicate that more financially sophisticated participants—that is, those more likely to find the classes remedial—were more likely to enroll in IDA programs quickly or more likely to stay in the programs. Or, this finding may indicate that the effects (real or perceived) of economic-education classes diminish over time.

Multivariate analysis revealed that participants' perceptions of the rules regarding withdrawals and the helpfulness of the economic-education classes were associated with saving in IDAs. Participants who liked the rules regarding withdrawals saved about $8 more, on average, than those who did not like the rules. This finding probably indicates that those who like withdrawal restrictions are more willing to deposit money in their accounts. In addition, this finding may indicate that restrictions discourage unapproved withdrawals and thus facilitate saving in IDAs.

Those who said that the economic-education classes helped them to save saved about $9 less per month than participants who said they did not find the classes helpful. This is a large and seemingly counter-intuitive effect. Perhaps those who believe they benefit from classes are those

who enter with little knowledge of saving and budgeting and thus are likely to save less with or without economic education. Evaluating the effects of economic education on saving and asset accumulation is an important area for future research.

9.2 Saving Supports and Barriers

As one would expect, given the nature of IDA programs, current IDA participants value saving and are committed to particular savings goals. However, responses regarding saving barriers suggest that participants perceive that economic circumstances influence their ability to save. A majority (82 percent) agreed that most of their money went for necessities, and more than half (55 percent) said that it was hard to resist temptations to spend money. Almost half of participants (45 percent) agreed that they could not save enough to make a difference.

More than two-thirds of current participants (70 percent) reported receiving encouragement to save from family and friends. However, a substantial percentage (38 percent) also said that family and friends often asked them for money. Future research should explore the effects of familial and social networks on participants' ability to save. Important questions include: What influence do cultural norms have on pressures to share savings with family and friends? How do participants handle network expectations and pressures?

In response to an open-ended item, quite a few respondents said support from IDA program staff and IDA peers helped them save. Like previous research (Sherraden et al., 2000), this finding suggests that relationships matter. IDA programs should continue to encourage these kinds of relationships. Because 22 percent of current IDA participants worried about losing their government benefits if they saved, IDA programs should include information about asset restrictions in required economic-education classes and make sure that program staff share accurate information with participants.

Few demographic characteristics were associated with participants' perceptions of saving supports and barriers. However, saving regularity was associated with these perceptions. Compared to those who saved a regular amount each month, those who saved only when they had extra money were more likely to agree that that it was hard to resist temptations to spend money and that their savings goals were too far away. For the latter finding, in particular, the direction of causality may move in both directions. Those who agreed that their goals were distant may have saved less regularly, and those who saved less regularly may have found that their goals remained distant.

Only three of the survey items assessing perceptions of saving supports and barriers had enough variation across the response categories to be included in multivariate analyses. Of these, only one was significantly associated with saving in IDAs: Those who said that most of their money went to necessities saved, on average, about $6 less per month than others. This finding suggests that resource constraints (whether real or perceived) influence saving outcomes, even within the structure of IDA programs.

9.3 Saving Strategies

The most common strategies for setting aside money for IDA deposits involved changes in consumption behavior, particularly using existing resources more efficiently and reducing consumption quality or quantity. For example, 70 percent said they shopped more carefully for food, 68 percent ate out less, and 64 percent spent less on leisure. These findings reveal that participants are willing to alter current consumption choices for the possibility of improved well-being through asset accumulation.

Regression results suggest that no particular strategy leads to more IDA saving than any other strategy. We suspect that each participant selected the strategies that he or she perceived to be most effective—or least costly—in the short-term. In the long-term, however, some strategies are likely to be more effective than others. For example, if it is feasible for families to work more hours, one might expect this strategy to be most effective in the long-term. More generally, some strategies can be maintained indefinitely; others cannot. In addition, it is important to consider the positive and negative "side effects" associated with specific strategies. Some strategies may have positive side effects, such as possible health benefits from reductions in smoking and alcohol consumption. Other strategies are likely to have negative side effects, i.e., not all consumption efficiency is desirable.[17] For example, postponing medical care may negatively affect health. Postponing paying bills may decrease future economic well-being.

Investigating the decision-making process that leads individuals to choose one saving strategy over another is an important area for future research. For IDA participants, it appears that economic-education classes have some influence. In open-ended comments, participants often attributed their ability to save to economic-education classes and even to specific skills that had been taught (e.g., "how to find the money," goal-setting, and budgeting). In other words, it appears that participants learn many of the strategies they use to increase or reallocate resources for their savings deposits through the economic-education classes. This finding underscores the potential impact of institutional attributes of IDA programs on asset accumulation by low-income families and raises questions about how best to help participants choose the best saving strategies.

9.4 Perceived IDA Effects

Current participants generally reported positive effects from IDA participation. We do not conceive of these perceptions simply as the effects of having saving accounts, but as the outcomes of a program that includes economic education, expectations for saving behavior, incentives to save, staff and peer support, and so forth.

When asked to evaluate the overall effect of IDA participation, 60 percent of the respondents said their IDAs had affected them very positively, and 40 percent said somewhat positively. None indicated that they had been harmed by their IDA participation. The effects reported by the most respondents are those related to psychological status. Current participants agreed or strongly agreed that they felt more confident about their futures (93 percent), more economically secure (84 percent), and more in control of their lives (85 percent) because they had IDAs.

[17] The survey specifically asked about these strategies in order to assess participants' use of them. When these items are compared to several economic effect items, e.g., "have to give up food or necessities," we do not find a substantial number of respondents who appear to be under-consuming.

Effects on planning were somewhat less common: About three-fifths of respondents said they were more likely to make educational plans for themselves, more likely to make educational plans for their children, and more likely to plan for retirement because they had IDAs.

Positive economic effects were mentioned fairly frequently. Forty-one percent said they were more likely to increase work hours because they had IDAs, and 61 percent said they were more likely to increase their income in other ways. Almost three-fourths of current participants said they were more likely to purchase or renovate a home because they had IDAs. Sixteen percent of these had named some asset goal other than home purchase or repair. Fifty-seven percent of participants said they were more likely to start or expand businesses because they had IDAs. Fifty-nine percent of these individuals had named asset goals other than microenterprise. These patterns may indicate that IDA participants have become more financially sophisticated (e.g., they understand processes for accumulating assets), more confident, and/or more future-oriented.

In addition to these effects, there were two fairly common economic effects that many would perceive as negative: Thirty percent of participants said they had less money for leisure than they would have liked because they had IDAs, and 35 percent said they were less likely to save outside of their IDAs. It is important to acknowledge that making IDA deposits requires a reallocation of resources, and the fact that these participants chose to spend less money on leisure and to save less in other forms indicates that they perceive the net effects of these activities as positive. However, individuals may underestimate the "true" costs of their choices, and/or others may evaluate the costs and benefits differently. Through economic-education classes and case-management activities, IDA programs should continue to help participants evaluate the short-term and long-term costs and benefits of saving strategies and asset purchases. These efforts seem particularly important because responses to an open-ended item suggest that economic education courses influenced saving strategies. In other words, participants seemed to change their behavior based on information they learned from IDA program activities.

Finally, family and civic effects were mentioned fairly frequently. About half of current participants said they were more likely to have good relationships with family members, and about one-third said they were more likely to be involved in their neighborhoods and more likely to be respected in their communities because they had IDAs.

9.5 Participant Characteristics and Saving in IDAs

In multivariate analysis, only one demographic characteristic was significantly related to saving in IDAs: Participants in the lowest income category (with typical monthly incomes of less than $1,000 a month) saved about $6 less per month than those in the next income category (those with incomes between $1,000 and $1,500). This is consistent with the common-sense notion that saving is more difficult for lower-income individuals. Although participation in IDA programs is voluntary—and individuals will weigh the costs and benefits of saving in IDAs—future research should seek to determine whether IDAs are an effective and efficient intervention for very low-income individuals.[18]

[18] Other research in ADD suggests that lower-income IDA participants have higher saving rates (average monthly deposit divided by monthly household income) than higher-income IDA participants (Sherraden et al., 2000). We cannot examine saving rates with the data at hand.

In addition, participants who saved a regular amount each month saved about $6 more per month than those who saved only when they had extra money. Those who saved a regular amount each month may have had greater ability or greater motivation than others to save in IDAs, but the effect of saving regularity exists even after controlling for income, perceptions about spending on necessities, perceptions of savings goals, other perceived saving supports and barriers, and saving strategies. IDA programs should continue encouraging participants to make regular monthly deposits while also discouraging saving strategies that increase material hardship or jeopardize long-term financial well-being.

9.6 Comparison Between Former and Current IDA Participants

Like current participants, former participants were quite positive about the institutional attributes of IDAs. This suggests that former participants did not withdraw from the program or fail to meet saving expectations because they were dissatisfied with the institutional attributes of IDAs. The two attributes with which former participants were noticeably less satisfied were interest rates and IDA classes. Former participants also perceived more severe financial barriers to saving. Compared to current participants, they generally attributed more negative effects—including giving up necessities and having trouble paying bills—and less positive effects to their IDA participation. Again, however, we emphasize the small sample size and low response rate for former participants.

9.7 Conclusions

Previous ADD reports have shown that some low-income individuals can save and accumulate assets in IDAs. Using data from a cross-sectional survey, this report provides insight into how ADD participants save and what their impressions are of IDA programs and their effects. Overall, participants appear to be very satisfied with the institutional attributes of IDAs. Participants reported that resource constraints limited their saving. However, they also reported using a variety of behavioral and psychological strategies to set aside money for IDA deposits, and these efforts suggest that participants are willing to make immediate sacrifices for the possibility of improved future well-being through asset accumulation. Finally, participants attributed a variety of positive effects to their IDA participation. Some participants also reported a few negative effects, but overall assessments of the effects of IDA participation were overwhelmingly positive. These findings may be used to improve IDA programs—for example, several findings suggest that the content of economic-education courses should receive careful consideration. However, this early evidence suggests that ADD participants are quite satisfied with their experiences in IDA programs.

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Appendix A
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Dr. Irving Garfinkel, School of Social Work, Columbia University, researcher in poverty and inequality, policy innovator and evaluator of child-support payments.

Dr. Karen Holden, La Follette Institute of Public Affairs, University of Wisconsin, author of numerous studies of household economics and gender.

Dr. Laurence Kotlikoff, Department of Economics, Boston University, expert on intergenerational transfers, savings, and public policy, author of *What Determines Savings.*

Dr. Robert Plotnick, Department of Public Affairs, University of Washington, author of several important studies on poverty and inequality, professor in public affairs and social work.

Dr. Salome Raheim, Dean of the School of Social Work, University of Iowa, researcher on Self-Employment Learning Project (evaluation of microenterprise), and author of numerous papers on microenterprise.

Dr. Marguerite Robinson, Harvard Institute for International Development, Harvard University, expert on design and evaluation of development finance institutions and savings in poor households.

Dr. Clemente Ruiz Duran, Director of Post-Graduate Program in Political Economy, expert in small-scale savings and asset-based policy in Latin America and East Asia, author of more than a dozen books on economic development and social policy.

Dr. Thomas Shapiro, Department of Sociology, Northeastern University, expert on assets and race, co-author of *Black Wealth/White Wealth*.

Dr. Michael Sherraden (convenor), Director of the Center for Social Development, Washington University, author of *Assets and the Poor*, director of ADD evaluation.

Appendix B
ADD Methods

The "American Dream Demonstration" (ADD) is the first systematic evaluation of IDAs. The purpose of ADD is to find out whether IDAs are successful, in what ways, and for whom. Because IDAs are new and there is much to learn, evaluation is central to the purpose of ADD.

The ADD evaluation is multi-faceted; indeed, it may be one of the most thorough and comprehensive evaluations of a social or economic demonstration. The evaluation has been designed by CSD with the advice of an expert Evaluation Advisory Committee. The evaluation employs multiple methods, each with a different purpose, and the evaluation will follow IDA participants over six years (1997-2003). These multiple methods are designed to look at ADD from as many perspectives as possible and to gather timely data as the demonstration progresses in order to inform IDA policy and program development outside of ADD.

Purposes of the ADD Evaluation

The ADD evaluation is intended to yield information in the following areas:

- An answer to the question: Do IDAs work?
- Best IDA program designs and practices.
- Models to guide state and federal IDA policy.
- Knowledge about saving and asset accumulation.

Features of the ADD Evaluation

The evaluation incorporates carefully designed procedures to enhance its quality:

- Guidance from an expert Evaluation Advisory Committee.
- Research designs that follow as much as possible from theoretical statements and that explicitly seek alternative explanations.
- Multiple methods of evaluation, each designed for different purposes.
- Analyses that are based insofar as possible on hypothesis-testing but that also allow for emergence of unanticipated findings.

Research Questions

The ADD evaluation seeks answers to the following questions:

- What are good design features for an IDA program?
- What are the barriers and facilitators in starting and operating a successful IDA program?
- What is the pattern of savings in IDAs?
- What affects saving behavior in an IDA program?
- What are IDA savings used for?
- What is the impact of IDAs on asset accumulation and the use of assets to meet life goals (education, home ownership, starting a business, etc.).

- What are the additional effects (social, psychological, and economic) of asset holding for IDA participants and their families?
- What is the financial return of an IDA program to participants and society?
- What are the community-level effects of an IDA program?

Research Methods

The ADD evaluation uses eight research methods:

- Implementation assessment.
- Program monitoring.
- Experimental design survey.
- In-depth interviews with participants.
- Assessment of community level effects.
- Return on investment (or benefit-cost) analysis.
- Brief cross-sectional survey.
- Case studies of participants.

Appendix C
ADD Cross-Sectional Survey

INDIVIDUAL DEVELOPMENT ACCOUNT SURVEY

I'd like to ask some questions about your IDA savings.

1. Do you currently have an IDA with _____ (program name)? 1 Yes 0 No

IF NO, ASK: Have you ever had an IDA with _____ (program name)?
1 Yes 0 No

IF NO, SKIP TO CONCLUDING REMARKS.

2. When was your IDA set up? Month _____
Year _____

3. How much money (does/did) the program set aside for each dollar that you (save/saved) in your IDA?
Match _____

4. During the entire time that you (have had/had) an IDA, how much money (have you deposited/did you deposit) in your IDA? Please do *not* include money that the program set aside as a match or any interest you earned.
$ _____

5. During the entire time that you (have had/had) an IDA, how much money (have you withdrawn/did you withdraw) from your IDA that was *not matched*?
$ _____

6. a. During the entire time that you (have had/had) an IDA, how much money (have you withdrawn/did you withdraw) from your IDA that *was matched* for an asset purchase? Please do not include match money in this amount.
$ _____

b. **(IF MATCHED MONEY WAS WITHDRAWN)** what was the asset or assets? **(CHECK ALL THAT APPLY)**

_____ 1. Home purchase
_____ 2. Home repair or remodeling
_____ 3. Security deposit for rental property
_____ 4. Primary or secondary education
_____ 5. Post-secondary
_____ 6. Job training or technical education
_____ 7. Microenterprise start-up or development
_____ 8. Financial investments
_____ 9. Expenses related to clothing, transportation, child care, other)
_____10. Automobile, truck, or
_____11. Furniture, washer, or other durable
_____12. Medical
_____13. Retirement
_____14. Other (please specify: _____)

FOR PAST ACCOUNT HOLDERS ONLY:

7. When was your IDA closed? Month _____
Year _____

FOR PAST ACCOUNT HOLDERS ONLY:

8. Why was your IDA closed? **(READ RESPONSES)**

Please select only one option.

1. You reached a time limit set by the program
2. You withdrew all of your savings
3. You moved out of the area
4. You lost interest in the program
5. You found it difficult to save
6. Other _____

FOR CURRENT ACCOUNT HOLDERS ONLY:

9. How much money do you have in your IDA now? By this, I mean the total amount -- the money that you have saved in your IDA, any money that the program has set aside as a match for your IDA, and any interest your savings has earned.

$ _____

FOR CURRENT ACCOUNT HOLDERS ONLY:

10. What do you plan to do with your IDA in the future? What will be the asset or assets that you will purchase?

(CHECK ALL THAT APPLY)

_____ 1. Home purchase
_____ 2. Home repair or
_____ 3. Security deposit for rental
_____ 4. Primary or secondary education
_____ 5. Post-secondary
_____ 6. Job training or technical education
_____ 7. Microenterprise start-up or development
_____ 8. Financial investments
_____ 9. Expenses related to employment (equipment, clothing, transportation, child care, other)
_____10. Automobile, truck, or van
_____11. Furniture, washer, or other durable goods
_____12. Medical
_____13. Retirement
_____14. Other (please specify: _____)

11. I'd like to know what (makes/made) it *easier* for you to save money in your IDA. How much do you agree or disagree with the following statements? For each statement, answer strongly agree, agree, disagree, or strongly disagree.

	Strongly Agree	Agree	Disagree	Strongly Disagree
a. You (like/liked) the financial institution you (use/used) for your IDA.	4	3	2	1
b. Your IDA account (seems/seemed) secure.	4	3	2	1
c. The match rate for your IDA (is/was) adequate.	4	3	2	1
d. Your IDA (earns/earned) enough interest.	4	3	2	1
e. You (want/wanted) to save for a certain goal.	4	3	2	1
f. You (like/liked) the rules about taking money from your IDA.	4	3	2	1
g. The IDA classes (help/helped) you to save.	4	3	2	1
h. Your family and friends (encourage/encouraged) you to save.	4	3	2	1

12. I'd like to know what (makes/made) it *hard* for you to save money in your IDA. How much do you agree or disagree with the following statements? For each statement, answer strongly agree, agree, disagree, strongly disagree.

	Strongly Agree	Agree	Disagree	Strongly Disagree
a. Saving (isn't/wasn't) that important to you.	1	2	3	4
b. Saving (takes/took) too long; the goal (is/was) too far away.	1	2	3	4
c. It (is/was) hard to resist temptations to spend money.	1	2	3	4
d. Your family and friends often (ask/asked) you for money.	1	2	3	4
e. All or most of your money (goes/went) to buy "necessities."	1	2	3	4
f. You could save a little but not enough to make a difference.	1	2	3	4
g. You (don't/didn't) like the rules about taking money from your IDA.	1	2	3	4
h. You (are/were) worried about losing your government benefits if you (save/saved) too much.	1	2	3	4

13. Which of the following statements best describes how you saved *before you joined the IDA program*?

1. I did not save.
2. If I had extra money, I saved some of it.
3. I saved a regular amount each month.

14. Which of the following statements best describes how you save *now*

1. I do not save.
2. If I have extra money, I save some of it.
3. I save a regular amount each month.

15. Which of the following statements best describes how you intend to save *in future*?

1. I will not save.
2. If I have extra money, I will save some of it.

3. I will save a regular amount each month.

16. We'd like to know how you (manage/managed) to set aside money for your IDA deposits. Please answer yes or no to the following questions:

To set aside money for IDA deposits, (do/did) you or someone in your household . . .
(READ THROUGH SENTENCE EACH TIME)

a. Work more hours?	Yes	No
b. Sell clothing or other items to raise money?	Yes	No
c. Borrow using a credit card?	Yes	No
d. Borrow from family and friends?	Yes	No
e. Postpone paying bills?	Yes	No
f. Spend less on movies and other leisure activities?	Yes	No
g. Spend less on cigarettes or alcohol?	Yes	No
h. Shop for food more carefully?	Yes	No
i. Eat out less often?	Yes	No
j. Buy used clothing instead of new clothing?	Yes	No
k. Postpone going to the doctor or dentist?	Yes	No
l. Do anything else that we haven't mentioned?	Yes	No

Please describe: _____

_____

17. Next, I'd like to ask some questions about how your IDA (affects/affected) you. How much do you agree or disagree with the following statements? For each statement, answer strongly agree, agree, disagree, or strongly disagree.

(READ THROUGH SENTENCE EACH TIME)

Because I (have/had) an IDA . . .	Strongly Agree	Agree	Disagree	Strongly Disagree
a. I (have/had) to give up some food or other necessities.	4	3	2	1
b. I (am/was) more likely to buy or renovate a home.	4	3	2	1
c. I (am/was) more likely to start or expand a business.	4	3	2	1
d. I (have/had) more difficulty paying my bills.	4	3	2	1

e. I (feel/felt) more confident about the future.	4	3	2	1
f. I (have/had) more problems with my neighbors.	4	3	2	1
g. I (feel/felt) more in control of my own life.	4	3	2	1
h. I (have/had) less money for the leisure activities my family would (like/have liked).	4	3	2	1
i. I (feel/felt) more economically secure.	4	3	2	1
j. I (am/was) more likely to work for pay or to stay employed.	4	3	2	1
k. I (am/was) more likely to increase my work hours.	4	3	2	1
l. I (am/was) more likely to try to increase my income in other ways.	4	3	2	1
m. I (am/was) more likely to make educational plans for myself.	4	3	2	1
n. I (am/was) less likely to save in *other* ways, outside of my IDA.	4	3	2	1

(READ THROUGH SENTENCE EACH TIME)

	Strongly Agree	Agree	Disagree	Strongly Disagree
Because I (have/had) an IDA . . .				
o. I (have/had) more problems with my family.	4	3	2	1
p. I (am/was) more likely to make plans for my retirement.	4	3	2	1
q. I (am/was) more likely to be involved in my neighborhood.	4	3	2	1
r. I (am/was) more likely to be respected in the community.	4	3	2	1
s. I (feel/felt) more stressful about the future.	4	3	2	1
t. I (am/was) more likely to make educational	4	3	2	1

plans for my children.

u. I (am/was) more likely to have good relationships with my family.	4	3	2	1

18. Overall, how positively or negatively has your IDA affected you?
(READ RESPONSES)

4. Very positively
3. Somewhat positively
2. Somewhat negatively
1. Very negatively

19. Please tell me more about how your IDA has affected you and your family.
(RECORD RESPONDENT'S OWN WORDS)

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

Now I would like to ask you questions about you and your family.

20. Are you male or female?
(OR RECORD GENDER AS OBSERVED)

1. Male
2. Female

21. In what year were you born? Year of Birth _____

22. How would you describe yourself in terms of race or ethnicity?
(READ RESPONSES)

1. Black/African American
2. White/Caucasian
3. Hispanic/Latino/Latina

4. Asian/Asian American
5. Native American
6. Other _____

23. What is the highest level of education you have completed?
(READ RESPONSES)

1. Grade school, middle school, or junior high
2. Some high school
3. Graduated from high school or earned a GED
4. Some college
5. Graduated from two-year college
6. Graduated from four-year college
7. Some graduate school
8. Finished graduate school

24. Do you live with a spouse or domestic partner? 1 Yes 0 No

25. Please think about the last six months. During a typical *month* in that time period what was your household's total *monthly* income from all sources?

1. Less than $1,000 per month
2. Between $1,000 and $1,500
3. Between $1,500 and $2,000
4. Between $2,000 and $2,500
5. Between $2,500 and $3,000
6. Greater than $3,000

26. How many children (age 17 or under) are in your household?

Total Children _____

27. In conclusion, please tell me more about your experiences in the IDA program.
(RECORD RESPONDENT'S OWN WORDS. IF A PROMPT IS NEEDED, THEN SAY: Is/was there something about the program that is/was particularly helpful or not helpful?**)**

THOSE ARE ALL THE QUESTIONS I HAVE.
THANK YOU FOR PARTICIPATING IN THIS SURVEY!

Appendix D
The Participating ADD IDA Sites

Thirteen sponsoring organizations are participating in the American Dream Demonstration. Here, we briefly describe these organizations and the populations served by their IDA programs.

ADVOCAP, Inc., Fond Du Lac, Wisconsin. ADVOCAP is a community action agency whose mission is to create opportunities for people and communities to reduce poverty. Operating revenues of $7.4 million support 180 staff positions and the operation of agency services across 12 different departments, serving three counties. ADVOCAP provides emergency services as well as permanent solutions based on asset development approaches. Asset development models include a business development program, established in 1985, a first-time home ownership program, established in 1990, and one of the first IDA programs, established in 1995. The IDA program serves a target population at or below 150% of the federal poverty line. Participants are primarily referrals from other ADVOCAP programs.

Alternatives Federal Credit Union (AFCU), Ithaca, New York. AFCU is a community development credit union whose mission is to provide a full range of banking services and financial resources for small businesses, non-profit organizations, and under-served segments of the community. AFCU stresses customer service and provides alternative financial options including flexible mortgages, community lending partnerships, and a youth credit union. AFCU partnered with Ithaca Housing Authority's Family Self-Sufficiency Program to develop and implement its IDA program. The IDA program serves a target population of single parents and youth.

Bay Area IDA Collaborative, Oakland, California. The Bay Area IDA Collaborative is comprised of 13 community-based organizations in the San Francisco Bay area which collectively serve a significant portion of the low-income population in the area. The East Bay Asian Local Development Corporation (EBALDC) is a Community Development Corporation and is the lead organization for the Collaborative. EBALDC has expanded its mission from serving the Asian/Pacific Islander community to building strong communities among diverse low-income populations. Services include affordable housing, community organizing and planning, and economic development. The IDA program serves low-income minority residents of the communities served by member organizations.

Capital Area Asset Building Corporation (CAAB), Washington, DC. CAAB is a non-profit corporation comprised of eight community-based organizations whose goal is to bring an asset-based economic development system to scale in the disadvantaged neighborhoods of the District of Columbia. The collaborative was created to: build capacity by devising a centralized, systemic approach to implementing IDAs in the District; craft a collaborative fundraising strategy to minimize competition among community-based organizations; and join forces in advocacy activities to help pass asset accumulation legislation for low-income residents. The IDA program serves clients of the collaborative member organizations.

Central Texas Mutual Housing Association (CTMHA), Austin, TX. CTMHA is a community-based non-profit organization whose mission is to help families improve their lives and pursue their dreams by providing affordable housing. Since 1986, CTMHA has developed 1,655 units of affordable housing in ten Central and North Texas rental communities. With a staff of 27, CTMHA has created several resident service programs for low-income tenants, including after-school and summer youth programs, computer and English-as-a-Second-Language classes, and the IDA program. The IDA program serves community residents. Counseling and training is offered in both English and Spanish.

Central Vermont Community Action Council, Inc. (CVCAC), Barre, Vermont. CVCAC is a community action agency whose focus is on community economic development and developmental family services. CVCAC provides advocacy and programmatic services for economically disadvantaged families and individuals in 56 towns in rural north-central Vermont. The 111-member professional staff provides services to about 6,000 persons annually. CVCAC has partnered with several community agencies in implementing its IDA program. The IDA program serves clients of CVCAC, clients of the Department of Social Welfare (TANF recipients), and young adults (ages 16-24).

Community Action Project of Tulsa County (CAPTC), Tulsa, Oklahoma. CAPTC is a community-based, comprehensive anti-poverty agency whose mission is to help individuals and families in economic need achieve self-sufficiency through emergency aid, medical care, housing, community development, education, and advocacy in an atmosphere of respect. Recent examples of new programs that have grown significantly in response to client demand include CAPTC's affordable housing and Earned Income Tax Credit (EITC) programs. CAPTC's IDA program focuses on those who are making the effort toward achieving self-sufficiency but who are not yet able to escape poverty. The IDA program targets working poor households with children who qualify for the maximum EITC refund. Many of the IDA participants are clients of other CAPTC services.

CAPTC started a second IDA program as an experimental design. The second program has a lower family income threshold, 150% of poverty rather than 200% of the poverty threshold.

Heart of America Family Services (HAFS), Family Focus Center, Kansas City, Missouri. HAFS is a 120-year-old non-profit organization dedicated to supporting and strengthening families in need through information, education, and intervention. Its programs serve 60,000 people annually at more than 14 locations. The Family Focus Center is one of HAFS' community-based programs that provides neighborhood-based family support, including an IDA program, to a primarily Latino population in Kansas City's Westside. The Family Focus Center has partnered with other neighborhood organizations and with the University of Kansas School of Social Welfare to implement the program. Counseling and training are offered in both English and Spanish. The IDA program serves the neighborhood area and clients at the Family Focus Center.

Human Solutions, Inc., Portland, Oregon. Human Solutions is a non-profit community housing organization whose focus is to provide housing and related services to homeless and low-income families in East Portland and East Multnomah County. Since 1992, the organization has also purchased and developed over 150 units of low-income housing, and it manages market

rate housing owned by others for homeless families. The IDA program serves residents of Human Solutions' rental properties.

Mountain Association for Community Economic Development (MACED), Berea, Kentucky. In 1976, MACED was created by ten community development organizations in Central Appalachia to provide technical assistance to community-based groups in the region. MACED's core programs are business development, sustainable communities, and land and resources. The "Pathways to Prosperity" IDA program was developed for low-income residents of Owsley County (Kentucky's poorest county). Several local community organizations partnered with MACED in implementing the IDA program, including the Owsley County Action Team, a citizen group that participates in MACED's Sustainable Communities Initiative, and the Central Appalachian Peoples Federal Credit Union.

Near Eastside IDA Program, Indianapolis, Indiana. The Near Eastside Community Federal Credit Union (NECFCU) and the John H. Boner Community Center partnered to create the Near Eastside IDA Program. The NECFCU, founded in 1981, is the only community development credit union in Indiana, and houses the accounts for IDA participants. The Boner Center is a neighborhood community center that has provided a broad spectrum of social services since 1972. The Near Eastside IDA Program serves youth and adults living on the Near Eastside of Indianapolis, and/or participating in Boner Center or Credit Union programs.

Shorebank, Chicago, Illinois. Shorebank is a community development financial institution whose mission is to increase opportunities in underserved communities by identifying and supporting investment in local assets. The IDA program is a joint effort between South Shore Bank and Shorebank Neighborhood Institute (SNI), Shorebank's non-profit affiliate. SNI's primary focus is on human and social capital development, as well as targeted enterprise development. The program targets African-Americans living in Chicago's South and West sides, including families living in subsidized rental properties owned by Shorebank. Most participants are referred by other partner organizations.

Women's Self-Employment Project (WSEP), Chicago, Illinois. WSEP is a microenterprise development organization that provides entrepreneurial training, business development, and financial services to low- and moderate-income women. WSEP's mission is to raise the income and degree of economic self-sufficiency of women through a strategy of self-employment, and to serve as a catalyst for developing viable options for alleviating poverty. In 1995, WSEP initiated an IDA demonstration with welfare recipients; it was one of the first IDA programs in the country. Expansion of the program now includes a partnership with the Chicago Housing Authority (CHA) and includes residents within the targeted CHA programs. The IDA program serves residents of CHA HOPE 6 developments, graduates of WSEP programs, and employees of WSEP participant businesses.