

## OUP-FUNDED RESEARCH SHEDS LIGHT ON IDA USE

**Who opens IDAs—and who uses them most successfully?** Michel Grinstein-Weiss, assistant professor of social work at the University of North Carolina, attempted to answer these questions in her doctoral dissertation, which examines the unique experiences and outcomes of individuals who used an IDA to save for homeownership. The dissertation was supported by funds from OUP's Early Doctoral Student Research Grant and its Doctoral Dissertation Research Grant.

Grinstein-Weiss based her dissertation on data from the American Dream Policy Demonstration (ADD), the first large-scale study of IDA as a community development and public policy tool. Beginning in 1997, ADD researchers followed more than 2,000 participants at 14 community-based program sites nationwide for 4 years. Fifty percent of ADD participants were saving to buy a home. In analyzing the data, Grinstein-Weiss came to these conclusions about homeownership IDAs:

**Who saves more?** Females, urban residents, and married couples save more in homeownership IDAs than males, rural residents, and single individuals. Among racial and ethnic groups, Latinos or Hispanics had the highest savings level, followed by Caucasians and African Americans. IDA participants with a college degree saved more than those who did not

attend high school. Participants with higher incomes and those who have assets—like a car or a bank account—were more likely to save more money more often.

**How do program characteristics affect savings?** The number of hours an individual spent in financial literacy class was highly

associated with savings outcomes for the homebuying group. In addition, programs with high match rates seemed to be more successful in encouraging savings. Participants who received \$3 for every dollar they saved were likely to save more frequently than those who received only \$1 for every dollar they saved. Individuals enrolled in programs with a higher monthly savings goal made higher and more frequent deposits. Finally, participants who used direct deposit saved more regularly.

**How does race affect savings?** African Americans tend to save smaller amounts in IDAs than Caucasians, the study found. However, higher savings rates among African Americans seem to be associated with certain program characteristics, such as a financial education requirement, a high match rate, monthly savings targets, and the availability of direct deposit. Only two characteristics—financial education and direct deposit—were associated with higher and more frequent savings among Caucasians.



*Dr. Michel Grinstein-Weiss*