SAVEUSA

Program Implementation: Insights from the Field

Michael R. Bloomberg
Mayor

Department of Consumer Affairs
Office of Financial Empowerment

Jonathan Mintz
Commissioner

Center for Economic Opportunity

Veronica M. White
Executive Director

SaveUSA is an initiative of the Mayor's Fund to Advance New York City / Center for Economic Opportunity Social Innovation Fund.

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The City of New York

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Acknowledgments

Enacted under the Edward M. Kennedy Serve America Act and administered by the Corporation for National & Community Service, the Social Innovation Fund (SIF) represents a new way of doing business for the federal government that stands to yield greater impact on urgent national challenges. The SIF not only supports initiatives that will directly impact thousands of low-income families, but will create a catalogue of proven approaches that communities across the country can replicate.

In July 2010, the SIF awarded an inaugural $5.7 million annual grant to the Mayor's Fund SIF Collaborative to replicate and test in eight cities across the country five of New York City's evidence-based antipoverty programs: Family Rewards, Jobs Plus, Project Rise, SaveUSA and WorkAdvance. The Collaborative includes the Mayor's Fund to Advance New York City, the Center for Economic Opportunity (CEO), the Department of Consumer Affairs Office of Financial Empowerment (OFE), and MDRC, a nonpartisan education and social policy research organization.

This brief focuses on SaveUSA, a tax time matched savings program; however, no initiative would have been possible without the support and encouragement of Mayor Michael R. Bloomberg, First Deputy Mayor Patricia E. Harris and Deputy Mayor Linda I. Gibbs.

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Jonathan Mintz
Commissioner
Department of Consumer Affairs
Office of Financial Empowerment

Veronica M. White
Executive Director
Center for Economic Opportunity

About Center for Economic Opportunity
CEO was established by Mayor Michael R. Bloomberg in 2006 to implement innovative ways to reduce poverty in New York City. Over the past five years, CEO has invested over $400 million to implement and evaluate more than 40 antipoverty programs, working in partnership with the Mayor's Fund to Advance New York City, City agencies and local nonprofits.

About Mayor's Fund to Advance New York City
The Mayor's Fund is a 501(c)(3) nonprofit organization dedicated to supporting innovative public-private partnerships and programs such as those of CEO.

About Department of Consumer Affairs
DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace for consumers and businesses, DCA licenses more than 78,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. DCA's Office of Financial Empowerment (OFE) is the first local government initiative in the nation with a mission to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources. Toward that end, OFE seeks to increase access to high-quality, low-cost financial education and counseling; improve access to income-boosting tax credits; connect households to safe and affordable banking and asset-building products and services; and enforce and improve consumer protections to enhance financial stability.

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Table 1. SaveUSA at a Glance

• Tax time matched savings program
• Operated in New York City, Newark, San Antonio, Tulsa
• Offered at select Volunteer Income Tax Assistance (VITA) sites
• 1,664 SaveUSA accounts opened
• $875,000 committed to savings
• $1 million saved for the full year

In recent years the City of New York has pioneered innovative products, services and programs to help low- to moderate-income (LMI) residents build savings and become more financially secure. This brief shares insights about one such program: SaveUSA.

With limited access to high-return savings vehicles or opportunities, families with low and moderate incomes struggle to accumulate savings once basic household needs are met. In the United States, roughly 30 percent of low-income working families have zero or negative net worth.[1] Indeed, in New York State, 35.5 percent of the population is asset poor, meaning people do not have sufficient net worth to subsist at the poverty level for three months without income.[2] This is particularly true for families who have low and moderate incomes—one-fifth of whom do not have a bank account to build savings.[3] Without savings, families facing an emergency often must turn to costly alternative sources of funds, such as payday loans and credit cards, which can lock them into a cycle of high-cost debt.

While many believe that short-term savings may be the best starting point for families with low incomes to manage emergencies and strengthen their overall finances, few programs have tested the validity of this approach. Instead, the last decade has seen the asset building field focus on long-term savings, with researchers, practitioners and public entities all working to identify vehicles and incentive structures to foster such behavior.[4]

However, the notion of short-term savings as an important initial step is beginning to gain momentum. Recent reports, such as *The Assets Agenda 2011* by New America Foundation and *Assets & Opportunity Scorecard: A Portrait of Financial Insecurity and Policies to Rebuild Prosperity in America* by CFED, indicate that the impact of long-term savings goals like homeownership or retirement could be less significant than the benefits of liquid savings which can be used to smooth consumption in the event of income loss or earnings fluctuations.[5] These reports present a more realistic picture of families' available financial resources to meet emergencies and argue for savings policies that are informed by families' different savings needs at different points during their lives.

As the discourse around short-term asset development continues to grow and policymakers seriously consider adding a savings component to the federal tax code based on results of pilot programs and demonstrations that focus on incentivized tax time savings opportunities for the LMI population, it is important to understand the demand for such programs and to delve deeper into their impact on participants' financial stability.[6]

Early Lessons from Tax Time Savings Efforts

During the 2000 tax season, a former community development bank in Chicago piloted the Extra Credit Saving Program. This program offered Earned Income Tax Credit (EITC) eligible filers the opportunity to open a no-fee, no-minimum balance savings account into which they could directly deposit their federal tax refund. Participants were eligible to receive a 10 percent bonus (up to $100) on funds remaining in the account at the end of the year. Twenty (20) percent of eligible filers opened the account, 61 percent of whom were unbanked at enrollment; 86 percent of participants received the bonus.[7]

In a 2005 study, tax filers at select H&R Block offices in the St. Louis metropolitan area were randomly assigned to one of three match rates—0, 20, or 50 percent—on contributions to an H&R Block Express IRA at the point of tax preparation. The control group included filers who were given information about the IRA but did not receive a match.[8] The study concluded that a combination of the financial incentive, involvement of the tax professional, and the ease of participation had a significant effect on the willingness of individuals to participate in such programs and the amount they were willing to contribute.

Building on these efforts, the New York City Department of Consumer Affairs Office of Financial Empowerment (OFE) piloted a tax time savings program, $aveNYC, from 2008 to 2010. Initial results demonstrated that adults with low incomes will save at tax time when presented with the right opportunity and incentive. Since 2008, 2,200 people, roughly nine percent of eligible tax filers, chose to open a $aveNYC Account and commit over $1.7 million to savings. The majority of participants (81 percent) saved for the full program term and received match funds, accumulating over $2.3 million.[9]

"It made me feel very good that I can … actually put something (away). I would never in a million years think that I can actually do that but after … doing it now the third year, it doesn't feel hard at all to do."

- $aveNYC Interview Participant

An in-depth analysis of the $aveNYC program, led by the Center for Community Capital at the University of North Carolina, found that the program was positively associated with an increased savings level and, thus, improved financial stability.[10] While $aveNYC participants held more savings, relative to a comparison group, of particular importance was the finding that these participants were better equipped to deal with emergencies or a loss of income. In fact, program participants also increased their odds of having one month's worth of savings to cover expenses and, over the course of the study period, increased their savings, while comparison group members experienced reductions in their savings. Qualitative research further suggests that $aveNYC helped participants overcome some savings barriers, including poor history with financial institutions, inability to see themselves as savers, and family/community pressure discouraging savings behavior and practice.[11]

These innovative approaches to savings served as a foundation for the SaveUSA program, most notably $aveNYC.

II. SaveUSA Overview

In July 2010, the federal Social Innovation Fund (SIF) awarded a grant to the Mayor's Fund SIF Collaborative to replicate and test in cities across the country five of New York City's evidence-based antipoverty programs, among them SaveUSA (formerly $aveNYC).

The SaveUSA program combines the tax refund "windfall"—often the largest lump sum payment received by LMI families—and a valuable incentive to precipitate short-term savings and hopefully move individuals on a pathway toward longer-term savings and greater financial stability. Offered at Volunteer Income Tax Assistance (VITA)[12] sites in partnership with financial institutions in New York, N.Y., Newark, N.J., San Antonio, Texas, and Tulsa, Okla., SaveUSA offers account holders a 50 percent match on a portion of their tax refund that they save for approximately one year.

These sites serve as a "public laboratory" to test the program for a broader policy goal: integrating a tax time savings incentive into the federal tax code. Ultimately, income-eligible filers would simply designate the amount of their refund to save in an approved savings account for one year, then present documentation to show that the account remained open and fully funded for the entire year to get matching funds.

To create such a mechanized incentive structure for savings through the tax code, testing and evaluation of program impact are critical. Although the current program design and delivery are not reflective of the account once automated, findings from such an evaluation can provide evidence-based learnings on both the impact on participating families and the potential for impact on the national economy.

Program Description

To participate in the SaveUSA program, eligible tax filers at participating VITA sites must open a SaveUSA account and invest, at the point of tax preparation, a minimum of $200 in the account. Using the IRS split refund form, Form 8888 Allocation of Refund Form, participants directly deposit a portion of their refund into the SaveUSA account. Participants receive a 50 percent match, up to $500, on the initial tax time deposit if they leave the funds untouched for approximately one year.[13] Account holders can make additional deposits and withdrawals. However, if they withdraw an amount that reduces their initial deposit, they are ineligible for the match. Account holders unable to save their initial deposit

Table 2. SaveUSA Eligibility and Account Features

Eligibility
• Must have Adjusted Gross Income (AGI) of $50,000 or less with children
• Must have AGI of $20,000 or less without children
• Must have a minimum refund of $200 and save at least $200 in the account
• Must be at least 18
Account Features
• Must make deposits and withdrawals at branch location
• No ATM access, point-of-sale transactions, or paper checks
• No maintenance or online statement fees
• Interest earnings at market rate for traditional savings accounts
• No or limited ChexSystems review

for the full year are not penalized and can access all of the money in the account, including any accrued interest.

After they receive the match, account holders may withdraw funds from their SaveUSA account or keep the account and continue to accrue interest. There are no restrictions on how participants may use funds from their account. Savers are encouraged to allow the account to roll over and to participate in the program again by directly depositing a portion of their next tax refund in the account. These features were negotiated especially for the program.

Research and Evaluation Plan

Research partner MDRC has designed the SaveUSA evaluation to determine whether an incentivized savings vehicle linked to the tax moment will spark savings among households with low incomes, and whether the effects of such saving improve financial stability. The evaluation will measure program impact through the use of a randomized control trial (RCT)[14] in two cities: New York City and Tulsa. Tax filers who are interested and eligible for SaveUSA are assigned at random to either a Program Group, eligible for the SaveUSA match, or a "Regular Tax Filer" group (also called the Control Group), not eligible for the match but informed about other savings options.

Comparing outcomes between the Control and Program groups over the next three to four years, MDRC will test whether short-term savings turn into long-term savings habits and whether such short-term savings opportunities matter in averting bigger financial problems. Specifically, the evaluation will show whether individuals randomly selected to open SaveUSA accounts are able to amass greater savings, are more likely to develop regular savings habits and, perhaps most importantly, have greater financial stability compared to those individuals not randomly selected to open SaveUSA accounts.

This RCT is coupled with monitoring and evaluation of program performance in San Antonio and Newark to allow for a four-city implementation analysis. The implementation analysis will examine enrollment rates and participation characteristics across the four cities and how they may differ city to city. The evaluation uses multiple data sources, including tax return data; reports from the VITA sites on the characteristics of tax filers; SaveUSA account activity from the financial institutions; field notes and documents relating to the implementation of the program; and two waves of follow-up surveys administered to individuals assigned to the SaveUSA and Regular Tax Filer groups in 2011.

Early Program Results

Initial results show that an incentivized tax time savings opportunity is of interest to tax filers and the potential to save for the full year does exist. During the 2011 tax season, the four cities successfully enrolled 2,490 individuals (approximately 11 percent of eligible tax filers) into the SaveUSA study. Of those enrolled in the study, 1,664 were assigned to the SaveUSA group, meaning they could open a SaveUSA account; these participants committed over $875,000 to the program at the point of enrollment.

Given instances where a tax filer's refund was not received due to tax filing issues or garnishments, or the SaveUSA account was not opened due to flags raised by the financial institution, 10 percent of SaveUSA accounts were not opened or did not receive a direct deposit. A total of 1,496 accounts were opened and funded. Approximately three out of four of these account holders (73%) saved for the full year and received the match funds. As a result of the SaveUSA program, these account holders had an average $902 in SaveUSA-encouraged savings, including their savings deposit plus match funds, which represents nearly $1 million in savings.

Table 3: SaveUSA Highlights[15]

	Funded SaveUSA Accounts	Average Initial Savings	Full Year Savers	Average Total Savings at End of Program
New York City	430	$547	70%	$897
Newark	332	$518	85%	$794
San Antonio	436	$574	76%	$937
Tulsa	298	$583	62%	$1,010
Total	1,496	$555	73%	$902

III. SaveUSA Implementation

Central Coordination

Managing this multicity research effort and ensuring consistency across implementers required a high degree of coordination among the Mayor's Fund SIF Collaborative Partners. As described in Figure 1 (pages 11 and 12), each partner had distinct roles and responsibilities; frequent communication among partners has been essential. The Design Team, which includes the Mayor's Fund, CEO, OFE and MDRC, coordinated implementation across the four cities, working with Implementation Partners and Financial Institution Partners in each city.

The four cities selected to implement SaveUSA have strong VITA experience and scale, and committed city leadership. Competitions were held in each city to select the Implementation Partners to deliver the program. Applicants had to demonstrate organizational capacity, program experience and the ability to manage a federal award. In the RCT cities—New York City and Tulsa—applicants were also asked to demonstrate their ability to manage a program undergoing an intensive evaluation by discussing their experience collecting and reporting program data and outcomes. Experience participating in similar research projects strengthened a prospective Implementation Partner's application. Applicants also had to apply jointly with a financial institution that agreed to partner with them for the length of the program.

The Design Team conducted due diligence on the highest scoring applicants in each city. This included a review of the applicant's organizational capacity, and a review of the Financial Institution Partner to ensure its account terms met program requirements and that the institution could serve the needs of the SaveUSA account holder.

Figure 1: SaveUSA Program Roles

Design Team

CEO and Mayor's Fund	• Oversee fiscal administration of SIF Award • Fundraise for SIF portfolio based on SIF guidelines • Oversee overall project management
OFE	• Design program; develop enrollment procedures and materials; train site staff • Provide ongoing technical assistance • Assist CEO with fundraising efforts and project management
MDRC	• Design and lead SaveUSA evaluation • Provide technical assistance (enrollment; random assignment) • Collect data for analysis

Figure 1 continued: SaveUSA Program Roles

Implementation Partner

Nonprofit Organization

- Manage VITA sites
- Supervise and train SaveUSA staff and VITA volunteers
- Partner with financial institution

Financial Institution Partner

Financial Institution

- Provide process to open SaveUSA account at VITA sites
- Hold accounts for all participants
- Provide reports on SaveUSA account activity

During the 2011 tax season Implementation Partners operated a total of 71 VITA sites, and completed nearly 100,000 returns for free, helping filers claim more than $182 million in tax credits and refunds.[16] Sixteen (16) of the 71 sites offered the SaveUSA program.

Table 4: Implementation Partners

City	Implementation Partner	Number of 2011 SaveUSA Sites	Number of 2011 Returns Filed
New York City	Food Bank for New York City	5	45,200
Newark	Newark Now	4	4,000
San Antonio	United Way of San Antonio and Bexar County	4	34,000
Tulsa	Community Action Project of Tulsa (CAPTC)	3	16,720

Program Staffing and Process Flow

Each Implementation Partner designated an overall Program Coordinator to oversee implementation of SaveUSA across participating VITA sites. Based upon lessons learned in $aveNYC, partners were also expected to hire Asset Specialists to enroll program participants and to explain the research study and on-site marketing.[17] As program experts, Asset Specialists must be personable and effective salespeople and detail oriented to manage the enrollment and data collection processes. These SaveUSA-specific positions were not expected to be exclusive to the program, and often Asset Specialists assisted with a range of other programs and duties. In this way, the SaveUSA program helped build capacity at VITA sites.

The four cities incorporated SaveUSA into their existing VITA operations in a similar manner. However, New York City and Tulsa had additional client flow steps due to random assignment. See Figure 2 below.

Figure 2: Client Flow Steps

Step 1: Intake (General Site Staff)

- Intake staff mention SaveUSA program and give filers program flyer with intake documents.

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Step 2: Waiting Room (Asset Specialist)

- Asset Specialists distribute additional program material, if necessary, and discuss the program and research requirements.
- Asset Specialists identify interested filers through various means to visually track filers' progress at the site.

↓

Step 3: Tax Preparation Begins (Volunteer or Paid Staff)

- Tax preparer reviews tax return for SaveUSA eligibility.
- Tax preparer involves Asset Specialist to confirm filer's interest in program and to begin enrollment.

↓

Step 4: SaveUSA Enrollment (Asset Specialist)

New York City and Tulsa	Newark and San Antonio
Asset Specialist: • Confirms eligibility • Reviews program rules and research consent forms • Conducts random assignment and explains group assignment: **Program Group:** Facilitates account opening **Control Group:** Facilitates opening a regular savings account, if desired	Asset Specialist: • Confirms eligibility • Reviews program rules and research consent forms • Facilitates account opening • Enrolls filer into program

↓

Step 5: Tax Preparation Ends (Asset Specialist; Volunteer or Paid Staff)

- Asset Specialist gives tax preparer SaveUSA account information to complete Form 8888.
- Quality Review process begins.
- Preparer files tax return electronically.

Program enrollment occurred once participants completed their tax returns or were certain they were receiving a minimum $200 tax refund. The Asset Specialists used an online tool to collect participant data; in RCT cities, Asset Specialists also used the tool to conduct random assignment. While enrollment times varied based on site volume and evaluation method, program enrollment in all cities added an average of 30 minutes to the entire VITA process, which was on average one hour, excluding wait time.

In Newark and San Antonio, the Asset Specialist facilitated account opening with the financial institution before the filer was enrolled in the SaveUSA program. In New York City and Tulsa, the account was opened after conducting random assignment.

There were four ways to open the SaveUSA account which varied by financial institution:

1) Bankers were on-site to open the account.
2) Asset Specialists completed the account application and forwarded it to the bank the next day.
3) Asset Specialists worked with the bank to open the account over the phone.
4) Asset Specialists used an online system to open the account.

With each option, the tax preparer received the SaveUSA account number prior to filing the return to facilitate direct deposit.

IV. Lessons from the Field

This section focuses on lessons learned from implementing SaveUSA in 2011. These lessons have shaped modifications to the program in 2012, provide a framework for further replication beyond the current SIF cities and provide programmatic insights for policymakers, advocates and funders.

Lesson 1: Fully integrate all services offered to maximize enrollment.

Key Takeaways:

- *Maximize program enrollment with individual interaction*
- *Identify opportunities for automation*

Effectively integrating new services within existing programs requires identifying logical touchpoints (or areas of client contact) when clients are able to understand the added value of the service to ensure that it is seen as credible. Identifying logical touchpoints also eliminates barriers to client recruitment and enrollment.

For SaveUSA it was important to incorporate all aspects of program enrollment within the VITA model to maintain sites' focus on tax preparation.

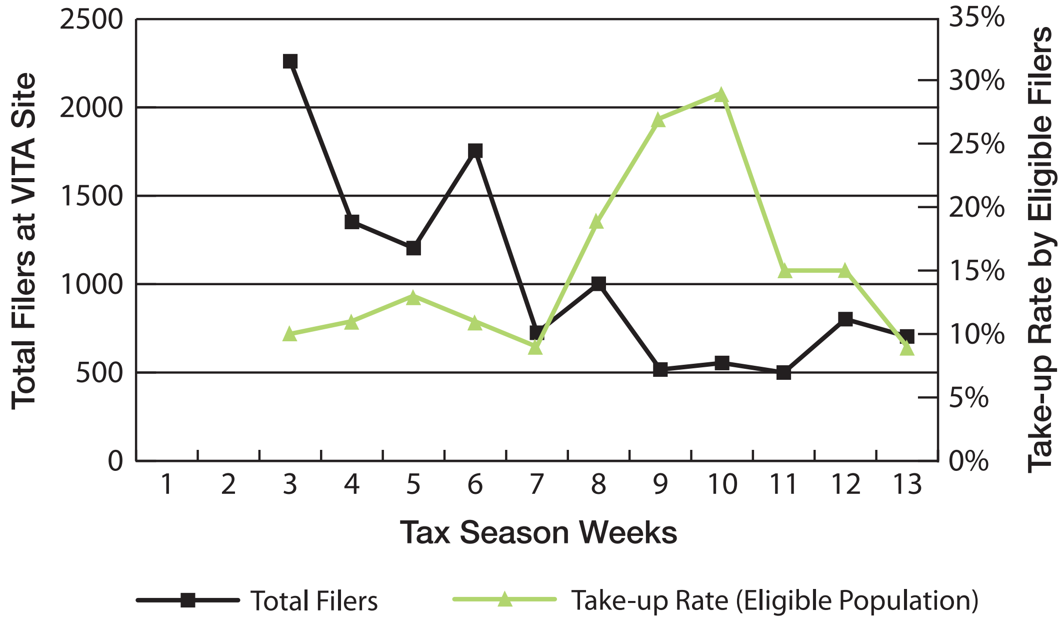
Maximize program enrollment with individual interaction

In the first month of the program, Implementation Partners reported that the strategy of primarily focusing on filers in the waiting room was not generating enough interest to meet enrollment goals. Implementation Partners reported that filers perceived SaveUSA as an extra service not within the VITA service offerings and disregarded its relevance.

To address this, the Design Team and Implementation Partners brainstormed ways to better integrate SaveUSA within the VITA process. One solution, introduced by CAPTC (Tulsa Implementation Partner), required all filers to meet individually with an Asset Specialist immediately after intake to discuss the SaveUSA account opportunity. This modification enabled the Asset Specialist to customize the SaveUSA message for each filer and answer questions about program and research terms.

CAPTC made this change in week 7, after which enrollment rates more than doubled and continued to increase through week 10.[18] See Figure 3 on page 16.

Figure 3: SaveUSA Tulsa Take-up Rates



Implementation Partners in the other three cities made similar modifications to the enrollment process, and similarly reported an increase in enrollment. While enrollment rates are based on several factors, Implementation Partners recognized the value of this one-on-one attention and incorporated it into their enrollment strategy in the 2012 tax season.

Identify opportunities for automation

The account opening process best illustrates the complexity of the SaveUSA program. Explained earlier, each financial institution used different account opening procedures at VITA sites. Lessons learned from each of the four procedures support the need to provide interested filers with an automatic opportunity to save a portion of their tax refund and the ability to incorporate account opening and direct deposit within the filing process.

Bankers on-site to open the account

For financial institutions that provided bankers on-site, filers were able to discuss bank terms and conditions directly with the banker. However, bankers were only available during bank business hours, which did not always coincide with sites' operating hours. This approach limited a site's ability to open accounts during off-hours and is likely prohibitive as a scalable model.

Asset Specialists completed the account application and forwarded it to the bank the next day

Two financial institutions gave authority to Asset Specialists to complete the account opening application and assign account numbers to program participants. This limited the need for bankers to be on-site, and allowed the account opening process to occur at all operating hours, increasing the availability of the account.

Asset Specialists worked with the bank to open the account over the phone
At one site, the partnering financial institution worked with participants to open the SaveUSA account over the phone. This was time-consuming and, in some cases, unsettling to participants who had to provide sensitive information over the phone.

Asset Specialists used an online system to open the account
One financial institution allowed Asset Specialists to open the account using a secure Web site. This model emerged as having the most potential since staff could immediately open accounts online with minimal training.

Though remote account opening practices are not universally available, the ability to facilitate account opening via online applications or automated processes without needing bank staff on-site is very appealing as it is scalable, cost-effective and closely mirrors the long-term goal of an automated step at the tax filing moment.

Changes to the current account opening processes for SaveUSA are a challenge given the small scale of the pilot. For the 2012 tax season, participating financial institutions trained program staff on account opening procedures. The Design Team will continue to work closely with Implementation Partners and financial institutions to fully integrate account opening within the VITA sites.

Lesson 2: Implementing a program with an added layer of research and evaluation is an ongoing balancing act between somewhat divergent priorities.

Key Takeaways:
- *Manage client expectations and minimize enrollment barriers*
- *Identify data collection needs and resources*

Demonstrating the success of a nascent program through rigorous evaluation is increasingly necessary to prioritize providing scarce resources to it. However, combining evaluation with service delivery creates operational challenges and can deter participation, especially in pilot programs, given the divergent priorities of enrolling participants in the program and following research protocols both to identify participants and secure their consent to be in a study.

With SaveUSA, the Design Team and Implementation Partners had to juggle offering a matched savings program to filers while simultaneously enrolling them in a research study.

Manage client expectations and minimize enrollment barriers

Prior to enrolling in SaveUSA, interested filers needed to understand program terms (e.g., contribution parameters; how to receive the match); research terms (data that would be collected); and, in RCT cities, random assignment. Asset Specialists provided this information to interested filers; FAQs and consent forms also described program and research details.

To enroll in the program, filers across the four cities had to complete four consent and program forms.[19]

The enrollment process in RCT cities was slightly more complex as filers had to:

1) Understand how random assignment impacted their chance to open the SaveUSA account.
2) Agree to participate in a survey, if contacted, and share contact information for up to three people who would know how to contact the participant, if needed.
3) Give MDRC permission to collect credit score and ChexSystems data and, in New York City, complete a separate consent form for employment and earnings data.

In RCT cities, recruitment proved challenging, as VITA staff needed to explain to filers that if they were interested in SaveUSA, they would have only a 50/50 chance of being randomly assigned to the Program Group eligible to open the SaveUSA account. To address this challenge, and the added time needed for enrollment, the consent form was shortened, eliminating the requirement to collect credit reports or ChexSystems and employment data. Additionally, MDRC provided Implementation Partners in RCT cities $10 client incentives for the added time needed to complete enrollment.[20] This incentive proved very valuable for making it worthwhile for filers to take the added time to enroll in the study given that they may not be selected for the match. Also, as noted, meeting one-on-one with the Asset Specialist afforded filers the opportunity to discuss in detail any concerns about the program and research.

Implementation Partners noted that these changes had a positive impact on enrollment, making staff more comfortable promoting the program and reducing perceived hassles to enrollment. Random assignment will continue during the 2012 and 2013 program years, and Implementation Partners in New York City and Tulsa will continue to offer client incentives for the added time needed to explain the program. Changes to consent forms were not made in San Antonio or Newark, and no client incentives were offered as the number of forms and enrollment process were not as time-consuming.

Identify data collection needs and resources

To ensure the effectiveness of the research demonstration, the Design Team knew it was critical to discuss data collection needs with Implementation Partners prior to implementation. While Implementation Partners collected data on VITA clients to varying degrees, it was important to refine intake surveys to collect consistent data on the characteristics of filers across cities. Also, after much thought, it was agreed to collect participants' tax return data which is provided through a third party and, therefore, outside of Implementation Partners' control. Finalizing the process for this level of collection required much back-and-forth among the teams and external stakeholders. This experience highlights the importance of identifying data collection needs and establishing appropriate resources and procedures prior to implementation.

Because this is a research demonstration, some data being collected for SaveUSA, such as demographic data and select data points from tax returns, serve only research purposes. As we move closer to a federally sanctioned program, data collection will serve operational needs, i.e., identifying eligible tax filers from W2s and other earnings forms; and confirming savings amount possibly through a combination of self reporting by the taxpayer and the financial institution holding the account.

Lesson 3: Dedicated staff and comprehensive training are needed to ensure consistent delivery of a program and maximize enrollment.

Key Takeaways:

- *Train all site staff and volunteers on program*
- *Develop a comprehensive training curriculum*

In any program staffing and training are obvious priorities, but there are times staffing assignments and training strategies rely more on past experiences and assumptions than adequately addressing the programmatic goals at hand.

Implementation Partners had to identify key staff responsible for enrolling filers. Although this centralized staffing model ensured that all SaveUSA responsibilities were covered, it did not take advantage of all available client touchpoints to maximize enrollment. Other VITA staff has frequent contact with filers, and also should be employed to sell the program.

Train all site staff and volunteers on program

During the 2011 tax season, site support staff and tax preparers were not asked to attend SaveUSA training and were given very basic program information to avoid adding to their responsibilities. However, staff and especially tax preparers can assist recruitment efforts by reaffirming the importance of savings and how SaveUSA can help filers achieve their goals.

For the 2012 tax season, Implementation Partners made a greater effort to educate and train tax preparers and site staff on the program, so they can actively promote the program. The training curriculum was revised to define the tax preparer's role, specifically to remind filers about SaveUSA and to notify the Asset Specialist for necessary follow-up. Program Managers had to discuss this role at tax preparer trainings in the fall. Furthermore, Implementation Partners were asked to include support staff in program trainings. This all-inclusive approach will continue in 2013.

By involving tax preparers, we hope that they will be as engaged and committed to the program as they are with the Earned Income Tax Credit (EITC). This involvement will be critical when such a savings opportunity is included in the federal tax code.

Develop a comprehensive training curriculum

The first half of the SaveUSA training curriculum covered the importance of savings and lessons learned from the $aveNYC program, with the second half devoted to program implementation. The 2011 training focused on the four key areas shown in Figure 4 on page 20.

Figure 4: SaveUSA Training Curriculum

Understanding program context

- Provide details on the importance of the program
- Discuss the importance of savings for target clients
- Discuss scalability and national savings policy

Engaging filers

- Focus on marketing SaveUSA and emphasizing the ability to earn a 50% match
- Focus on describing the research requirements in full detail

Responding to pushback

- Provide suggestions on addressing filers' skepticism and initial pushback

Enrolling participants

- Practice using the online tool to enroll filers in SaveUSA
- Practice describing the research requirements and completing all program forms

Although the training content was comprehensive, the primary lesson learned in 2011 and articulated by all Implementation Partners was the need to incorporate role playing and scenario-based exercises to help staff familiarize themselves with program messaging and terms prior to implementation. For the 2012 tax season, along with all the major elements from the 2011 training, we dedicated significant time to walking training attendees through the program and using role play (filer, tax preparer, Asset Specialist) to run through the entire tax preparation process. We introduced scenarios of problems experienced during the first year and tasked staff to deal with these issues and identify solutions.

Lesson 4: A successful promotional campaign is multipronged and should include various stakeholders.

Key Takeaways:

- *Identify different outreach strategies to build awareness*
- *Tap into clients' motivations*

An effective promotional campaign includes strategically timed outreach; diverse community partners acting as program champions to build awareness; and relevant and motivating messages.

The SaveUSA promotional campaign included these efforts and confirmed the power of including city officials and community leaders.

Identify different outreach strategies to build awareness

Pre-tax season outreach is vital, as many tax filers mentally allocate their refund to various expenses prior to receiving it. Using targeted pre-tax season outreach, we can make sure filers factor the SaveUSA program into their mental allocation of their tax refund. Additionally, this prior knowledge means filers can walk into sites expecting to enroll and can further create a "snowball effect," galvanizing other on-site filers or persuading those unfamiliar or skeptical of the program to enroll.

Due to the timing of the SIF award and ensuing selection process in 2011, Implementation Partners were unable to fully integrate SaveUSA program messaging in their pre-tax season outreach efforts. In 2012, Implementation Partners incorporated SaveUSA in their pre-tax season outreach to influence pre-tax filing decision-making and encourage filers to think about savings. Partners have mailed SaveUSA-specific postcards to existing participants inviting them to participate again, and distributed a general VITA postcard to all filers highlighting SaveUSA.

Implementation Partners also undertook other strategies to inform the public about SaveUSA, including working with city officials and agencies to promote the program on social media outlets like Facebook and Twitter and incorporating the program within EITC Day press activities. This level of outreach generated additional interest by media outlets leading to public interest articles in several news publications in all four cities. Partners will continue to tap into these networks to build awareness of the program.

Tap into clients' motivations

During the 2011 tax season the primary lesson learned was that program messaging needed to capture filers' attention and tap into their savings motivations.

Implementation Partners observed that the program catchphrase "What will you save for this year" did not resonate with filers. One Implementation Partner designed new materials during the course of the 2011 season to highlight specific savings goals, such as saving for a car, medical emergency or college. See Figure 5 on page 22. Anecdotally, filers identified more with specific savings messages than with the broader question around savings. This approach was used to promote the 2012 program.

Figure 5. 2011 SaveUSA materials

Drawing from lessons learned with $aveNYC, the team also tried to use group dynamics in the waiting room to support the program. One person's dismissal of the program can lead to the entire group's dismissal. Individual meetings with the Asset Specialist are intended to mitigate this negative group effect. Furthermore, we know that tax filers need to see that others are involved in the program to recognize its legitimacy.

For the 2012 tax season, the Design Team and Implementation Partners developed creative strategies to engage filers in the waiting room, such as:

1) A highly visible, daily tally of SaveUSA accounts opened and pledged savings
2) A "savings wall" for participants to post their savings goals

V. Conclusion

The economic downturn has demonstrated how critical it is for families to regularly build reserves to withstand difficult times. The financial services industry and others are beginning to argue that families need short-term emergency or "payday" loans now more than ever. However, as many of us who work with families in the aftermath of these shortsighted and costly fixes can attest, these types of interventions often leave families worse off than before the crisis. SaveUSA's innovative approach—coupling the tax refund "windfall" with a significant match to incentivize saving—is rooted in the idea that short-term savings opportunities can fundamentally impact people's long-term financial stability in two ways: first, by giving people immediate access to funds to withstand emergencies so high-cost options are not their only choice and, second, by fostering a pattern of savings.

In the near term, we intend this brief to inform the field, helping not only our Implementation Partners but other municipalities and organizations to pilot such a short-term savings program for their constituents.

Ultimately, we will use evidence from this research demonstration to advocate for a broader policy conversation about changing the tax code to incentivize savings among low- to moderate-income families to help them withstand emergencies and smooth income disruptions while building financial stability and security.

Endnotes

[1] McKernan, Signe-Mary, and Caroline Ratcliffe, (2008). Enabling Families to Weather Emergencies and Develop: The Role of Assets." New Safety Net Paper #7, The Urban Institute. Available at: http://www.urban.org/UploadedPDF/411734_enabling_families.pdf

[2] 2012 Assets & Opportunity Scorecard. CFED. Data Source: Survey of Income and Program Participation, 2008 Panel, Wave 4. Washington, DC: U.S. Department of Commerce, Census Bureau, 2009. Data calculated by the Bay Area Council Economic Institute. Retrieved January 31, 2012.

[3] FDIC. 2009. National Survey of Unbanked and Underbanked Households. Available at: http://www.economicinclusion.gov

[4] Projects such as the American Dream Demonstration and the Assets for Independence (AFI) Demonstration Program have provided some beneficial insights into the impact of incentivized asset-purchase opportunities on the financial stability of low-income households.

[5] Reid Cramer, Alejandra Lopez-Fernandini, Lindsay Guge, Justin King, and Jamie Zimmerman (2010). *The Assets Agenda 2011*. New America Foundation. 2012 Assets & Opportunity Scorecard. CFED.

[6] Policy changes are already being discussed, such as the Saver's Bonus Act, introduced in 2008. The Saver's Bonus proposes using the federal tax system to provide a 1-1 monetary incentive to low-income families who save in designated savings products.

[7] Beverly, S.G., Romich, J.L., and Tescher, J. (2003). Linking Tax Refunds and Low-Cost Bank Accounts: A Social Development Strategy for Low-Income Families? St. Louis, MO: Washington University, Center for Social Development, Working Paper No. 03-17. Eighty-nine filers enrolled in the program, of which 72 completed the informed consent process. Results are based on a combination of account, tax returns, and survey data.

[8] Duflo, E., Gale, W.G., Liebman, J. B., Orszag, P., R. and Saez, E. (2005). Savings Incentives for Low- and Middle-Income Families: Evidence from a Field Experiment with H&R Block. The Retirement Security Project. The Express IRA was offered by H&R Block to allow clients to make IRA contributions at the time of tax preparation. The maximum match was $1,000.

[9] Based on program enrollment data and account reports received from partnering financial institutions. The $aveNYC program was informally offered during the 2011 tax season to participants whose accounts remained open. Also see: Department of Consumer Affairs Office of Financial Empowerment (2010), The $aveNYC Account: Innovation in Asset Building. Research Update.

[10] DCA/OFE partnered with the Center for Community Capital at the University of North Carolina-Chapel Hill (CCC) to evaluate the 2009 and 2010 $aveNYC Program. CCC conducted two surveys with $aveNYC participants and a control group of filers from VITA sites not offering the SaveUSA program. Key, Clinton C., Michal Grinstein-Weiss, Jenna N. Tucker, and Krista Holub. 2011. "Savings at Tax Time: The effect of $aveNYC on savings in low-income households." Working Paper.

[11] Based on in-depth interviews conducted by CCC with 50 participants from the 2009 program year.

[12] The Volunteer Income Tax Assistance (VITA) program is an IRS program designed to offer free tax return preparation to low- to moderate-income individuals.

[13] SaveUSA participants are required to maintain their initial deposit through January 31. Match funds are deposited into the account on February 1 the year after program enrollment.

[14] The SaveUSA evaluation will focus on participants enrolled during the 2011 program year. The Design Team will continue to collect data on participants and monitor program implementation for the 2012 and 2013 program years.

[15] Based on enrollment reports and account activity as of February 27, 2012.

[16] Based on reports received by Implementation Partners.

[17] Partners in New York City and Tulsa were also asked to hire a Research Specialist to support the Asset Specialists at the sites. However, because the duties were similar, Partners chose to hire two Asset Specialists for each site and hired a research coordinator or additional program manager to support implementation across the sites.

[18] Because of weather disruptions, the CAPTC VITA program had limited service during the first two weeks of the 2011 tax season.

[19] To enroll in the program, filers had to sign 1) a SaveUSA study consent form that provided an overview of the program and research study; 2) a Consent to Use form required to collect data points from the tax return; 3) a Consent to Disclose form also required to collect data points from the tax return; and 4) for those opening the SaveUSA account a Program Terms and Conditions form that again detailed the program terms.

[20] Participants in New York City had a choice between a $10 NYC MetroCard and a $10 Target gift card. In Tulsa, participants received a $10 Walmart gift card.