Barriers & Solutions to College Access

Presentation for Illinois Asset Building Group November 15th, 2012





What if? Dexter's Story

Dexter's Story (a compilation of real student stories)

- Imagine that you are a 14 year old African America male living on the west side of Chicago.
 - Your neighborhood is riddled with violence and unemployment.
 - Schools in your area have a 40% drop out rate.
 - Although you are bright & want to go to college, you sometimes wonder if you will make to senior year.
 - Your home life has many challenges. These sometimes lead you to miss school.



What if? Dexter's story

Imagine that ...

- You dream of going to college to study engineering but you don't know how to apply for financial aid.
- Actually, you don't have a bank account ... even more so ... you have never been in a bank before or met a banker!
- You have very limited knowledge of money basics
 budgeting, saving, investing, credit.
- You have never met business professionals outside of your teachers.
- You don't have a job or even a resume.



These are the barriers our students face & more ... Low-Income Students Need Financial Access

- ¼ unbanked or under banked in IL/US (FDIC, 2011)
- 68% low-income households do not have a savings or money market account (CFA)
- One of the most common reasons for college drop out is financial pressure.
 - 1.5 million students drop out of college each year due to financial pressure (Pratt 2009).

What could make a difference for Dexter & other students?



Education + Real World Opportunity

Economic Awareness Council "EAC" serves over 12,000 students across IL with financial education programming each year.

We have found that to be relevant programming must combine:



Education + Opportunity

- Student Examples
- Relevant Hands-On Learning
- Service Learning
- Banking Opportunities
- Employment



Student Examples

- Student examples are used heavily in all topics from financial goal setting to budgeting, banking, saving, and investing and credit.
- Both written scenarios & video are used.
- Students are asked to create new examples as they progress in the program.
 - iBudget online learning tool

Relevant, Hands-On Learning

Financial topics = basic financial skills students need over the NEXT 5 years of life <u>NOT</u> "down the road."

Students are asked to apply concepts & skills

throughout the program.

Setting personal financial goals

- Calculating costs of check cashing
- Tracking spending
- Completing a banking simulation
- Online budgeting tool Budget Builder
- Students know they CAN achieve because they HAVE!



Service Learning

- Classroom presentations
- Video lessons
 - http://www.youtube.com/watch?v=yW1_xPSMO6g
- Essay contests (see example)



"My experience with the Young Illinois saves program has been the best. I have experienced presenting a budget presentation to students at my school. I feel good giving advice to students about how to save their money for the future."

Banking Opportunities

- Bank partners offer high quality youth accounts
 - □ Low minimum (<\$25)
 - No fees
 - Savings account only
 - Non-custodial
 - State ID partnership as needed Secretary of State
- Saving incentives
- Bank at school
- Direct Deposit



Employment & Pre-employment

- Offer internship opportunities
 - Internal (Financial Education Magazine)
 - Partnership (Financial Institution)
- Resume development at school
- Experience presenting to professionals
- Tours of professional locations
- Volunteer mentoring
- Saving incentive/stipend
- Financial capability for youth employers





Financial Literacy Results

- Financial literacy increases from 30-50% correct response to 80-90% correct responses in pilot sample.
- Over 9 out of 10 students agree they "learned more about money" and "could use the information they received in the future" through program.
- Sample included:
 - Over 1,000 students at 7 Chicago Public Schools.
 - Over 90% of the participants qualified as low-income and over 99% of participants were minority participants.



100% Correct!

Financial Planning Results

- Over 2,000 Illinois students have set savings goals.
- Over \$1,000,000 in annual savings has been pledged – roughly \$38 per student per month.
- Over 40% of students noted they were setting a savings goal for the first time in this program.

Financial Access Results

- Over 475 students have opened savings accounts and/or arranged for direct deposit through Saves
- Saves has developed partnerships with 10 youth employers including the Illinois
 Department of Family and Child Services to provide financial capability programming



What Do Students Say About Financial Access & Resulting Financial Behaviors?

- 81% of students reported that they were able to save money through their internship
- Over half of youth employees reported that they (69%) opened a new savings accounts.
- Approximately half (48% of participants) reported that they were opening a bank account for the first time.
- Students who saved reported saving an average of \$94 over the summer.

(small sampling or returning interns)

Common Alternatives to Banking

- Check Cashing
 - Fees
 - Little opportunity to save
 - Expose additional products
- Pay Cards
 - Fees
 - Little opportunity to save
- Common Saving Vehicles
 - Pillowcase
 - Jar
 - Held by friend, relative, etc.









Personal Student Impact

- "The best part of the program was that I learned how to set up a bank account and a direct deposit."
- "I will save more because I have a bank account."
- "Have this program at all schools."
- "I liked when we came together and worked as a team."
- "The best part of today's program was that it is very important to stay in school and save your money for emergencies because at the end you can reward yourself."

See Sierra Turner Article Handout

Student Example: Darius

- Senior at a Saves school.
- Darius has participated in the Saves program for two years
- Recently opened a savings account with our local bank partner.
- Darius has presented as a Saves leader in many settings including in an assembly to the entire school.
- Darius applied for the On the Money Magazine financial internship program. Darius has been published twice in On the Money magazine.
- Darius attended an engineering summer camp at the University of Illinois.
- Darius would like to attend the U of I in finance.
- "I know I [now] have a resume that most Chicago students would be envious of."

Impact: College Access

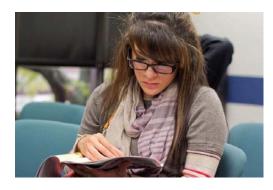
How do these efforts relate to college access?

- 1/3 of youth who expect to graduate from college do not make it to college.
 - This is particularly true among minority students, first generation college students, low-income students.
- Youth who have a savings account and expect to graduate from college are 6 times more likely to attend than those without an account.
 - Youth savings was more critical than parent net worth or student grades.

(Beverly & Elliot, 2010)

Implications

- Use peer examples and relevant application opportunities
- Combine financial access opportunities with financial education
- Combine service learning and career development opportunities with financial education
- Support policies that encourage student saving & saving for college



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