Matched-Savings IDA Project from TCAI Will Encourage College Attendance

By Michael Staten, Take Charge America Endowed Chair and Director, Take Charge America Institute

Last summer, the Take Charge America Institute and the University of Arizona received a $1 million grant from the U.S. Department of Health and Human Services, Assets for Independence program. The purpose is to develop a multi-year Individual Development Account (IDA), matched-savings program that will encourage low-income families to save for college. Over the past 20 years, IDA programs have proven effective in helping low-income households build wealth by saving toward a goal of homeownership or the purchase of an automobile. This new program at the University of Arizona (UA) extends that objective by encouraging families to invest in human capital through the purchase of higher education.

Here is how it works. TCAI is partnering with the UA Office of Student Financial Aid to create a $2 million pool of funds ($1 million from the federal grant received by the Institute; $1 million from Financial Aid scholarship funds) to award to families who establish IDA savings accounts and consistently contribute to them on a monthly basis. To be eligible for the program, students’ families must earn less than 200 percent of the federal poverty level, and must continuously save at least $25 per month in their IDA savings accounts after enrolling in the program. At the end of a successful savings program, families with students who are admitted to the UA will receive an 8 to 1 match against their savings that can be applied to tuition, fees and related costs of attending the UA. The matching scholarship is capped at $4,000, making it possible to fund over 450 scholarships with the current grant.

A key component of the program is financial education for students and their families. The Institute’s Credit-Wise Cats team of UA students will play a key role in recruiting participants out of Tucson area schools and delivering the financial education workshops in a peer-to-peer environment. The project will target high school juniors and seniors who aspire to attend the UA.

This community outreach program is a great example of the University of Arizona’s land-grant mission in action. We expect the program to open the door to college access for many families who dreamed of sending their children to college but never thought they could afford it. The matching grant component rewards their commitment to save.

Even better, the program offers a fertile research environment. TCAI is developing an evaluation program to track student retention and financial outcomes in the IDA program as compared to financially similar students/families who do not have the benefit of one or both of 1) the financial education and 2) the matched savings experience.

This fall we learned that all three universities in the Arizona system – Arizona State University, Northern Arizona University and the University of Arizona - have received similar grants (although the UA grant is the largest) from the federal Assets for Independence program. It marks the first time in the federal agency’s history that state universities have applied for and received matching funds for a scholarship program of this nature. This month, under the auspices of the Arizona Board of Regents, the “AZ Earn to Learn” program was officially launched to promote the scholarship program to residents across the state. An Arizona-based non-profit organization, Live the Solution, is partnering with each of the universities to administer the program. Across all three universities, the program will make $3.1 million in scholarships available to more than 700 students from low-income families. Arizona Board of Regents Chair Rick Myers said “I am extremely proud that our state universities are leading the nation in this unique program. AZ Earn to Learn will help students achieve financial security by developing strong savings habits and acquiring a lasting asset: a university education.”
Full Circle!

By Juan Ciscomani, Sr. Program Development Specialist

Whitney Munroe, a Tucson native, graduated from the University of Arizona with top Honors in May 2009. She joined Credit-Wise Cats (CWC) during her freshman year and quickly became a leader among the group by organizing our Jr. Duel in the Desert competition, mentoring new Credit-Wise Cats, and rising as a top presenter.

Upon completing her successful college career, Whitney was selected to the prestigious and highly competitive Teach For America (TFA) program. She taught Algebra for two years at Sierra Linda High School located in a high-poverty area in Phoenix. Simultaneously to her TFA tenure, Whitney earned a Master of Education in Secondary Education degree from Arizona State University. Whitney describes her TFA training as the best any aspiring teacher could receive; however, she also believes, in her own words: “My CWC experience was the first step in my professional career that launched me on the path to success.”

After completing her two years with Sierra Linda HS, Whitney taught English in a tutoring setting to high school students in Madrid, Spain during the fall 2011 semester. Upon her return to Tucson, she was offered a teaching position at Marana High School. She is now teaching math to freshmen and juniors. “As a teacher, I implement all of the skills that I learned as a Credit-Wise Cat: presentation skills, communication skills, professionalism, etc. I also use my financial knowledge to create projects that I then teach to my students, applying mathematics to the real world through budgeting and credit cards.”

Whitney has now come full circle. “As a teacher, I know the importance of financial education and it is disheartening to know that many seniors will graduate without knowing what APR stands for…but not my seniors!” Now as full-time teacher, Whitney has requested CWC workshops for all her classes. Her school is one of our new Arizona Financial Face-Off teams. “High school students need to understand how math applies to the real world and the Credit-Wise Cats provide this opportunity. This is not just about teaching math standards – it’s about impacting students’ lives. And that’s what the Credit-Wise Cats is all about!”

Whitney credits her CWC experience for placing her far above other students her age. Whitney applied for her first credit card when she was 18 years old and has had it ever since, thus reaping great benefits. “Because of my solid credit history and my rigorous saving habits, I was able to secure a loan for my first house when I was 22 and then I purchased a second investment property a year later. I would not have been able to do this if I did not have the experience of being a Credit-Wise Cat.”

Whitney is an exemplary individual who embodies what the CWC organization stands for: knowledge, service, and leadership. CWC has been impacting students’ lives for over 11 years. Whitney’s account inspires our organization to continue investing in our youth. Whitney shared, “When I joined the Credit-Wise Cats as a freshman at the U of A, I had no idea what sort of impact it would have on my life. Now I can say that it was the beginning step that put me on a path of financial independence and professional growth”. Our hope at Credit-Wise Cats is to help create more stories like Whitney Munroe.
FEFE Curriculum Improves Students’ Financial Capability and Promotes Educators’ Confidence

By Joyce Serido, Assistant Research Professor

Findings from the Teacher and Student Outcomes Evaluation Study

More than 29,000 educators nationwide are using Family Economics & Financial Education’s (FEFE) free and award-winning classroom materials to reach an estimated 750,000 7th through 12th grade students annually. Such widespread acceptance by educators is certainly testimony to the quality and ease of use of the FEFE materials.

Beyond exposure, however, how does one measure the impact of financial education programs? In line with the TCAI commitment to research-based outreach, we commissioned an external study of the FEFE program’s impact on two key outcomes: 1) student financial knowledge, attitudes, and behaviors, and 2) teacher confidence.

STUDENT EVALUATION

Fifteen teachers, prior or current FEFE educators, administered surveys to high school students in their financial literacy courses (198 treatment students). Teachers, or their colleagues, also administered the surveys to high school students not currently receiving instruction in financial literacy (181 control students). Pre-test results showed that there were no differences between the two groups on:

- Financial knowledge, assessed by 35 questions taken from the 2008 US Treasury National Financial Capability Challenge Exam;
- Financial attitudes towards financial literacy-related concepts and beliefs about financial institutions, assessed by 40 questions developed by the evaluator;
- Self-reported financial behavior, assessed by 15 questions developed by the evaluator.

Four months later, however, post-test results showed that, on average, students in the treatment group outperformed students in the control group, with higher gains in objective financial knowledge, as well as improvements in self-reports of financial attitudes.

Improvement in financial knowledge was 3 times higher for treatment students (9%) compared to control students (3%)

A delayed post-test, administered to a subsample of the students 6-months after the post-test, showed an additional 1% increase among treatment students, compared to a 3% decline to pre-test levels among control students.

Study findings were similar for financial attitudes and beliefs.

- The 3% gain for treatment students was significantly higher than the 1% decline among control students at post-test.
- The observed sustained effect, 6-months after the post-test, was noteworthy, with a further 2% improvement for treatment students compared to an additional 3% decline among control students.

Of course the goal of financial education is to promote students’ financial capability, that is, to move beyond improved knowledge and attitudes to improved financial behavior. The study found evidence of a “sleeper effect” in the translation from improved knowledge to improved behavior.

- Financial behaviors were unchanged pre- to post-test for both groups,
- At the 6-months delayed post-test, however, financial behaviors of treatment students improved by 4% on average compared to an average 4% decline among control students.

“The results provide empirical evidence of the positive impact the FEFE Program Materials can have on high school students’ financial literacy,” says Dan Iannacola, Jr., founder of Financial Literacy Group, the evaluator. “In fact, results of this study suggest the need for financial education to prevent erosion of financial literacy knowledge and skills during adolescence.”

TCAI is pleased to note the inclusion of several FEFE lessons in the U.S. Treasury Department teacher toolkit as well as its 2011 National Financial Capability Challenge.

TEACHER ASSESSMENT OF FEFE MATERIALS

Why do teachers use the FEFE Materials? Eighty-eight educators answered that question after attending a multi-day FEFE Teacher Training Workshop. Teachers noted that the no-cost FEFE curriculum made it easy to offer high-quality, standards-based, personal finance instruction through:

- Access to detailed lesson plans;
- Easy-to-follow instructions for using the materials, including examples for facilitating lessons;
- Embedded learning activities to engage students and maintain interest.

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One of the participants wrote:

[The FEFE curriculum] is so well organized and presented — and the students really get into it and enjoy it — it is very hard to get them excited about anything that looks like math, but they just eat this program up. It makes them feel very grown up and informed.

When asked about the quality of the FEFE materials compared to other financial literacy programs they have used, 99% of the teachers rated the FEFE program materials as “more valuable or much more valuable”.

TEACHER ASSESSMENT OF WORKSHOP PARTICIPATION

Workshop participants indicated attending the training to learn specific techniques for teaching financial literacy to students was the main motivator.

How valuable was the training workshop? Prior to the workshop, only 17% of the teachers felt “well-prepared or very well-prepared” to teach financial literacy. After the FEFE workshop, 96% felt “well-prepared or very well-prepared”. Ninety-seven percent of the participants would recommend the FEFE Program Teacher Workshop to another teacher.

Perhaps the best indicator of the value of the workshop can be summed up in the words of the participants themselves:

Teaching financial literacy is not as scary as I thought. It can be fun and the teacher workshops helped emphasize the fun in learning.

[FEFE Instructors] did a great job giving an overall guide for the entire program. I wonder if there might be options for teachers to attend workshops specific to certain sections, i.e., insurance, housing, stocks.

Keep up the great work!

Want to learn more about the FEFE materials and the evaluation study? Visit us at www.fefe.arizona.edu or call us at 520.626.4209.