
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** NOT “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



Contact

- YoungIllinoisSaves.org
- EconCouncil.org
- info@econcouncil.org
- tfrizzell@econcouncil.org
- Tracy Frizzell, 630-740-6831

