

YOUTH *today*

the newspaper on youth work

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LIFE SKILLS

Teaching Youths to Invest in Themselves

Savings requirements, matched funds and education build financial foundation for adulthood.

By Rose Gutfeld

It's not easy to teach teenagers to save money or to be savvy about financial matters. This can be especially true for low-income youth, whose families often have little history of savings and typically do not benefit much from such perks as tax-favored retirement accounts and home mortgage deductions.

A growing movement is working to address this challenge through programs that encourage low-income youth and their families to save money and build wealth. The young people in these programs typically get basic financial literacy training and varying degrees of financial assistance in saving money for long-term goals.

Perhaps the most prominent of these efforts is the Savings for Education, Entrepreneurship and Downpayment Initiative (SEED), which is under way at nonprofit organizations across the country. SEED youth get matched savings accounts; withdrawals are matched when the money is used for college expenses or another allowed purpose. Participants also are required or encouraged to attend classes on such topics as balancing checkbooks and managing credit card accounts.

Besides the obvious benefits to the families, the 10-year initiative aims to demonstrate that poor people can save, and to make the case for offering children's savings accounts and financial education on a broad scale. Pending federal legislation would offer matched savings accounts for every newborn child.

Proponents say the results so far are promising. "Some qualitative data suggest that the youth are becoming more prudent and forward-thinking about how they spend their money," said Professor Ed Scanlon of the University of Kansas School of Social Welfare. "Kids spoke a lot

about impulse buying and distinguishing between wants and needs."

The program also helps people develop saving as a habit so they build up assets over the long term, said Reid Cramer, research director of the asset-building program at the New America Foundation in Washington.

The initiative, which began in 2003, is run by the Corporation for Enterprise Development (CFED) in Washington, the Center for Social Development at Washington University in St. Louis, the Initiative on Financial Security of the Aspen Institute, the New America Foundation and the University of Kansas School of Social Welfare. Funders include the Ford Foundation, Charles and Helen Schwab Foundation and Jim Casey Youth Opportunities Initiative.

SEED accounts are versions of Individual Development Accounts, which have been offered for years through a variety of federal, state and nonprofit initiatives. Some of the nonprofits participating in SEED also offer IDAs for adults and youths outside of the program.

Most youths participating in SEED programs receive initial deposits of up to \$1,000 in interest-bearing IDAs. The teens and their families add funds to these accounts from their own savings. The youths can earn money for the accounts by achieving so-called benchmark incentives, such as participating in community service or completing financial literacy training. Withdrawals are matched if they are used to pay for education or training, start a small business, buy a home or finance retirement. Funds also can be rolled over into Roth IRAs or 529 college savings plans.

SEED participants range in age from pre-school to 23. Five of the 12 SEED sites are still operating, but will shut down by the end of this year as the pilot draws to a close. The next five years of the SEED initiative will be spent analyzing data and writing

reports. (At least two of the youth programs will continue under different sponsorship.)

At a recent conference at the Corporation for Enterprise Development, and in subsequent conversations, representatives of organizations offering youth savings accounts discussed some of the lessons they've learned:



The Extra Mile: Foster youth Halston Green (right) is in the financial savings and education program at the Mile High United Way in Denver. Here, Green and Barclay Jones, vice president of the United Way chapter, prepare to meet with state legislators as part of this year's "Take a Foster Youth to Work Day."

• It may take persuading to get some families to participate. According to the corporation, some families were afraid of tying up scarce funds

or worried about financial scams. Some figured that their children would not attend college or would get full scholarships based on financial need, meaning there was little reason for additional savings. Others worried that increasing their savings would lead to a reduction in government income support payments. Not surprisingly, advocates say that teenagers were more likely to stay engaged with ongoing encouragement from parents, teachers and mentors.

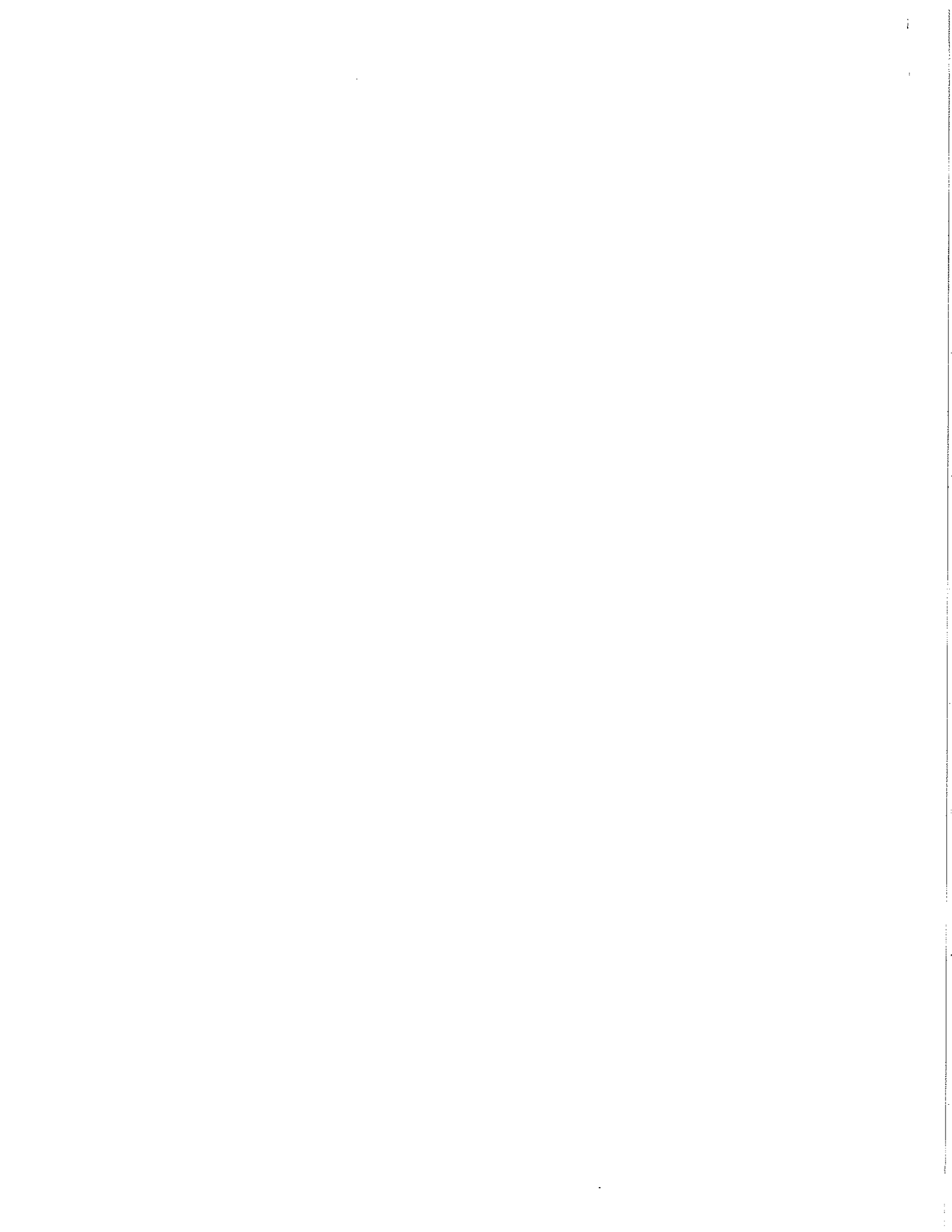
• To make asset-building goals seem less abstract, it is important to allow flexible and short-term uses for matched funds, such as transportation or child-care that help participants attend class. On the other hand, savings are often slowed by teenagers using the money for such "essential" items as cell phones and prom outfits.

• There is no consensus about the best way to deliver financial training, although conference attendees agreed that the training must not be dry and must be tailored to the audience. Scanlon said that while SEED participants perceived that their financial knowledge had increased, "I was seldom able to get them to tell me what they learned. ... It seemed more about creating motivation and a social connection."

• Direct deposit is helpful in making sure the money teenagers earn lands in their savings accounts. Debit cards can be hard for participants to manage.

The following four programs, three of which are in SEED, use various approaches to offer matched savings accounts and financial education to different populations of teenagers.

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Promising Practices

Continued from previous page

YMCA of Metro Detroit

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The Approach: The Detroit YMCA's program, which is not part of the SEED initiative, matches the savings of its participants at a rate of 8:1. To join the YMCA Minority Achievers program, the youths must come from families with income below a cutoff that depends on family size and income. For a three-person family, for example, the income limit is \$33,200.

The youth must attend seven consecutive weeks of financial literacy classes, participate in a college or career preparatory program at the YMCA, and deposit an average of \$50 into their accounts each month at a sponsoring bank.

Jocelyn Boyd, site director at the Y, said the program aims to "break the negative financial cycle" for urban youth by helping them develop a habit of savings and get access to higher education. To do so, she said,

it is necessary to take a holistic approach: "Money is usually not the only or main problem, so these students and families need support in other areas," including character building and networking, she said.

Youths are required to participate in at least one YMCA character, college, career or community service initiative. "This way, we see them regularly," Boyd said. "They are able to participate in programs with positive students and adults, and they can experience the world around them through college tours, company tours, exchange programs and the like."

The funds can be withdrawn when youths graduate from high school and show proof of enrollment in secondary education, and can be used only for classroom-related expenses, including tuition, computers, books, supplies and enrollment fees. There are exceptions for emergencies.

The YMCAs standard financial education classes, which are free for these participants, cover topics such as credit, savings, budgets and investment strategies. The seven-week course, taught by a financial literacy contractor, was designed with help from YMCA staff. All

participating students attend class together, at a designated site. A quarterly class for parents, added this year, aims to reinforce savings strategies and encourage asset building and continuing education.

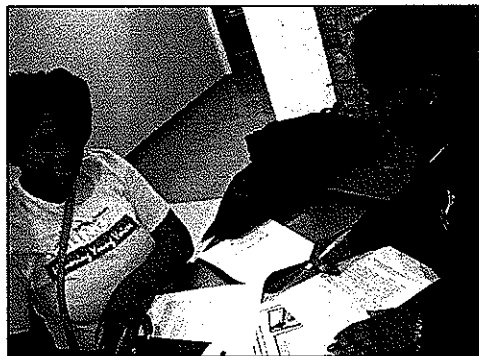
History and Organization: The YMCA's program began in March 2005 and is funded to continue through 2012.

Youth Served: The program has served 56 youths, ages 14 through 18.

Staff: Two YMCA youth workers run the IDA program.

Funding: A grant from The United Way for Southeastern Michigan provides program funding.

Indicators of Success: The 54 continuing participants have saved \$28,500, not including matching funds, and the program has given out \$108,000 in matching funds to gradu-



Review time: Imani Johnson, left, a participant in the YMCA's Minority Achievers program, goes over materials with Program Director Jocelyn Boyd.

ates. Boyd said a measure of success will be how many of the high school graduates complete college. The first class of participants graduated from high school in 2006.

Two youths from the same family have dropped out. They had siblings in college, and their family was unable to continue making deposits for the high school students while managing the college costs.

Mile High United Way

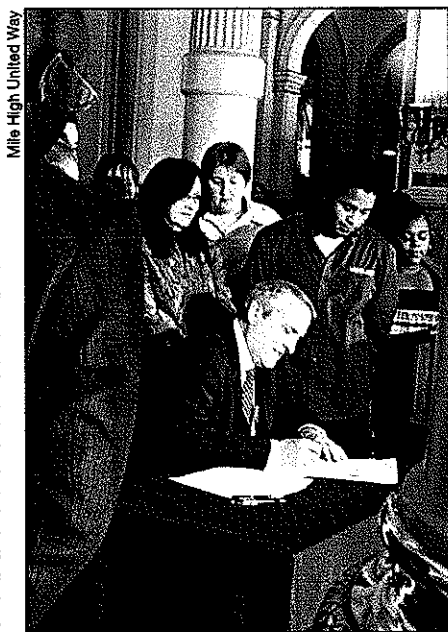
Denver, Colo.
(303) 561-2386
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The Approach: At Mile High United Way, the SEED program is part of a broader initiative called Bridging the Gap, which is designed to help foster youth become self-sufficient adults. Participants, ages 14 through 23, must have been in foster care for at least one day while age 14 or older.

The participants do not receive their initial deposits of \$100 each until they have completed a 12-hour financial education course and opened a bank account. Each participant also receives an Opportunity Passport, which includes an IDA and a debit card. The IDA is matched on a 1:1 basis and can be used for education and training, home ownership and micro-enterprise - just as in other SEED programs - but here the money can also be used for deposits on rental units, health care, renter, health and auto insurance, auto purchase and licensing and investments in stocks.

Kippi Clausen, director of Bridging the Gap at Mile High United Way, said the organization encourages participants to purchase smaller items, such as glasses or a computer, before saving for bigger things.

She said the difficulty many young people have in managing credit and debit cards is a good rea-



It's the law: Tony Corley watches as Colorado Gov. Bill Ritter signs a bill championed by Bridging the Gap, which facilitates visits with siblings for youths in foster care.

son to offer the debit cards through the program. "We thought it would be important to have a debit card and work with kids on how to use it wisely," she said, adding that her organization's 300 savers have a total

of about \$70 in overdrafts every six weeks.

Among other opportunities, participants can establish relationships with professionals in education, employment, housing and other fields through Bridging the Gap's Door Openers program.

Participants can stay in the program for 10 years, qualifying for as much as \$1,000 a year, or \$10,000 total, in matching funds.

Bridging the Gap members can earn additional funds for their accounts by achieving benchmark incentives, such as participating in community service projects and attending a variety of civic and cultural events. At Java & Juice, for example, the young people discuss issues with community leaders. Participants also can earn benchmark incentive funds by reaching steps on individual life plans that they create using the Web-based

Ansell Casey Life Skills Assessment and Harrison Assessment programs.

The financial education classes, which are free, were developed by Young Americans Bank and cov-

er budgeting, savings, banking and credit. In addition, participants are offered "tune-ups," where they get specific advice on such topics as how to shop for insurance and what to look for in a car. Clausen says a participant may be offered a "tune-up" after he or she runs into a problem with a specific issue.

History and Organization: The program began in May 2005 and has no end date as of now.

Youth Served: 300 youths, ages 14 to 23, are in the program now. All are or have been in foster care.

Staff: Bridging the Gap is run by Mile High United Way employees assigned to the project.

Funding: Jim Casey Youth Opportunities Initiative, the Corporation for Enterprise Development, Mile High United Way and private donors.

Indicators of Success: Through the end of March, participants had made 130 asset purchases. Of those, 49 were related to education, 39 to vehicles, 34 to housing, six to health and two to investments. Withdrawals totaled \$94,241.03.

Four participants have turned 24 and moved out of the program.

A recent survey of a single year of the program showed that the number of Bridging the Gap youth who were not receiving public assistance rose to 79 percent from 72 percent, and youth who were out of school and employed full time for at least six months rose to 64 percent from 40 percent.

Bridging the Gap at Mile High United Way

Recent data reports show Colorado had 13,000 children in foster care in 2007; of that 4,867 are between the ages of 14 and 21. Annually, Colorado ages out an average of 360 young people each year from the foster care system. Without families, young people in care miss out on important advantages. Not only are they without the comfort and security families provide, they additionally lack models for creating resilient families, successful work lives, and strong cultural and ethnic identities. Many of these youth lack the skills, supports, experience, education and confidence that most young people who live with their families take for granted. On average, those who age out of foster care have spent nearly 5 years in the system at the time they “emancipate” without ever having been placed with a safe, permanent family of their own. Data shows that over half of the youth in foster care in Colorado experience more than 5 placements while in care. Multiple placements often lead to school instability, reduced attendance and achievement, and academic failure. A Colorado study estimates the economic impact associated with the failure to transition is equivalent to \$1 -2 million over a lifetime. Foster youth have lower reading and math skills. Additionally, foster youth are more than twice as likely to drop out of high school.¹ Many studies have documented that the outlook for foster youth who age out is often grim:



- One in four will be incarcerated within the first two years after they leave the system.
- One-fifth will become homeless at some time after age 18.
- Approximately 58 percent had a high school degree at age 19, compared to 87 percent of a national comparison group of non-foster youth.
- Of youth who aged out of foster care and are over the age of 25, less than 3 percent earned their college degrees, compared with 28 percent of the general population.

As youth transition from care to adulthood, they often struggle through the complex maze of reaching independence facing many serious difficulties with limited resources and few supportive networks to guide them on this path.

In a response to these challenges, a group of young people and public/private sector community partners from around the state, along with funding partners joined together to address this critical issue and design a new collaborative partnership to enhance opportunities and wellbeing for youth in and aging out of foster care.

Project History/Background

In January 2004, Mile High United Way with the support of a planning grant from the Jim Casey Youth Opportunities Initiative began a planning process to build a collaborative partnership within Colorado with the goal of improving outcomes for young people in and aging out of foster care using five key strategies:

- Youth Engagement

¹ Barth,1990; Cook, et al.,1991



- Public – Private Partnerships
- Self Evaluation and Communication
- Public Will and Policy
- Increased Opportunities

Upon completion of the planning process, Mile High United Way received a three-year implementation grant from the Jim Casey Youth Opportunities Initiative. A new partnership consisting of Mile High United Way, the Colorado Department of Human Services, the Office of the Child's Representative, Jim Casey Youth Opportunities, Corporation for Enterprise Development (CFED) as well as other public and private sector partners came together to form Bridging the Gap at Mile High United Way (BTG). Bridging the Gap works to increase personal and financial assets to ensure young people who have been in foster care can achieve independence and permanence. The work of Bridging the Gap is driven through a public/private partnership at both the state and county level with the goal of providing more opportunities and improving outcomes in the areas of employment, education, housing, mental and physical health, and personal and community engagement, for youth and young adults between the ages of 14 and 24. The collaborative partnership created through the initiative recognizes that young people have a greater chance of succeeding if they are actively involved in all aspects of their life, and have strong support from their community and systems partners.



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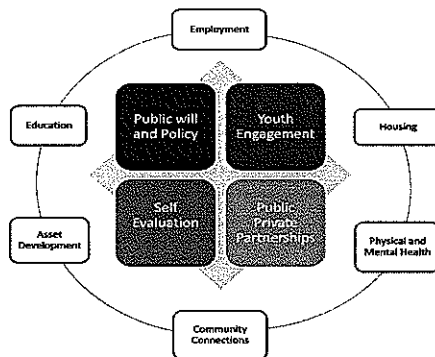
people have a greater chance of succeeding if they are actively involved in all aspects of their life, and have strong support from their community and systems partners.

Program, Services, and Operations

The mission of Bridging the Gap is to improve the successful transition of youth in foster care to adulthood. The major strategies include increased opportunities for youth engagement, actively involving systems and partners in creating resources and opportunities, documenting results and identifying and disseminating best practices, and galvanizing public will to focus on changing policy to provide needed supports for youth. The Bridging the Gap works to ensure youth have increased educational opportunities; employment opportunities; health care opportunities; housing opportunities; and opportunities to establish productive personal relationships and networks. Central to this initiative is the Opportunity Passport™. The Opportunity Passport™ consists of three components, an Individual Development Account (IDA) (a matched savings account), a personal debit account and "door openers." Door openers are locally

developed opportunities for youth to connect with the opportunities or individuals who can impact their lives. Money deposited into participants' IDA is matched dollar for dollar (up to \$1,000/year) towards the purchase of an approved asset.

The Bridging the Gap Model





Currently, there are 300 youth enrolled in the Opportunity Passport™. Opportunity Passport™ participants have saved over \$100,000 in their Individual Development Accounts and 105 have purchased an asset. Financial literacy education is guided by our banking partner and incorporates multiple business partner volunteers who are taking an active role in financial education, asset specific training and mentoring.

Bridging the Gap has had many successes in creating opportunities and door openers for youth and impacting systems that involve those youth, such as enlisting the support of community members to provide job coaching and shadowing, asset specific training from local businesses, establishing coaching/mentoring relationships, developing a scholarship fund to increase financial resources for foster care youth to access higher education, development of a monthly outing to link youth to cultural and community connections and creating asset specific packages to assist youth in getting the resources needed to set up their first apartment, maintain vehicles, attend post secondary education, enter the workforce and maintain personal health and wellbeing. Currently, there are 300 youth enrolled in the Opportunity Passport™ with a current retention rate of 95%. Opportunity Passport™ participants have saved over \$170,000 in their Individual Development Accounts, 70% of youth are depositing regularly and after one year of participation the regular savings rate increases to 77%. Currently 169 young people have made have purchased an asset and over 75% of all participants have received training and support to enter the workforce, maintain safe and stable housing, and reaching educational goals.

As implementation continues to progress, the Bridging the Gap has actively engaged a growing number of youth leaders and community stakeholders through a multi-county network that expands the resources and opportunities available for all youth in transition at the local, county and state level. This network has developed a strong speaker's bureau and leadership academy which has been very successful in impacting policy and creating a stronger public awareness of the needs of transitioning youth. Bridging the Gap host regular events to discuss data, trends and ideas with the purpose of developing policy/practice change priorities and regularly providing input regarding new and existing legislation and practice standards. Bridging the Gap has been active in 10 pieces of legislation in the past three years including sibling visitation, youth voice in hearing and increasing educational access for foster youth. In May of 2008 the Governor's Task Force on Foster Care and Permanence recognized Bridging the Gap as best practice in Colorado and recommended to build upon the success and achievement of Bridging the Gap increase the scope and scale of this project by expanding our work throughout the state.







Initiatives in Action: Adult Self Sufficiency Initiative



We can do more together.

Succeeding Without a Safety Net

At the age of 21, Tony is wise beyond his years. He has learned life’s lessons the hard way, but he doesn’t seem to mind.

He had a difficult start in life – with drug-addicted parents and older brothers who were constantly in and out of jail. He was removed from his home and placed in the foster care system.

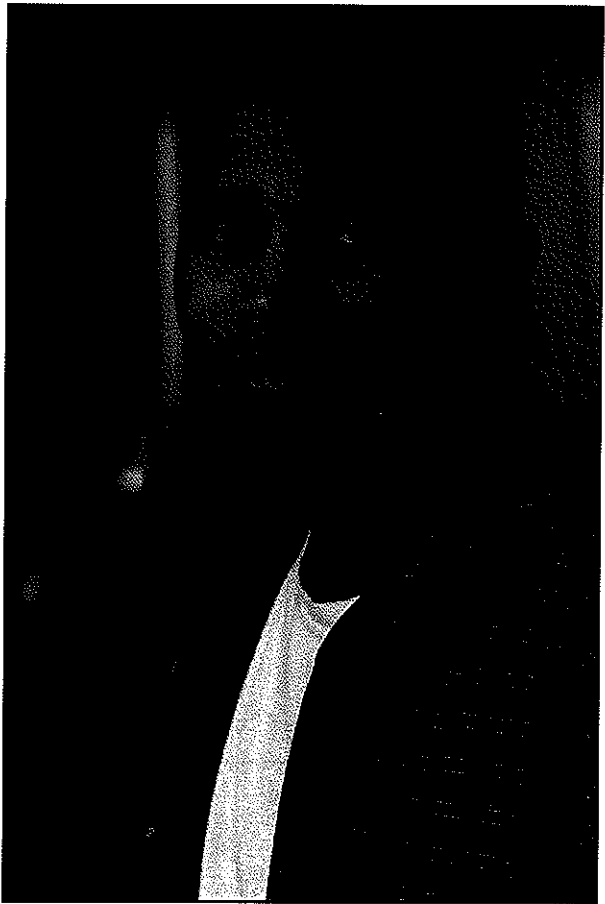
He initially found his foster home to be a welcome relief. It was certainly more stable and safe than his previous home environment. As time went on, however, the relationship between Tony and his foster mom began to suffer. “My foster mom made huge demands of me, especially around the house.” said Tony, “It was almost like I was incarcerated. She even accused me of stealing things from her, which is so wrong, because I didn’t. I thought my foster home was supposed to be supportive, but it was just the opposite experience for me.” Tony was later placed in a dozen more foster and group homes for the duration of his adolescence.

Despite his difficult home life, Tony was on the honor roll at Aurora Central High School, played football and participated in the TV production club. He graduated early at the age of 17 in 2003.

Then at the age of 18, he “aged out” of the foster care system and the full responsibilities of an adult were thrust upon him – securing housing, food, transportation and health care are hard for any young adult, let alone someone without any family support.

The Bridging the Gap project at Mile High United Way came alongside Tony, providing him with community support and specific tools – like financial literacy training and an Individual Development Account – to help him achieve self sufficiency.

Bridging the Gap, funded by the Jim Casey Youth Opportunities Initiative and CFED is an important part of Mile High United Way’s Adult Self Sufficiency Initiative. The initiative focuses the collective generosity of businesses, government, nonprofit agencies and donors to help low-income people build skills and assets to achieve a more self sufficient and financially stable life.



Bridging the Gap at Mile High United Way helped Tony become self sufficient after he “aged-out” of the foster care system.

“Bridging the Gap helped me focus my income with their IDA program. I got financial support and guidance from them, and I plan on doing the same for my little brother who is in foster care right now.”

Today, Tony is, in fact, making it on his own. He first purchased a desktop computer with his IDA savings and recently bought a bike for his commute to work. Tony plans on attending college to become a counselor for future foster youth. He rents an apartment in Denver and is also employed at a movie theater.

“Bridging the Gap helped me focus my income with their IDA program. I got financial support and guidance from them, and I plan on doing the same for my little brother who is in foster care right now.”

What this former foster child doesn't know is that he is a survivor. Studies show that after exiting the foster care system at 18 years of age, 25% end up homeless and only one in five are completely self supporting. With some assistance from Mile High United Way's Adult Self Sufficiency Initiative, Tony has defied these odds and has already succeeded in life in more ways than one.

“It was necessary for me to go through everything I went through in my life. I wouldn't be the person I am today. I think sorrow helps us become stronger people. I didn't overcome any obstacles, I just lived my life and I continue to have a positive outlook on my future.”

So far this year, name of company has contributed amount to Mile High United Way. Your collective generosity creates lasting solutions for our community, like the Bridging the Gap project. Insert personal quote from CEO here.

For more information about our Adult Self Sufficiency Initiative please visit our website at www.unitedwaydenver.org.

We can do more together.



Mile High United Way