Connected by 25:

FINANCING Asset-Building and Financial Education Programs FOR YOUTH TRANSITIONING OUT OF FOSTER CARE

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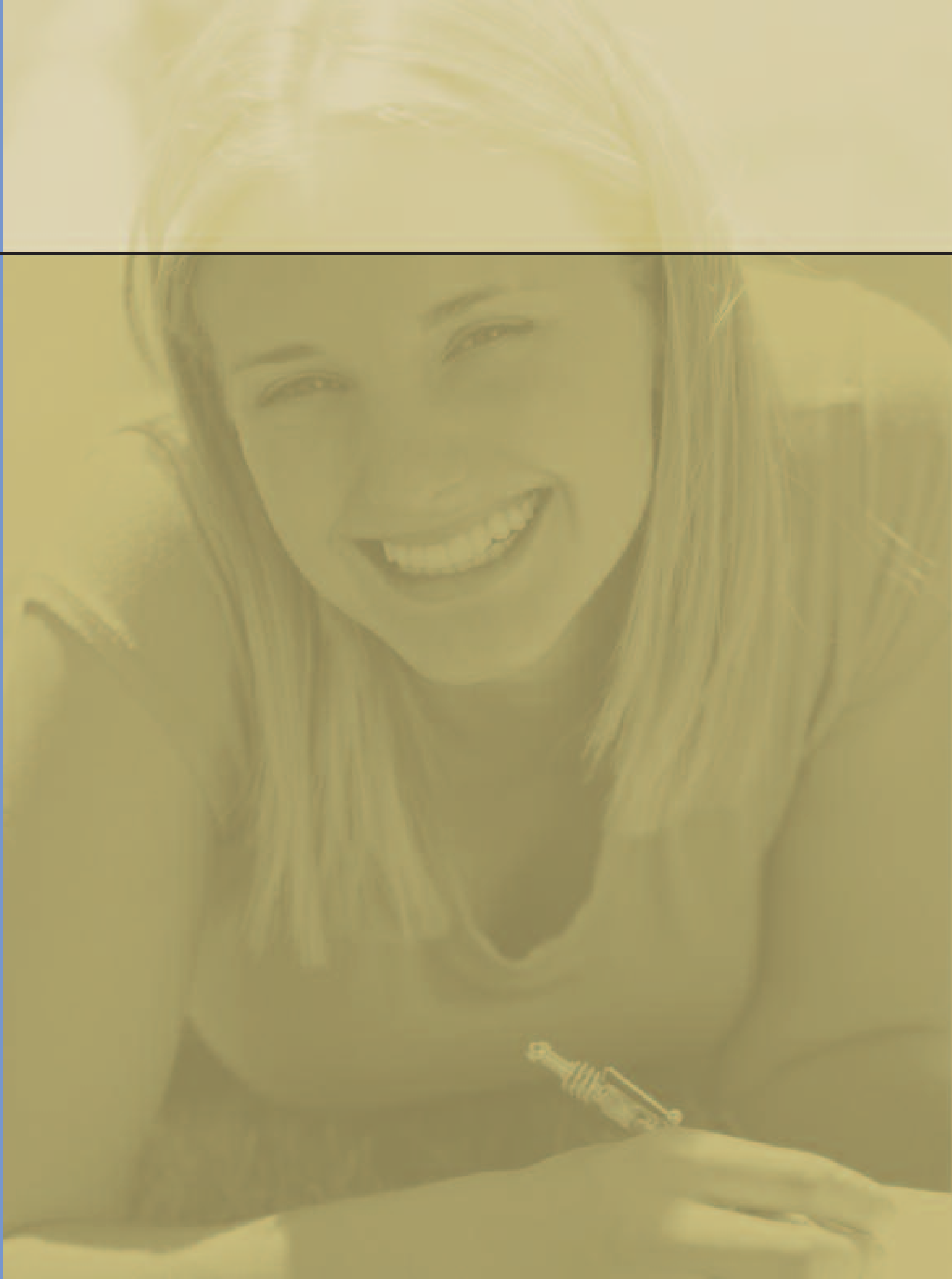
The Finance Project



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FINANCING Asset-Building and Financial Education Programs FOR YOUTH TRANSITIONING OUT OF FOSTER CARE

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Foreword

This publication is one of a series of briefs exploring strategies for financing supports and services that help youth in foster care make successful transitions to adulthood. The Finance Project produced this brief with support from the Foster Care Work Group. The Foster Care Work Group (FCWG) is one of three work groups of the Youth Transition Funders Group (YTFG), a collaboration of foundation leaders dedicated to improving the lives of the nation's most vulnerable young people. Foundation leaders participating in the YTFG are committed to achieving a common vision—ensuring that vulnerable youth are connected by age 25 to institutions and support systems that will enable them to succeed throughout adulthood. The FCWG brings together foundation leaders with a shared interest in preparing youth in foster care for their transition out of the child welfare system and providing them pathways to lifelong economic well-being.

In March 2004, the FCWG, with assistance from The Finance Project, created *Connected by 25: A Plan for Investing in Successful Futures for Foster Youth*. *Connected by 25* made the case for and outlined a bold agenda for foundation and government investment in helping youth in foster care become successful adults. An important premise of *Connected by 25* is that as public child welfare systems grapple with their mandate to provide *protection* for all children in their care, *preparation* for independence and adulthood is often given too little attention. FCWG members chose to focus specifically on preparation for economic success, recognizing that youth aging out of foster care are faced with the economic realities of self-support at a much younger age than other young adults and that economic success is associated with a number of positive life outcomes. *Connected by 25* outlined five strategies to connect foster youth to resources that would prepare them for economic success: advocating and supporting educational achievement, facilitating and creating access to workforce development opportunities, providing financial literacy education, encouraging savings and asset accumulation, and creating entrepreneurship opportunities. FCWG members recognize that an important foundation for success in all five strategy areas is connections to caring adults who can offer ongoing support and guidance to youth. Briefs in this series explore funding sources and financial strategies to support each of these critical resources.

Based on the recommendations presented in *Connected by 25*, FCWG members launched an ambitious demonstration initiative to build the capacity of communities to effectively support young people in transition from foster care. This collaborative effort includes sites in Indianapolis, Indiana; Tampa, Florida; and five counties in California—Stanislaus, San Francisco, Alameda, Fresno, and Santa Clara. In each of these sites, funders, child welfare administrators, and community leaders are coming together around the *Connected by 25* vision and crafting efforts to prepare youth in foster care for successful adulthood, based on the unique needs and resources in their community. This brief explores the range of partners and resources that community leaders and program developers can engage to support asset-building and financial education programs for youth transitioning from foster care. It draws on the experiences of the field as well as the FCWG demonstration sites and aims to further inform those efforts.

Introduction

Asset-building and financial education programs are essential to help young people develop savings habits and accumulate assets that will put them on a pathway to financial stability and well-being. High levels of consumer debt, low savings rates, and increasing bankruptcy rates have raised concern among policymakers and community leaders about the inadequacy of financial literacy among the U.S. population, particularly young people, and its impact on people's ability to manage their finances and accumulate assets. Compounding this issue is consumers' growing reliance on non-mainstream financial services (e.g., pay-day lenders and check cashers), which is resulting in the proliferation of predatory lenders and other high-risk institutions in low-income communities.

Most young people lack basic financial knowledge. High school seniors who took part in the Jump$tart Coalition's 2005–06 survey of financial literacy scored an average of 52.4 percent—a failing grade—on the multiple-choice examination.[1] In addition, although parents are an important source of financial information for their children, many parents, especially low-income parents, are not equipped to provide this information.[2] The role that parents and caregivers play in helping children and adolescents develop sound financial skills becomes much more significant for youth in foster care, many of whom reach independence with little family support and few positive adult role models.

In response, national, state, and community leaders designed financial education programs intended to increase financial knowledge. Although initial efforts were targeted to low- and moderate-income adults, policymakers, government agencies, financial institutions, and community leaders are now developing financial education programs for youth to instill financial responsibilities early in life.[3] Several states require financial literacy education to be incorporated into public school curricula, while legislation in eight states[4] requires students to complete a personal finance course to graduate from high school.[5] Similarly, numerous financial institutions, including banks and credit card companies, have created programs aimed at young people to prevent bad money habits from taking root. Moreover, many program leaders are combining financial education with asset-building strategies, most notably Individual Development Account (IDA) programs.

To have prospects for a financially successful future, youth exiting foster care must be equipped with skills and knowledge to make informed decisions about their finances, to figure out how their finances fit into their transition and life plans, and to develop the savings habits and behaviors needed to accumulate assets and

1 Jump$tart Coalition for Personal Financial Literacy, *The 2003 Personal Financial Survey of High School Seniors* (Washington, D.C.: Jump$tart Coalition, 2003).

2 Matthew Greenwald & Associates, Inc., *Parents, Youth & Money 2001* (Washington, D.C.: American Savings Education Council, 2001.

3 See Elizabeth Bell and Robert I. Lerman, *Can Financial Literacy Enhance Asset-building?* (Washington, D.C.: The Urban Institute, 2005).

4 The eight states are Alabama, Georgia, Idaho, Illinois, Kentucky, New York, Texas, and Utah.

5 Linda Hoffman, *State Policy Options to Encourage Asset Development for Low-Income Families* (Washington, D.C.: National Governors Association Center for Best Practices, February 2006), at www.nga.org/Files/pdf/06StatePolicyOptionstoEncourageAssetDevelopment.pdf.

achieve their long-term goals. Although interest in financial education and asset-building programs for youth is growing, the number of programs for youth in foster care or transitioning from care is limited.

Financial education and IDA programs can play a critical role in helping youth in or transitioning from foster care develop the skills and knowledge to plan for their future and increase their personal wealth through savings and asset accumulation. At the same time, they afford program developers and community leaders opportunities to establish productive public-private partnerships and engage in efforts to focus attention and community resources on helping transitioning youth achieve independence and economic success.

This strategy brief describes five financing strategies that policymakers, program developers, and community leaders can pursue to support asset-building and financial education programs for youth in foster care:

1. Incorporate asset-building and financial education into Independent Living Programs;
2. Build partnerships with financial institutions;
3. Access human services resources;
4. Access community and economic development resources; and
5. Generate local resources.

For each strategy, the brief includes funding sources, players, examples of how financial education and asset-building programs have used these resources, and considerations for implementation.

The Value of Asset-Building and Financial Education

Asset-building and financial education programs can contribute significantly to young people's economic success and financial well-being. Asset-building programs enable participants to develop savings behavior and build assets to reach life-long goals while financial education programs impart financial skills and knowledge among participants. Although asset-building programs are critical to youth's economic success, many program developers have found that these programs are most effective when coupled with financial education.

Asset-Building

To promote long-term savings and investment behavior and develop asset ownership among young people, program developers have been experimenting with the establishment of Individual Development Account (IDA) programs. An IDA is a matched savings account that helps youth gain experience with the banking system and develop a relationship with a mainstream financial institution while affording them the opportunity to save and amass assets toward meeting short-term needs and long-term financial goals. Every dollar a youth saves in their account is matched by the program. Match rates typically range from 1:1 (the program provides one dollar in match for every dollar participants save) to 4:1 (four dollars in match for every one dollar saved), with match rates averaging approximately 2:1.[6] Although most adult IDA programs limit the use of matched savings to first-time home purchase, small business development, and postsecondary education and training, youth IDA programs often expand the list of allowable savings goals. Allowable savings goals in youth IDA programs may include the first and last months' rent on a first apartment, purchase of a first car

[6] Ibid.

Legal Issues to Consider in Establishing IDA Programs for Youth in Foster Care

Forms of Identification. Youth in care may not have the required forms of identification to open a bank account. Federal regulations do not require that banks collect applicants' Social Security Numbers to open non-interest bearing accounts. However, Social Security Numbers are typically required for interest-bearing IDA accounts. Program developers should identify sources of assistance to help youth obtain proper identification (a certified copy of their birth certificate and their Social Security Number) and work with their bank partner to design an IDA program to accommodate young people's needs and circumstances. For example, in Tampa, Florida, a local bank partner accepts participants' foster care record number as a form of identification (see the text box on page 14).

Age requirements. Many banks will not allow youth below age 18 to open certain types of bank accounts without a co-signer, such as a parent or legal guardian. Therefore, program developers should work with their bank partner to develop guidelines for operating bank accounts. A custodial account is ideal for youth IDAs because it gives program developers oversight of the account, prevents participating youth from making withdrawals for purposes other than purchasing approved assets, and ensures that youth's savings are protected from adults who may try to access the funds.

Credit history. Youth who have a poor credit history and youth who have overdrawn other bank accounts may be ineligible to open their own account. Program developers should work with their bank partner and a credit counseling organization to help youth better understand and repair their credit and banking history.

Contractual agreement. Program developers should develop a signed contractual agreement that spells out the obligations of the youth account holder and the IDA provider. To protect youth from potential pressure from adults who may want to take the youth's saved funds for their own purposes, the agreement should also specify that only the youth can withdraw his or her deposited funds.

or personal computer, summer camp tuition, activity participation fees, athletic equipment, and musical instruments.[7] By expanding the allowable savings goals, IDA programs can successfully meet the specific needs of youth in their community.

Program developers should consider several elements when designing IDA programs for youth in foster care. The most successful IDA programs help youth set goals and develop a plan to achieve those goals.[8] For youth transitioning from foster care, goal setting can go a long way toward preparing them for independence and adulthood. To help youth meet their asset goals, many youth-focused IDA programs also provide asset-specific training to help youth better understand what assets are and how to purchase and maintain their assets. Similarly, to operate well, IDA programs for youth in care require staff who have experience working with this population or who have established relationships with these youth. In many cases, a peer-to-peer staffing model

7 Ibid.

8 Ibid.

Financial Literacy Curricula for Youth

Various financial literacy curricula and resources are available that program leaders can adapt to meet the needs of youth transitioning from foster care.

Building Assets for Your Future. With support from the Jim Casey Youth Opportunities Initiative, The Finance Project developed and tested this financial literacy curriculum for youth transitioning out of the foster care system. The curriculum is structured around core competencies that aim to change the financial behavior of youth and prepare them to manage their money responsibly. It includes modules on topics such as creating a financial plan, saving, and investing.

Money Pals—Being Cool with Cash and I Know Where I'm Going (but Will My Cash Keep Up?). The Annie E. Casey Foundation and the National Endowment for Financial Education (NEFE) jointly published this series of financial education booklets for foster children, foster parents, caregivers, and social workers. *Money Pals* is a two-part guide for youth in foster care who are between age 8 and age 11, and *I Know Where I'm Going* is geared to youth ages 12 to 15. The guides seek to educate foster children and teens about personal finance and empower them to make sound decisions about reaching their future goals. The companion handbook for caregivers provides tips on how they can help youth build their money skills.

National Endowment for Financial Education High School Financial Planning Program. This free, seven-part curriculum enrichment program, sponsored by NEFE in conjunction with the U.S. Department of Agriculture's Cooperative State Research, Education and Extension Services, aims to build the financial literacy skills of 11th- and 12th-grade students. The program provides youth with a greater understanding of and ability to manage their personal finances through goal setting, budgeting, and saving.

can effectively meet staffing needs while helping to keep youth engaged in the program. Involving supportive adults, such as mentors, caregivers, and foster parents, in the IDA program is also important to provide youth with an additional source of support and encouragement. Finally, community leaders and program developers need to consider the legal requirements for establishing IDAs for youth in care and the implications of these requirements for program design, implementation, and management. For example, many foster youth do not have the legal capacity to make contracts and open bank accounts.

Financial Education

In today's complex world, financial literacy is a critical life skill. Technological advances have transformed the range of financial products and the amount of information available to consumers. To benefit from these innovations, consumers need to know about financial markets and have the skills to choose among the various financial products and make sound and informed financial decisions that will increase their economic security. Concern about consumers' lack of financial knowledge has prompted community and program leaders to

Becoming a Money Savvy Student. To provide basic money management information to students with limited financial resources, NEFE worked with the United Negro College Fund to create this 70-page booklet. The booklet emphasizes basic areas of collegiate financial concern, such as securing funds, planning for spending and saving, and avoiding common money scams.

Money Smart®. The Federal Deposit Insurance Corporation (FDIC) created this curriculum to help individuals build financial knowledge, develop financial confidence, and use banking services effectively. The curriculum includes ten modules and is available in two versions: an instructor-led version and a computer-based instruction (CBI) version.

Young AmeriTowne. This education program, developed by Young Americans Center for Financial Education, helps 5th and 6th grade teachers teach students about banking, economics, money management, and business preparation in a fun and hands-on way. Teachers use the curriculum and materials to teach lessons and activities that introduce concepts such as supply and demand, job skills and work habits, banking procedures, democratic process, civic consciousness, and career awareness. These lessons prepare students for the culminating experience, a day in "Young AmeriTowne," where they physically apply concepts they have learned by working together to operate a 17-business town.

Program leaders interested in designing their own financial literacy curricula for youth can access a range of resources on effective strategies and practices in use in financial education programs. For more information, see the Fannie Mae Foundation's *Personal Finance and the Rush to Competence: Financial Literacy Education in the U.S.*, which outlines the seven dimensions of effective personal financial education programs.

develop financial literacy training programs that offer comprehensive information on credit, savings, debt management, and other critical topics. Many of these programs have been developed for adults, but a significant and growing number of them have been developed for youth. These programs seek to ensure that youth understand how to save, invest, and manage their money wisely to meet important personal goals. Notably, many programs also help youth understand the costs and benefits of engaging in financial transactions, including the responsibilities of having a bank account and making credit card purchases, as well as their rights as consumers of financial services.

Making financial education and asset-building programs available to youth currently in foster care and those transitioning from care is essential to helping these young people become productive adults. Limited research is available on how best to provide these services and activities for youth in foster care. Yet existing programs provide a good starting point for program developers and community leaders working with this population. In addition, program developers can choose from different financial literacy curricula and adapt the coursework to provide financial education for youth in care.

When selecting a financial literacy curriculum, program developers should consider several issues.[9] First, they should determine whether the curriculum is based on clear and measurable learning objectives and uses a variety of training techniques and activities to ensure youth have a successful training experience and gain the intended skills and knowledge. Second, it is important that training materials be accessible and relevant to youth in foster care; build on the skills, knowledge, and experiences youth bring to the training; and emphasize fun while learning. Finally, selecting a financial literacy curriculum that provides direction and guidance in adapting or expanding the materials for a broad audience will ensure that program developers can successfully tailor these resources to provide youth in foster care with opportunities to develop the skills and acquire the knowledge to plan for their future financial well-being.

[9] See Inger Giuffrida, *Individual Development Accounts for Youth: Lessons Learned from an Emerging Field* (Washington, D.C.: Corporation for Enterprise Development, 2001).

Strategies to Finance Asset-Building and Financial Education Programs for Youth Transitioning Out of Foster Care

Strategy 1: Incorporate Asset-Building and Financial Education into Independent Living Programs

An important strategy for financing asset-building and financial education for youth exiting foster care is to integrate these activities into ongoing transition programs and services, particularly Independent Living Programs (ILPs). ILPs aim to provide transitioning youth with activities that will prepare them to live on their own. These activities include education and employment assistance, money management instruction, life and self-advocacy skills development, and supports to help youth access housing. Although some ILPs include basic financial education in their life-skills preparation, few of them provide in-depth support to equip youth with the financial skills and knowledge they need to successfully manage their finances. Similarly, few ILPs provide youth in care with access to IDA programs that will enable them to amass critical assets.

Community leaders and program developers can strengthen transition services by collaborating with public and private child welfare agencies as well as community-based organizations working with youth in care to ensure that asset-building and financial education are incorporated into existing ILP supports and services. This not only will ensure that youth develop financial skills and knowledge, but it will also ensure that young people's savings and asset goals are integrated into their transition plans. Before approaching these organizations, program developers should understand the services currently available to youth as well as the funding sources that could support the provision of enhanced financial education and asset-building activities within existing ILPs.

Several federal funding sources are available to child welfare agencies to provide ILP services for transitioning youth, most notably the Chafee Foster Care Independence Program (CFCIP). CFCIP provides states with block grant dollars to assist youth who are likely to remain in foster care until age 18 and youth who have aged out of foster care make the transition to independent living. Funds can be used to provide education and employment training, life-skills training, case management, referral services, and personal and emotional support for current foster youth. They can also be used to cover housing and health care costs for youth ages 18 to 21 who have aged out of foster care. To receive their CFCIP formula funds, states must submit a five-year plan that describes their plans for providing independent living services. Asset-building and financial education program developers should become familiar with the state's CFCIP plan.

In addition to CFCIP, program developers should consider and tap other federal funding sources to achieve the goals of integrating asset-building and financial education activities into ILPs for youth in care. Several of these funding sources are described further in this brief. For more information, see The Finance Project's *Guide to Federal Funding Sources for the Jim Casey Youth Opportunities Initiative* and *Other Youth Initiatives* at www.financeproject.org/publications/JCYOIFundingGuide.pdf.

Considerations

- To integrate asset-building and financial education into ILPs, program developers will need to establish relationships with child welfare administrators and ILP coordinators. Program developers can discuss strategies for sharing resources and incorporating asset-building and financial education activities within established ILP supports and services. For example, ILP coordinators and case managers can be a great resource for referring and getting youth enrolled in IDAs and providing additional case management services to keep youth engaged.
- When integrating IDA programs into ILPs, an important consideration for program developers is where to house the administration of the IDA program. Although child welfare agencies may have the capacity (e.g., staff and computer hardware and software) to administer these programs, IDA program administration needs to be relatively flexible to enable youth to access their matched savings when needed. Programs operating within a bureaucratic system may not be able to afford this flexibility.
- Program developers will need to look beyond the obvious funding sources. The Chafee Foster Care Independence Program can be used to fund programs targeting youth currently or formerly in foster care. Because this funding stream provides states with limited funds to meet the needs of youth aging out of foster care, it is important that program developers think broadly and creatively about other funding sources to support financial education and asset-building programs for transitioning youth and maximize their access and use of those funds.

Strategy 2: Build Partnerships with Financial Institutions

Creating partnerships with financial institutions, including banks and credit unions, is an important strategy to expand the resources available to support asset-building and financial education programs for youth currently in or transitioning from foster care. Financial institutions can play a critical role in making these programs successful and sustainable.

Financial institutions can make various contributions to asset-building and financial education programs. They can provide operating funds to support IDA and financial education programs; no-cost or low-cost bank accounts and interest-bearing savings accounts for program participants; and training resources, such as curricula, space for training, and pro bono staff. In addition, banks and other financial institutions can provide training and information on selected financial topics, including credit, savings, mortgages, investments, and predatory lending. Notably, they can help leverage public and private support for asset-building and financial education programs for transitioning youth. Through their leadership, they can call attention to the importance of asset-building and financial education programs to improved outcomes for youth in care as well as raise awareness of these programs' impacts on the community's long-term economic viability.

Banks may also have special programs that can help youth further establish a long-term relationship with a mainstream financial institution. For example, youth who have a history of overdrawing and/or

Community Reinvestment Act

The Community Reinvestment Act (CRA) was designed to encourage banks to meet the financial credit and service needs of low- and moderate-income neighborhoods. Unlike other federal programs, CRA does not authorize the use of public funds nor does it require potential beneficiaries to submit formal applications to the government. Instead, the law requires banks to use their private-sector resources to meet the financing needs of all communities in which the lenders conduct business. Under the law, examiners from four federal regulatory agencies assess and "grade" a lending institution's activities in low- and moderate-income neighborhoods. This grade is important because a poor CRA rating can result in a regulatory agency delaying or denying a lender's application to merge, open branches, or expand services. Moreover, a positive or negative CRA rating can have a powerful effect on a lender's public image, its relationship with particular communities or neighborhoods, and, consequently, its long-term business performance.

For many financial institutions, especially banks, supporting asset-building and financial education programs in their community is a simple and low-cost approach to meeting their requirements under CRA. Banks can receive CRA credit for providing no-fee and interest-bearing IDAs; supporting financial literacy training; offering grants to support a financial education and asset-building program's operating and infrastructure costs; and providing in-kind donations and contributions, such as training curricula, computer equipment, and other supplies and materials. For more information, see The Finance Project's *Using the Community Reinvestment Act to Help Finance Initiatives for Children, Families and Communities* at www.financeproject.org/Publications/CRA.pdf.

The Jim Casey Youth Opportunities Initiative's Opportunity Passport™

With support from the Jim Casey Youth Opportunities Initiative, communities nationwide are implementing several strategies to help youth in foster care make successful transitions to adulthood. A centerpiece of this effort is the Opportunity Passport™, an innovative approach to help alumni and youth in care open doors to financial, educational, vocational, and entrepreneurial opportunities.

The Opportunity Passport™ has three distinct components:

1. A personal debit account for short-term expenses.
2. An Individual Development Account (IDA) or matched savings account for medium and long-term asset-building. Participants receive a dollar-for-dollar match—up to $1,000 per year—for savings related to a housing down payment or security deposit, health care costs, insurance, education or training, the purchase and licensing of a vehicle, or financial investments.
3. Various other benefits, or "door openers," designed and negotiated at the local level, including preapproval for registration for community college courses, tuition waivers, student loans, expedited access to job training, and connections to mentors.

The Opportunity Passport™ is available to youth ages 14 through 23 who were in foster care after their 14th birthday. Eligible youth must also complete financial literacy training prior to program enrollment. Partnering states and communities for the Opportunity Passport™ are Tampa, Florida; Atlanta, Georgia; Denver, Colorado; Des Moines, Iowa; Hartford/Bridgeport, Connecticut; Maine; Detroit and 10 northern counties in Michigan; Nashville, Tennessee; Providence, Rhode Island; and San Diego, California.

- In Tampa, Independent Living staff provide financial education to youth in foster care between the ages of 13 and 23. In addition, the initiative has entered into a collaborative partnership with Washington Mutual for the youth IDA accounts. Through this partnership, Washington Mutual provides no-fee savings accounts, allows youth under the age of 18 to open an account without a cosigner, and collaborates with caseworkers to use youth's foster care record as a form of identification to open their IDA accounts.
- In Atlanta, the Metropolitan Atlanta Youth Opportunities Initiative is collaborating with community stakeholders to provide financial education and asset-building opportunities for transitioning youth. These relationships include a partnership with Washington Mutual to provide financial education and manage the youth IDA accounts. Similarly, MAYOI draws on the expertise of the DeKalb County Housing Authority to provide training on apartment rental and home ownership; Lehman Brothers for investment training; and the Women's Economic Development Center for entrepreneurship training.
- The Mile High United Way serves eight counties in Colorado and partners with Young Americans Bank, the only federally chartered bank designed expressly for young people. The bank provides no-fee accounts as well as loans and entrepreneurship training. In addition, the initiative uses community volunteers and AmeriCorps members—who were formerly in foster care—to provide the financial literacy training.

Through a Saving for Education, Entrepreneurship and Development (SEED) grant from the Corporation for Enterprise Development, the initiative is able to offer an incentive-based enhanced match for the IDA; youth can earn up to $500 per year in incentives to match their IDA savings.

- In Des Moines, the Youth Policy Institute of Iowa (YPII) has collaborated with Bankers Trust to provide interest-bearing savings accounts and checking accounts with automated teller machine access for all Opportunity Passport™ participants. YPII also collaborates with the Institute for Social and Economic Development, a nonprofit community development organization, to provide support for managing the youth IDA accounts.
- In Hartford, the initiative partners with Peoples Bank for the youth IDA accounts. Peoples Bank provides quarterly bank statements and notifies the initiative of account overdrafts or discrepancies. Similarly, in Bridgeport, the initiative collaborates with Citibank for the IDAs. Through this partnership, youth have access to no-fee accounts and initiative staff have access to a bank representative who is available to address problems and concerns as they arise.
- The Maine Youth Opportunities Initiative is partnering with two banks—Bangor Savings and TD Banknorth—to facilitate the youth IDA program component. Specifically, Bangor Savings provides the initiative with access to an Internet Cash Management System that allows youth to access their account and perform banking transactions at any bank within the state. This account structure has greatly enhanced the initiative's ability to operate on a statewide level.
- In Wayne County, the initiative is partnering with Detroit Commerce Bank to manage the youth IDAs and provide asset-specific training for youth. In the northern counties, the initiative collaborates with Fifth Third Bank to manage the youth IDAs.
- In Providence, the initiative has established a working partnership with Citizen's Bank to provide free checking and IDA accounts for youth. The bank has branches throughout the city, including branches in local grocery stores that are easily accessible to youth and are open in the evenings and on weekends. To help youth open their bank accounts, a bank representative attends the last day of the initiative's financial literacy training session.
- The San Diego Foster Youth Initiative collaborates with the San Pasqual Academy Work Readiness Program (SPA) and Union Bank of California (UBOC) to provide comprehensive financial literacy training for Opportunity Passport™ participants. The UBOC financial services manager helps develop an enhanced curriculum, and SPA staff members provide ongoing classes to enrolled youth. The IDA accounts are held at UBOC, and the bank provides ongoing support to participants, including money management counseling assistance.

To improve outcomes for youth leaving care, local initiatives have established partnership agreements with child welfare agencies and other key stakeholders in their community with the goal of institutionalizing and making these supports and services available to all youth in the foster care system. For more information, contact Carla Owens, director of communications and public affairs, Jim Casey Youth Opportunities Initiative, 314-863-7000, ext. 107; or visit www.jimcaseyyouth.org.

Making Financial Education and Asset-Building a Reality for Low-Income Youth

Earn$ave is a financial education and IDA program for low-income youth developed by Common Wealth Development, Inc., a nonprofit community development organization in Madison, Wisconsin. Initiated in 2002, Earn$ave is a companion program to the organization's Youth-Business Mentoring Program that provides job readiness and employment placement services to youth ages 14 to 16. To participate in Earn$ave, youth must have successfully completed the Youth-Business Mentoring Program and be eligible for the Free and Reduced School Lunch program. Common Wealth's program aims to flexibly meet youth's needs. For example, although youth must participate in 10 hours of financial education, the courses are delivered on a monthly basis, as the youth save, and are designed to accommodate participants' needs and interests. Similarly, Common Wealth staff designed the IDA program to allow youth to use their matched savings to pay for any type of skill-building activity, such as art classes, driver's education classes, postsecondary education, and sporting camps, as well as for purchases of computers and other needed supplies. Youth receive a $1.00 match for every dollar they save, up to $500 dollars for two years.

Since its inception, 81 students have enrolled in Earn$ave—approximately 20 students per year—and 10 more will have enrolled by the end of 2006. Out of 81 participants, 35 are actively saving or participating in financial literacy training, 18 have completed financial education and have used their matching funds to make a purchase, and 28 participants have either withdrawn their savings or dropped out of the program. Major financial support for Earn$ave comes from CUNA Mutual Group Foundation and the CBM Credit Education Foundation, Inc., with accounts provided by Heartland Credit Union. For more information, contact Tariq Pasha, youth programs director, 608-256-3527, ext. 13, or tariq@cwd.org; or visit www.cwd.org.

closing their bank accounts because of insufficient funds may have a difficult time opening another bank account. A bank partner may offer training or a counseling program to help youth clear their banking history.

The federal Community Reinvestment Act (CRA) is yet another way for program developers to access resources and investments from financial institutions to support asset-building and financial education programs. Since its passage, CRA has been used to provide tens of billions of dollars in new lending, investments, and services for communities nationwide. For example, since 1984, the Woodstock Institute and other Chicago-area organizations have formed a coalition and come together to make community reinvestment agreements with banks. These agreements set goals for bank lending, investments, and services to lower-income communities and individuals and establish mechanisms to track bank progress toward meeting these goals.

Considerations

- The contributions of financial institutions can extend far beyond dollars. In many cases, these institutions are best able to provide in-kind support, such as office space for training, training curricula, and financial planning advisers who can provide asset-specific training, one-on-one counseling, and other youth-friendly customer services

Community Reinvestment Through Coalition Building

In 1998, the Chicago Community Reinvestment Act coalition and the Woodstock Institute negotiated an agreement with Bank One to increase services to "unbanked" consumers. Working together with these groups, the bank developed the Alternative Banking Program (ABP) for consumers who do not meet Bank One's traditional credit scoring criteria. Through ABP, Bank One offered low-cost checking and savings accounts to unbanked customers with the following features:

- a $10 opening deposit;
- a low or no-minimum balance;
- low or no service fees;
- unlimited check-writing ability;
- unlimited use of Bank One automated teller machines;
- some free teller transactions; and
- free financial literacy training.

An ABP account was designed to offer a safe, convenient, and inexpensive alternative to check-cashing and other high-cost alternative financial services. In addition, the program enabled thousands of consumers, many with no credit record, to establish checking and savings accounts.

Upon the acquisition of Bank One by JP Morgan Chase in 2004, the Chicago CRA Coalition entered into a five-year agreement with JP Morgan Chase to ensure the company's continued investment in the community. In addition to continuing and expanding ABP, JP Morgan Chase will provide grants and investments to support homeownership education and financial literacy programs throughout Chicago. For more information, contact Tom Feltner, communications/development associate, Woodstock Institute, 312-427-8070.

that are likely to keep youth engaged. In addition, banks are a great resource to support the establishment of IDA programs by offering flexible IDA accounts and assigning a customer service representative to work directly with youth.

- To maximize the use of the Community Reinvestment Act, program developers should determine whether a local CRA advocacy organization already exists in their community, develop a relationship with this entity, and seek information on CRA rules and regulations as well as the CRA environment in their area.
- Financial institutions are more likely to contribute to an asset-building or financial education program if they see these activities as strategic investments. Program developers should emphasize that extending grants or providing in-kind donations to support asset-building and financial education programs not only can help financial institutions meet their current CRA obligations, but it can also generate new and increased business opportunities from those served by these programs.

Strategy 3: Access Human Services Resources

Several human services funding sources can support asset-building and financial education programs for youth currently or formerly in the foster care system. Three federal block grants—the Community Services Block Grant, the Social Services Block Grant, and the Temporary Assistance for Needy Families—provide the most important sources of financial support for community leaders and program developers to consider. These block grants are provided to states to meet the goals of reducing or eliminating dependency and increasing self-sufficiency among low-income families and individuals. They afford states significant discretion in determining the services and activities that will help achieve program goals as well as defining the population eligible to receive services. Importantly, to access block grant funds for asset-building and financial education programs, policymakers, program developers, and community leaders will need to demonstrate the connection between these programs and increased self-sufficiency for transitioning youth.

- **Community Services Block Grant.** Community Services Block Grant (CSBG) funds provide assistance to states and localities for the reduction of poverty and the empowerment of low-income families and individuals to become self-sufficient. Although CSBG grants are awarded directly to states, states must allocate at least 90 percent of grant funds to community action agencies and other neighborhood-based organizations to develop and implement programs that meet the service needs in their community. These community-targeted grants can be used to fund asset-building, financial education, and other supports and services to help youth make better use of available income, remove obstacles, and solve problems that prevent youth from achieving self-sufficiency.
- **Social Services Block Grant.** The Social Services Block Grant (SSBG) is another block grant awarded to states to meet the social services needs of families and individuals. Like other block grants, SSBG gives states broad flexibility in determining the services and activities allowed under the program, so long as these services and activities meet the intended purposes of the grant. In addition, states can define the populations who will be eligible to receive assistance, usually low-income families and individuals. Given this flexibility, program developers and community leaders should work with states to ensure that asset-building and financial education are incorporated into SSBG-funded services and activities. Because states award grants to nonprofit community-based organizations to provide services to families and individuals, these organizations are important partners for financial education and asset-building programs to engage.
- **Temporary Assistance for Needy Families.** The Temporary Assistance for Needy Families (TANF) block grant provides funds to help families transition from welfare to work. TANF funding includes both the federal block grant dollars allocated to states as well as maintenance-of-effort (MOE) dollars that states are required to spend each year to receive their full block grant. Under federal regulations, all TANF-funded activities must meet one of the four purposes of the welfare reform program:
  1. assisting needy families so children can be cared for in their own homes;
  2. reducing the dependency of needy parents by promoting job preparation, work, and marriage;
  3. preventing out-of-wedlock pregnancies; and
  4. encouraging the formation and maintenance of two-parent families.

The first and second purposes of TANF concern only "needy families" or "needy parents"; income eligibility requirements for these categories are defined by each state. Youth who are in the care of low-income foster parents or who have transitioned from care and are the parents of children themselves may qualify for services or programs funded under these two purposes, including cash assistance, if they fulfill all of the income requirements and meet the necessary work requirements. In many states, TANF recipients can attend financial literacy education as part of their work requirements.

States and localities can use federal TANF and state MOE dollars to provide matching funds for IDAs. Currently, 34 states have incorporated IDAs into their TANF plans, as allowed under the 1996 welfare reform law, to encourage cash assistance recipients to save money and accumulate assets through the program.[10] In addition, a state may use its own funds—beyond those used to meet TANF maintenance-of-effort requirements—to develop and support IDA programs for youth.

Because IDA and financial education programs help youth save and amass assets that can place them on a pathway to financial stability and self-sufficiency, encouraging states to allocate TANF funds for these activities is a key strategy for program developers to pursue. This use of TANF is especially important to meet the needs of low-income youth who have children and have transitioned out of the foster care system and no longer meet the state's Chafee eligibility requirements.

Considerations

- Program developers working with transitioning youth need to determine what funding sources flow to which state agencies, who administers specific funds at the state and local levels, and how decisions are made to allocate funds. Then, they must work to influence how funds can be spent.
- Accessing human services block grant funds can significantly expand the resource base available to support asset-building and financial education programs for youth in foster care. Although these resources can potentially support these programs' operating costs, they are more likely to become available when asset-building and financial education are incorporated into other human services programs and activities. In addition, the TANF block grant is the only human services block grant that can be used to provide matching funds for IDAs.
- States have significant flexibility in allocating federal block grants that support the economic self-sufficiency of low-income families. Developers of asset-building and financial education programs need to be aware of their state's and locality's process for allocating funds and of the priorities identified in the state plan. For TANF, program developers should check the state plan to ensure that providing financial education and matching IDA funds are allowed and included in the state's TANF program delivery design.
- Program leaders are more likely to be successful in their efforts to influence resource allocation decisions if they approach state officials as a coalition and work with other initiatives to demonstrate the broad applicability and benefits of the approaches they advocate. Coalitions also provide opportunities to join in organized education and outreach efforts. Influencing the allocation of block grant dollars is an education and information dissemination effort, and a single message carries more weight when it is delivered jointly.

[10] The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 authorizes states to use TANF block grant funds to create IDA accounts and to disregard money saved in IDAs in determining eligibility for all means-tested government assistance.

Using TANF and CSBG Funds to Support Family Savings Accounts in Pennsylvania

The Pennsylvania Family Savings Account (FSA) program is a statewide matched savings program established in 1997 to expand opportunities and encourage self-sufficiency for low-income individuals through savings, financial management education, and asset accumulation. The FSA is a partnership between the U.S. Department of Health and Human Services' Assets for Independence (AFI) program and the Pennsylvania Department of Community and Economic Development (DCED). Funding for the program includes a $1 million state AFI grant and a $1 million annual state appropriation to the DCED. There are currently 47 community-based organizations participating in the program serving over 3,000 low-income individuals.

Program funds can be used to match up to $1,000 per year or $2,000 over a 36-month period at a rate of $1.00 to $1.00 for approved FSA goals. Approved FSA goals include:

- first time purchase of a home, home repair and certain renovations;
- postsecondary, vocational or higher education for self or child;
- microenterprise capitalization;
- purchase of a car as the primary means of transportation to/from work or school;
- purchase of a computer as part of a business or pursuit of secondary education;
- child care expenses; and
- credit repair expenses (f necessary to obtain a loan for education, home or home repairs).

Matched FSA funds also can be set aside for a 529-college savings plan.

To participate in the FSA, individuals must be TANF recipients or meet specific income eligibility criteria (e.g., household income at or below 200 percent of the federal poverty level or 80% of the area median income and a household net asset limit of $10,000, excluding the value of the primary residence and one vehicle). They also must agree to save an amount that averages $10/week or $40/month, save towards an approved FSA goal, and attend at least four basic financial literacy classes and two asset-specific training workshops.

In addition to the federal AFI and annual state appropriations, the state has utilized Temporary Assistance for Needy Families (TANF) and Community Service Block Grant (CSBG) grant funds to supplement the FSA grants. From state fiscal year (SFY) 2001-02 to 2003-04, over $6 million in TANF funds were allocated to the program and approximately $46,000 in CSBG funds were allocated to the program in SFY 2002–03. The state also utilizes CBSG grant funds to support the management and administration of the program. Finally, because state law restricts the amount of FSA grant funds allocated to program administration, FSA service providers use a variety of funding sources, including CSBG funds, Family Self-Sufficiency grants, Neighborhood Assistance, foundation and financial institution donations, to cover the costs of the program. For more information about the use of various funding sources, contact PA FSA providers. A list of FSA grantees or program providers can be found at www.newpa.com. For more information about the FSA program, contact Kathy Rulli, 717-787-1984 or visit www.newpa.com/programDetail.aspx?id=93.

Strategy 4: Access Community and Economic Development Resources

Community and economic development resources offer another potential funding opportunity for program developers and community leaders working to provide asset-building and financial education programs for youth currently or formerly in foster care. These resources typically focus on efforts to revitalize low-income or economically distressed communities and support social services designed to expand economic opportunities for low- and moderate-income families and individuals. Accessing federal funds and collaborating with Community Development Financial Institutions are two approaches for using community and economic development resources to support asset-building and financial education programs.

Accessing Federal Funds

Federal funding constitutes a significant source of investment in community development efforts. Two particularly important federal funding sources for program developers to understand are the Community Development Block Grant and the New Assets for Independence Demonstration Program.

- **Community Development Block Grant.** The U.S. Department of Housing and Urban Development (HUD) administers and provides Community Development Block Grant (CDBG) funds to states and localities to expand economic opportunities and provide improved community services for low- and moderate-income persons. Two types of CDBG grants are available and can finance asset-building and financial education activities for transitioning youth. *Entitlement grants* are awarded to metropolitan cities with populations of at least 50,000 and urban counties with populations of at least 20,000. *State-administered grants* are administered by states and are awarded to localities that are not eligible to receive entitlement grants.

  Although these grants give grantees the flexibility to develop their own programs and economic development funding priorities, CDBG-funded activities must meet one of the following national objectives: benefit persons of low and moderate income; aid in the prevention or elimination of slums or blight; or meet other community development needs of particular urgency. HUD also requires grant recipients to expend at least 70 percent of CDBG grant funds on activities that will benefit low- and moderate-income families.

  Up to 15 percent of CDBG funds can also be used to support public service needs. Consequently, CDBG funds can finance asset-building and financial education programs, as well as the services and supports that youth need to successfully transition out of foster care. Allowable uses of CDBG funds include operating support for program implementation as well as IDA matching funds for low- and moderate-income youth.

When the IDA account holder is determined to have low or moderate income and IDA funds are used to pay for education/job training, buy a home, or start a business, CDBG funds can be used as required match for IDAs. However, when seeking to access CDBG funds for operating support for asset-building and financial education programs, program developers will likely be limited to the 15 percent available to support public service needs.

- **New Assets for Independence Demonstration Program.** The New Assets for Independence (AFI) Demonstration Program is the only federal funding program specifically targeted on IDAs. Consequently, the program can be a useful resource for program developers seeking to enhance the social and economic well-being of

Youth$ave Program

Youth$ave is an IDA program created in 1998 by REACH Community Development, Inc., to cultivate successful goal setting and money-saving habits in young people whose families have low incomes. The program is available to all children between the ages of 9 and 18 who live in REACH housing. To participate in the program, participants sign a contract that specifies their responsibilities. For example, every participant must attend two hours of financial literacy classes twice per month, for a total of four hours per month; set a savings goal; and save money that is matched at a rate of $2.00 to $1.00, up to $600 per year. Program participants are required to save at least $50 on their own. However, to help youth achieve their savings goals, the program affords youth the opportunity to earn money for their savings accounts through participation in community service. For one hour of community service work, the youth earn $6.00, which is then matched by another $6.00. Participants who move out of REACH housing can remain in the program for one year after moving out and receive a $1.00 to $1.00 savings match during the transition year. Youth can use their IDA funds to purchase items for educational, artistic, entrepreneurial, or athletic activities.

To implement the program, REACH Community Development, Inc., collaborates with Washington Mutual to provide savings accounts with no minimum balance for participating youth, free money orders, and assistance with financial literacy training. In addition, REACH has an established partnership with Buckman Elementary School, which provides the space for the financial literacy classes. The Youth$ave program is primarily funded by the Juan Young Trust as well as REACH's community fundraising activities. To obtain additional support for the program, REACH has developed its own financial literacy curriculum and program guidelines, which are available to other IDA programs for purchase. For more information, contact Erin Singer, 503-231-0682, ext. 132, or esinger@reachcdc.org; or visit www.reachcdc.org/youthsave.htm.

transitioning youth through asset accumulation and economic advancement. AFI awards grants to nonprofit organizations and community collaboratives to engage in innovative demonstration projects to finance IDA programs. IDA program funds can be used for the acquisition of three assets: postsecondary education, purchase of a first home, and initial capitalization of a business startup. In addition to helping participants develop and practice the habit of saving, the program seeks to develop their knowledge of budgeting, savings, and the benefits of asset ownership. The program requires grantees to spend a portion of their grant funds on participant support activities that must include financial literacy education. Program developers serving transitioning youth can access these resources directly or in partnership with nonprofit organizations, state and local agencies, and Community Development Financial Institutions including community development credit unions.

Collaborating with Community Development Financial Institutions

In addition to federal community and economic development funds, Community Development Financial Institutions (CDFIs) can be a significant source of support for asset-building and financial education programs for youth. These financial institutions have community development as their

Washington State Develops IDA Program for Youth in Foster Care

During the 2005 legislative session, Washington lawmakers passed legislation to develop an Individual Development Account (IDA) program for low-income families and youth in foster care. The legislature set aside $1 million in state general funds to support the implementation of the program; approximately $800,000 is available for youth IDAs.

The IDA program aims to provide youth with incentives and support to encourage saving for asset purchases. State funds will provide the match for eligible savings at a rate of $2.00 to $1.00. Youth will earn up to $3,000 in state match funds during the four years they participate in the program. Matched savings can be used for:

- postsecondary education and job training by an educational institution or approved training provider;
- housing needs, such as rent, security deposit, utility costs, and other necessary costs to help youth obtain housing;
- computer purchases to meet postsecondary education or training needs;
- a vehicle purchase, as necessary, for work-related activities; and
- health insurance premiums.

The program serves youth in care who are 15 years of age and older and youth who are at least age 15 but not more than age 23 who were in care for at least 24 months after age 13. To enroll in the program, youth must participate in financial education programs and must develop a savings plan.

The state Department of Community, Trade and Economic Development (CTED) manages the youth IDA program. It is contracting with United Way of King County, which played a key role in drafting the youth IDA legislation, to implement a pilot version of the program in Seattle. United Way is collaborating with Independent Living Program providers for referrals and with Washington Mutual to provide financial education as well as a no-fee savings account for participating youth. In addition, United Way has established a partnership with the University of Washington to evaluate the IDA program. IDA program enrollment began in September 2006, and 25 youth are currently enrolled. In addition to the state funds, United Way is contributing approximately $40,000 to provide savings incentives for youth participants.

Although CTED has not yet identified other state funds to support the program, in the upcoming legislative session the department will request a significant increase in the amount of state general funds allocated for the IDA program. With increased funding, CTED hopes to expand the number of grants for youth IDAs as well as the number of current and former youth in foster care who can access IDA programs. For more information, contact Paul Knox, asset development and policy and performance manager, Washington State Department of Community, Trade and Economic Development, 360-725-4140 or paulk@cted.wa.gov; or visit www.cted.wa.gov/portal/alias_CTED/lang_en/tabID_933/DesktopDefault.aspx.

Accessing Community Development Funds to Support Financial Education and Youth IDA Programs

Juma Ventures is a social enterprise and youth development organization in the San Francisco Bay Area that owns and operates its own business in order to provide employment and job training opportunities for low-resource youth. Low-resource youth are those who have low income, come from single-parent households, are youth in foster care, are youth in group homes or under kinship care, are youth who are the first to attend college, or are youth who live in communities with high unemployment and low college attainment rates. In addition to employment and job training opportunities, youth who meet these criteria have access to career exploration, financial education, and academic achievement activities as well as opportunities to build assets through Individual Development Accounts.

The organization has been operating a youth IDA program since 1999. Although all youth are required to participate in basic financial literacy training, the IDA program is a graduated, more intensive program that youth can opt to join. Youth IDAs are available for two years for youth ages 14 to 24. Juma Ventures currently supports 600 IDA accounts, and half of them are active. Because the organization relies on several funding streams to provide the match for the IDAs, the match rate varies from year to year. Currently, the match rate is $2.00 to $1.00 for allowable asset purchases, which include postsecondary education and training, home ownership and rent deposits, entrepreneurship, and other purchases and expenses to enable youth to secure employment or attend school (e.g., child care and computers).

Juma Ventures' IDA program is funded by a variety of public and private sources. Since 2004, the organization has been participating in the Corporation for Enterprise Development's Saving for Education, Entrepreneurship and Downpayment (SEED) grant initiative that provides IDA savings match for 75 participants. The organization is also an Assets for Independence grant recipient; receives local foundation and corporate funding, including support from Merrill Lynch's Investing Pays Off Initiative; and receives city funds from the Mayor's Office of Community Development and county funds from the Department of Children and Families. For more information, contact Gabe Mello, 415-371-0727, ext. 306, or gabem@jumaventures.org.

primary mission. Between 800 and 1,000 CDFIs exist nationwide, including community development credit unions that seek to promote ownership of assets and savings and provide affordable credit and financial services to low-income families and individuals. Community development credit unions can be important partners for financial education and asset-building programs. Unlike traditional credit unions, which solely target their members, community development credit unions are likely to invest in programs that serve the general community. Community development credit unions can serve as training partners, provide free or low-cost financial education classes, manage youth IDA accounts, offer free financial counseling for youth, and provide program startup funds. Program developers serving transitioning youth should also consider collaborating with other CDFIs (e.g., community development banks and microenterprise development venture capital funds) that provide student loans, mortgage financing, microbusiness startup loans, and other investments to help youth achieve financial independence and economic success.

Considerations

- Many community and economic development resources that could support asset-building and financial education programs are not targeted to youth and are supporting adult programs. Program developers will need to establish relationships with those who control these resources to examine the potential for directing resources and support to youth asset-building and financial education programs. They will also need to work in partnership to tailor adult programs so they are appropriate for youth.
- Because CDBG public service funds are limited to 15 percent of the total CDBG grant, there is likely to be intense competition for how these funds are used in each community. As a result, program developers will need to make a compelling case for why these funds should support asset-building and financial education for youth and how the availability of these programs and services will benefit the community in the long term.
- When accessing community development and economic development resources such as AFI and CDBG, program developers need to understand each program's requirements and their effect on the IDA program structure. In most cases, the type and level of funding a program is able to access will determine the asset goals and permissible uses of IDA funds, the match rate, minimum and maximum savings provisions, and the duration that youth will be allowed to save money for their asset goal. For example, matched funds under the Assets for Independence demonstration grants can only be used for the purchase of three identified assets—postsecondary education, homeownership, and business startup. Consequently, this funding stream cannot be used to accommodate youth's interest or need for other asset purchases. This is particularly important for younger youth for whom postsecondary education, homeownership, and business startup may not be readily attainable goals. Before accessing this funding source, it is important that program developers know the asset purchases allowed and that participating youth understand the restrictions of their IDA matched funds.

Strategy 5: Generating Local Resources

To support the development, implementation, and sustainability of asset-building and financial education programs, program developers should also consider strategies to generate revenue locally. Two valuable approaches are developing community fundraisers and engaging local civic and philanthropic organizations. Importantly, these strategies provide program developers with access to unrestricted resources that they can use flexibly to meet unique program needs.

Developing Community Fundraisers

Fundraising can help organizations secure financial support for general operating expenses and for new projects and initiatives. Community fundraising strategies can take many forms, including capital campaigns, planned giving, annual fundraising drives, direct mail solicitation, and special events such as dinners and golf tournaments. Funds raised through these efforts are generally unencumbered, and sponsoring organizations are free to use them for different purposes.

Members of the community are often engaged as volunteers in planning, organizing, and implementing fundraising campaigns and special events. Organizations that conduct these activities often find they are an effective way to generate good will and a broad base of community ownership and support. Program developers working with transitioning youth can consider fundraising and solicitation efforts to obtain operating revenue for their asset-building and financial education programs and provide the savings match for youth IDAs. For more information on community fundraising strategies, including resources for designing and implementing community fundraising efforts, see The Finance Project's *Beyond Bake Sales: A Guide to Community Fundraising*.

Engaging Local Civic and Philanthropic Organizations

In addition to direct fundraising, community leaders and program developers can generate significant financial and in-kind support by partnering with civic and philanthropic organizations that have a stake in the community and whose work focuses on meeting the most important local needs. These organizations can help generate funds to support program activities by providing challenge grants (i.e., funding contingent on matching funds being raised). Challenge grants are particularly attractive to investors because this funding tool makes their initial investments go further. In addition to raising funds to help youth transition programs accomplish their goals, challenge grants can help program developers reach new donors and expand the number of community stakeholders supporting asset-building, financial education, and other supportive services for transitioning youth.

Through these partnerships, program developers can also generate matching funds for youth IDAs as well as in-kind contributions, such as a staff person "loaned" to work for the program, office space, and technical support that includes legal, financial, marketing, and public relations services. Many youth IDA programs have been able to leverage financial and in-kind support through partnerships with their local United Way.

ByDesign Financial Solutions™ Generates Local Revenue to Provide Financial Education Services to Transitioning Youth

Independent and transitional living programs serving youth in foster care in 12 California counties are providing young people with the skills and knowledge they will need to become financially self-sufficient. These programs are collaborating with ByDesign Financial Solutions™, a 501(c)(3) nonprofit community service agency that offers personal finance education, confidential individual counseling, housing-related services, and debt reduction planning to the community. Most recently, the organization developed Financial Firsts℠, a financial literacy education program to help prepare teens to cope with and maneuver through the first five critical financial decisions they will encounter:

1. first checking account;
2. first job;
3. first car purchase;
4. first credit card account; and
5. first home away from home.

By focusing on these critical financial decisions, Financial Firsts℠ provides youth with information they will need as they transition to independence. For example, youth learn how to write a check and balance their checkbook. They also learn how to incorporate the costs of a vehicle into a budget and how to develop a spending plan that incorporates moving out.

Since April 2006, the organization has worked with independent and transitional living program coordinators, foster family agencies, and group homes to deliver financial education to transitioning youth. Through this partnership, transition programs gain access to financial education, at little or no cost, for youth in care as well as trained facilitators (i.e., ByDesign staff) that deliver the training sessions and are available to work with youth. As of November 2006, approximately 500 youth in care benefited from ByDesign's financial education program. The organization expected to provide financial education to 700 youth by the end of 2006 and to continue to grow the program to reach as many as 1,000 youth in care across the state.

ByDesign's regional advisory committees actively engaged in fundraising efforts to generate funds to support the program and ByDesign staff adapted the Financial Firsts℠ education program for emancipating youth. The committees raised $95,000 through fundraising and solicitations to support the organization in providing the Financial Firsts℠ program to youth in the foster care system. Committee members held a golf tournament that generated approximately $25,000 for the program; raised $20,000 from individual donations; and successfully obtained a $50,000 grant from the MCI Corporate Foundation. To continue supporting the program, committee members in Sacramento recently held a second golf tournament that raised approximately $14,000. For more information, contact Laura McGrew, senior vice president of education, 559-455-5526 or lmcgrew@bydesignsolutions.org; or visit www.bydesignsolutions.org/workshops_financial_firsts.html.

United Way: A Partner for IDA Programs for Transitioning Youth

- Through a partnership with United Way of DeKalb County, the Metropolitan Atlanta Youth Opportunities Initiative (MAYOI), one of the sites implementing the Jim Casey Youth Opportunities Initiative's Opportunity Passport™, is able to provide increased IDA matching funds to enable transitioning youth to make specific asset purchases. Since 2004, MAYOI has received $100,000 from the local United Way to provide a $3.00-to-$1.00 match for educational and entrepreneurship expenses and a $4.00-to-$1.00 match for homeownership purchases for participating youth. These resources are helping augment the IDA match already made available by the national Jim Casey Youth Opportunities Initiative.
- United Way of King County, Washington, played a key role in drafting the legislation that created an IDA program for youth in foster care within the state. The organization is implementing a pilot version of the program in Seattle and has engaged numerous partners, including Independent Living Program providers to offer referrals, Washington Mutual to provide financial education and a no-fee savings account for participating youth, and the University of Washington to evaluate the IDA program. In addition, the local United Way is contributing approximately $40,000 to provide savings incentives for youth participants.
- The Mile High United Way is the grantee for the Jim Casey Youth Opportunities Initiative in Denver, Colorado. In this capacity, the organization is overseeing the implementation of the Opportunity Passport™ and other components of the initiative as well as promoting a national partnership through the United Way of America with the Jim Casey Youth Opportunities Initiative.

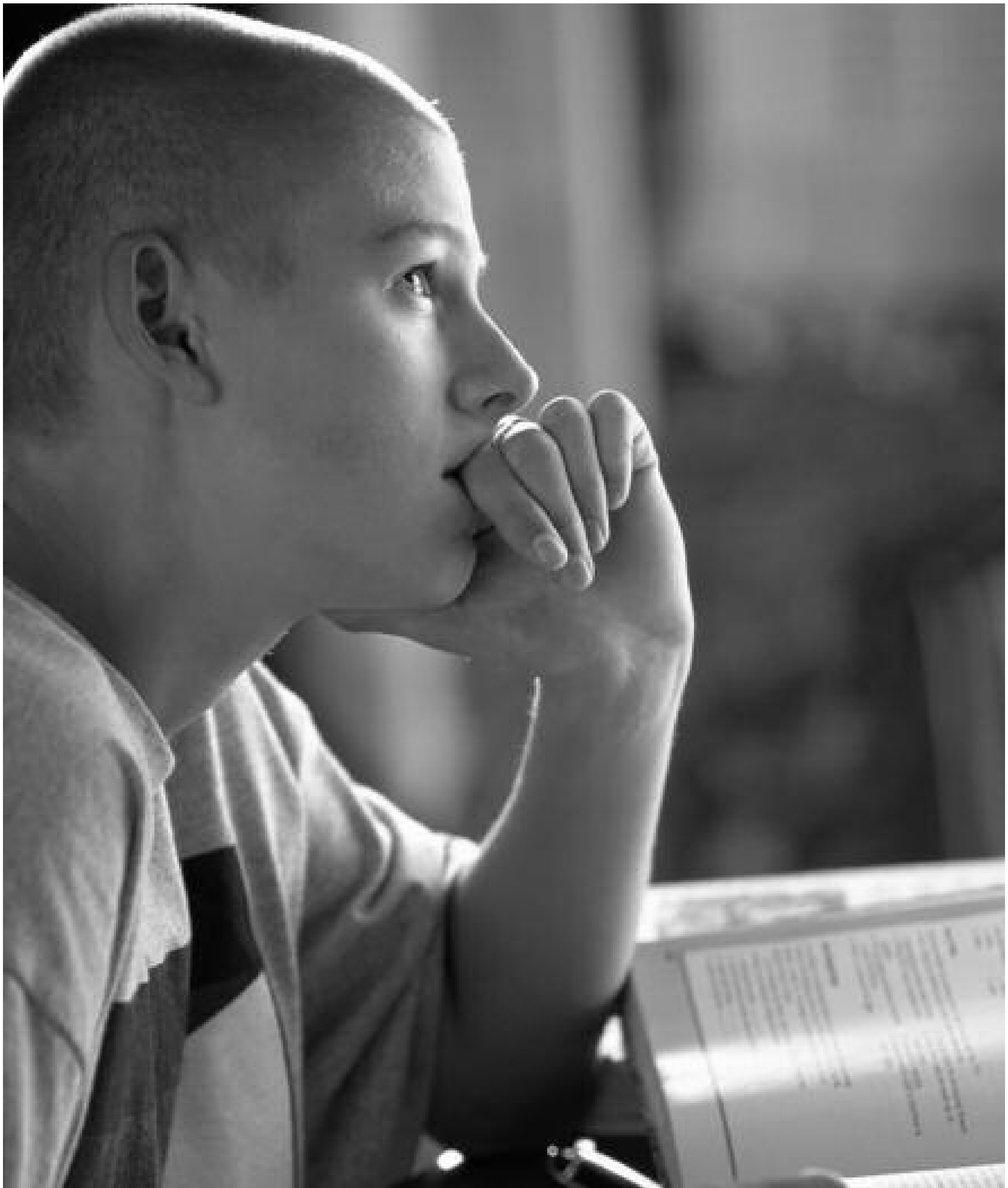
Considerations

- Revenue generated through community fundraising activities is typically unrestricted. Program leaders can decide to use the funds to finance specific services or activities, invest the generated revenue, or save the funds for a rainy day. Fundraising is a useful strategy to finance program elements that are difficult to support with traditional funding sources (e.g., training, program development, and curriculum development).
- Many community fundraising strategies can be extremely labor intensive and require careful planning. Moreover, without active volunteer assistance, they may cost more to undertake than they yield in net contributions. In addition, fundraising and solicitation are often vulnerable to local economic conditions and are affected by competition for volunteers and contributions to other community organizations and special causes. Consequently, most program developers who pursue fundraising and direct solicitation do not rely solely on them to fund programs they want to sustain over time.
- Fundraising efforts are most effective when those involved have a clear goal. Program developers should seek the support and buy-in of their organization's board members. Board members can help program developers identify fundraising goals as well as develop and implement a fundraising plan that includes identifying and soliciting potential donors.

- When approaching civic and philanthropic organizations, program developers should have a clear "ask" in mind; they should be prepared to discuss the type of partnership sought, the expectations of the partnership, and each partner's contribution. Contributions can be of a financial nature, but they can also include collaborating and joining forces to advocate for increased resources to support financial education and asset-building programs for youth in care.

Conclusion

Investing in asset-building and financial education programs for foster youth can considerably improve the economic well-being and financial success of youth transitioning from foster care. These programs can provide youth with the skills and knowledge they need to manage their finances, amass assets, and make the right financial choices for their own future. In addition, these programs provide program developers an important opportunity to engage community partners in preparing youth for a successful transition to adulthood and independence. By implementing a wide range of financing strategies, program developers can ensure that asset-building and financial education programs for transitioning youth are sustained over time.



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Annie E. Casey Foundation
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Corporation for Enterprise Development
www.cfed.org

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www.jumpstart.org

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www.ncrc.org

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www.nationalcouncil.org

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www.woodstockinst.org

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www.Mymoney.gov

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The Finance Project is an independent nonprofit research, consulting, technical assistance, and training firm for public- and private-sector leaders nationwide. It specializes in helping leaders plan and implement financing and sustainability strategies for initiatives that benefit children, families, and communities. Through a broad array of tools, products, and services, The Finance Project helps leaders make smart investment decisions, develop sound financing strategies, and build solid partnerships. To learn more, visit www.financeproject.org.

Financing and Sustaining Supports and Services for Youth Transitioning Out of Foster Care

This publication is part of a series of tools and technical assistance resources on financing and sustaining initiatives supporting youth transitioning from foster care developed by The Finance Project with support from the Foster Care Work Group. These tools and resources are intended to help policymakers, program developers, and community leaders develop innovative strategies for implementing, financing, and sustaining effective programs and policies. To access these resources and for more information on this project, visit www.finance project.org/practice/risk.asp.

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