

COMMUNITY COLLEGE INITIATIVE: HELPING STUDENTS ACHIEVE FINANCIAL STABILITY BY BUILDING THEIR FINANCIAL CAPABILITY

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Sol Carbonell, Assistant Vice President

Dawn Hicks, Senior Community Affairs Analyst

Sarah Savage, Community Affairs Manager

Federal Reserve Bank of Boston

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- The views expressed in this presentation are the presenters' and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.

Key Questions

1. Why do financial decisions matter for community college student outcomes?
2. What does a financially capable student look like?
3. What efforts have been implemented across the country to build financially capable students and improve financial-decision making? What have we learned from them?
4. Where do we go next?

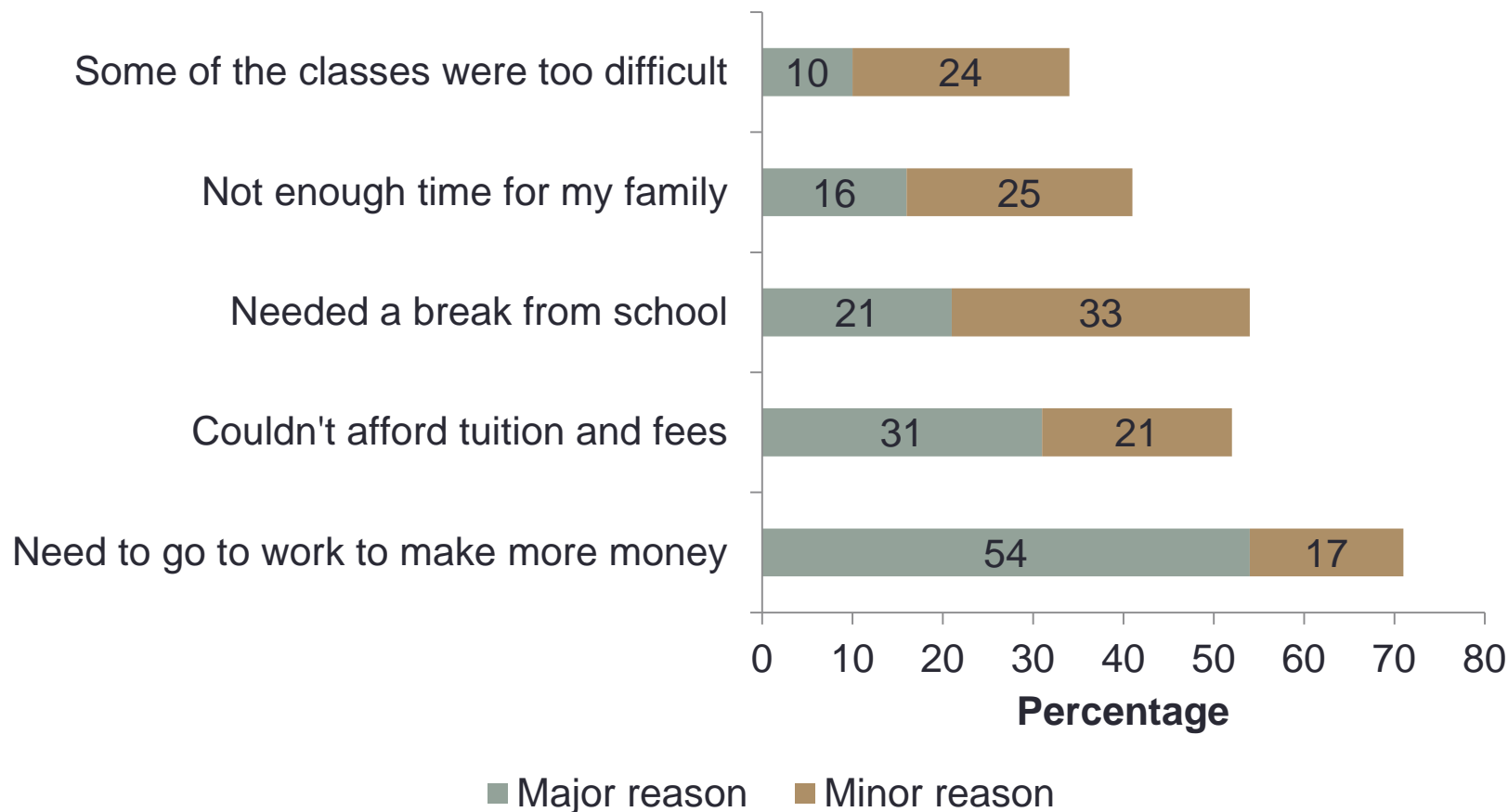
Community College Students

- Nontraditional (financially independent, delayed enrollment, working full-time or close to it, dependents of own, GED or less than high school diploma)
- Low- and moderate-income, first-generation college students, members of minority groups
- Heavy reliance on federal forms of financial aid such as Pell Grants, but lesser tendency to borrow student loans and among borrowers, to borrow lesser amounts
- Diverse goals including transfer to 4-year institutions, occupation/sector specific training, or a terminal Associate's degree

Financial Decision-Making

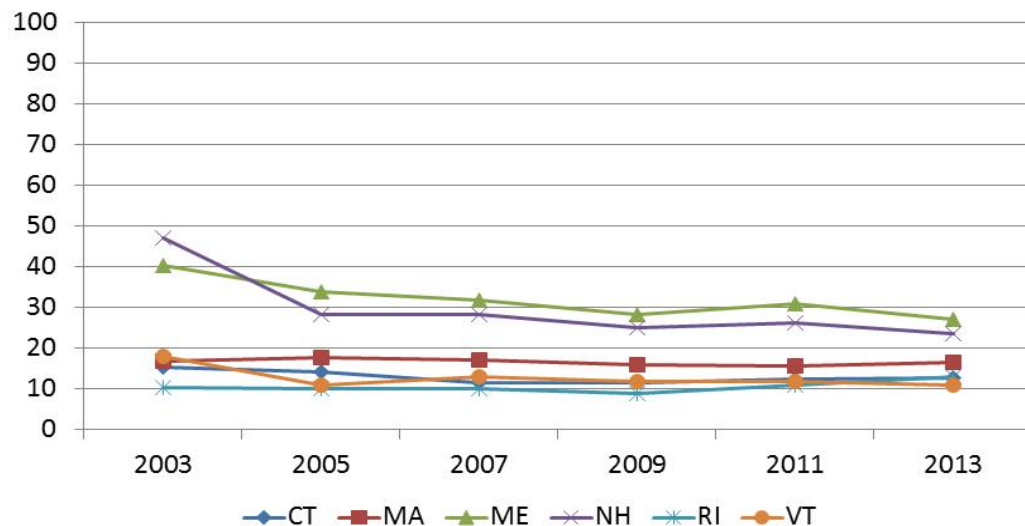
- The immediate choices students make about their money
- How students pay for school
- How students pay for living expenses
- The tradeoffs students make between time spent earning money and time investments in their education
- The extent to which students connect today's choices with future financial consequences
- How all of the above are affected by financial constraints

How Might Financial Decisions Affect Educational Outcomes?



Our Region: Financial Decisions May Be Just One Factor Related to Educational Outcomes, but They Are Malleable

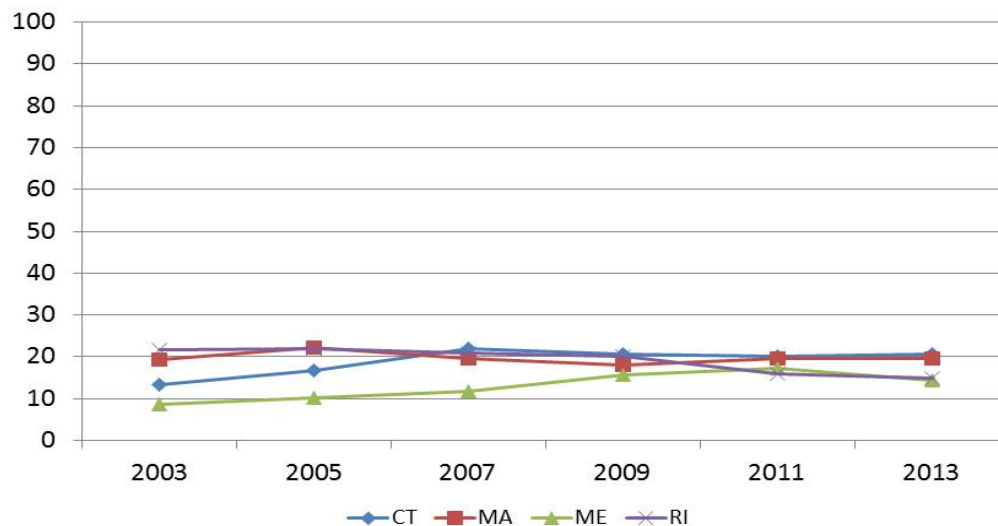
Graduation rate of first-time, full-time degree or certificate-seeking students



- Graduation and transfer rates of community college students have been persistently low across the region.

- The inclusion of part-time students, who make up the majority of community college students, would reveal even lower completion rates.

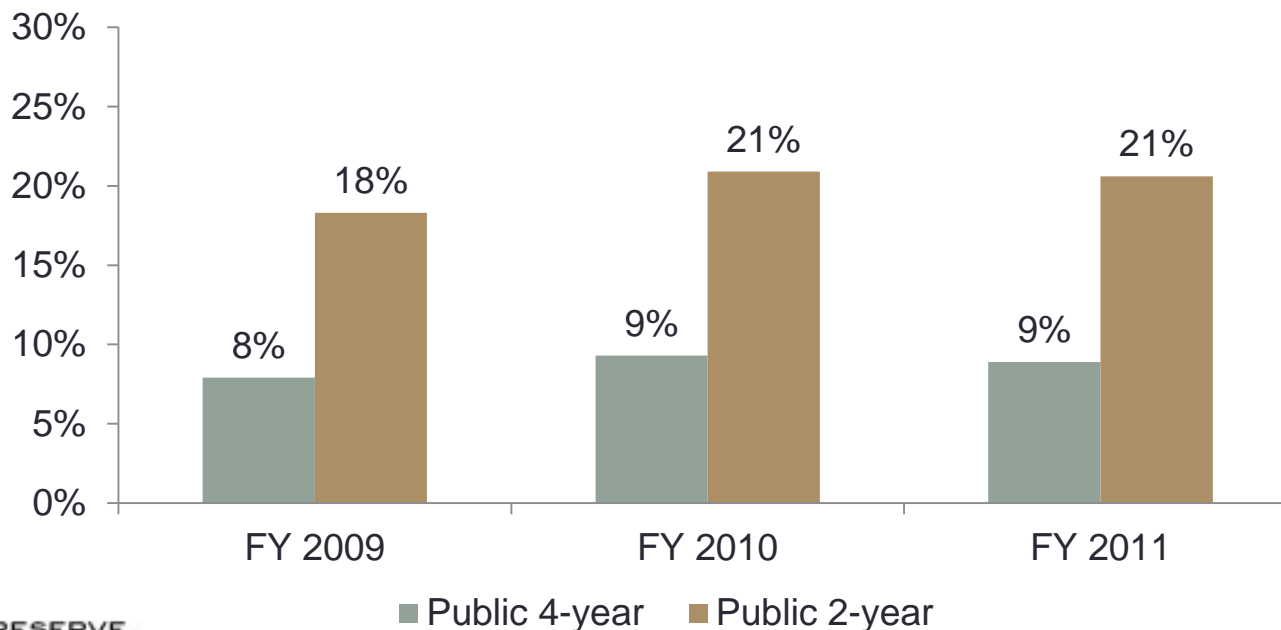
Transfer-out rate of first-time, full-time degree or certificate-seeking students



Community College Students Are Well Represented Among Groups Most Vulnerable to Uninformed Decision-Making and Risky Financial Behaviors

- Lower income, young people tend to be least knowledgeable about managing finances and to exhibit the most risky financial behaviors
- Consequences of poor financial decisions play out in students' future financial wellness and institutional outcomes

Official National Cohort Default Rates by Sector
(Calculated July 26, 2014) (BPS, 2009)



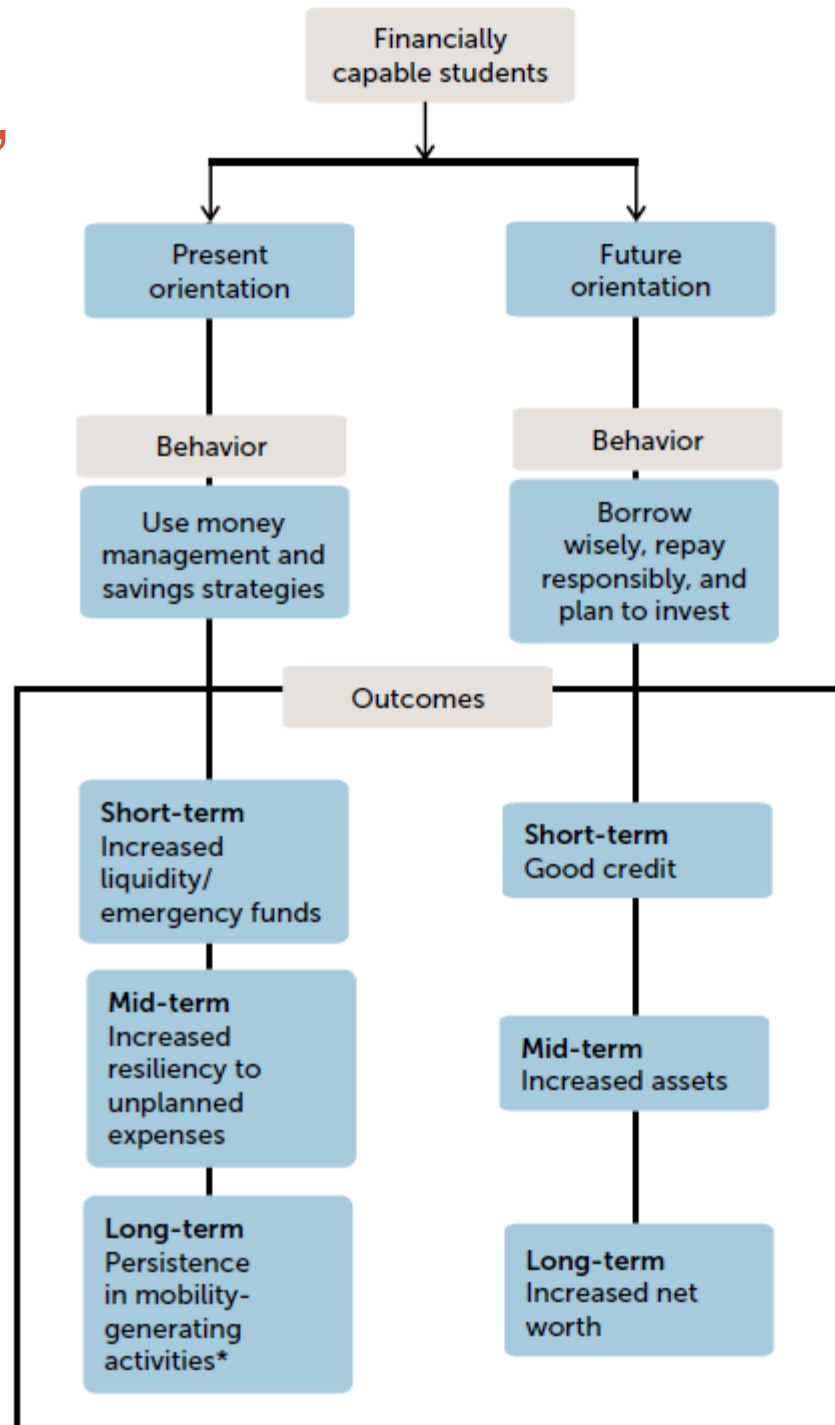
Financial Capability

- Financial Capability: The capacity based on knowledge, skills, and access to manage finances effectively
- Financial Capability Efforts: Efforts in the form of programs/services that aim to empower individuals to make quality financial decisions that will serve them presently and position them for future financial wellness

Why Build CC Students' Financial Capabilities?

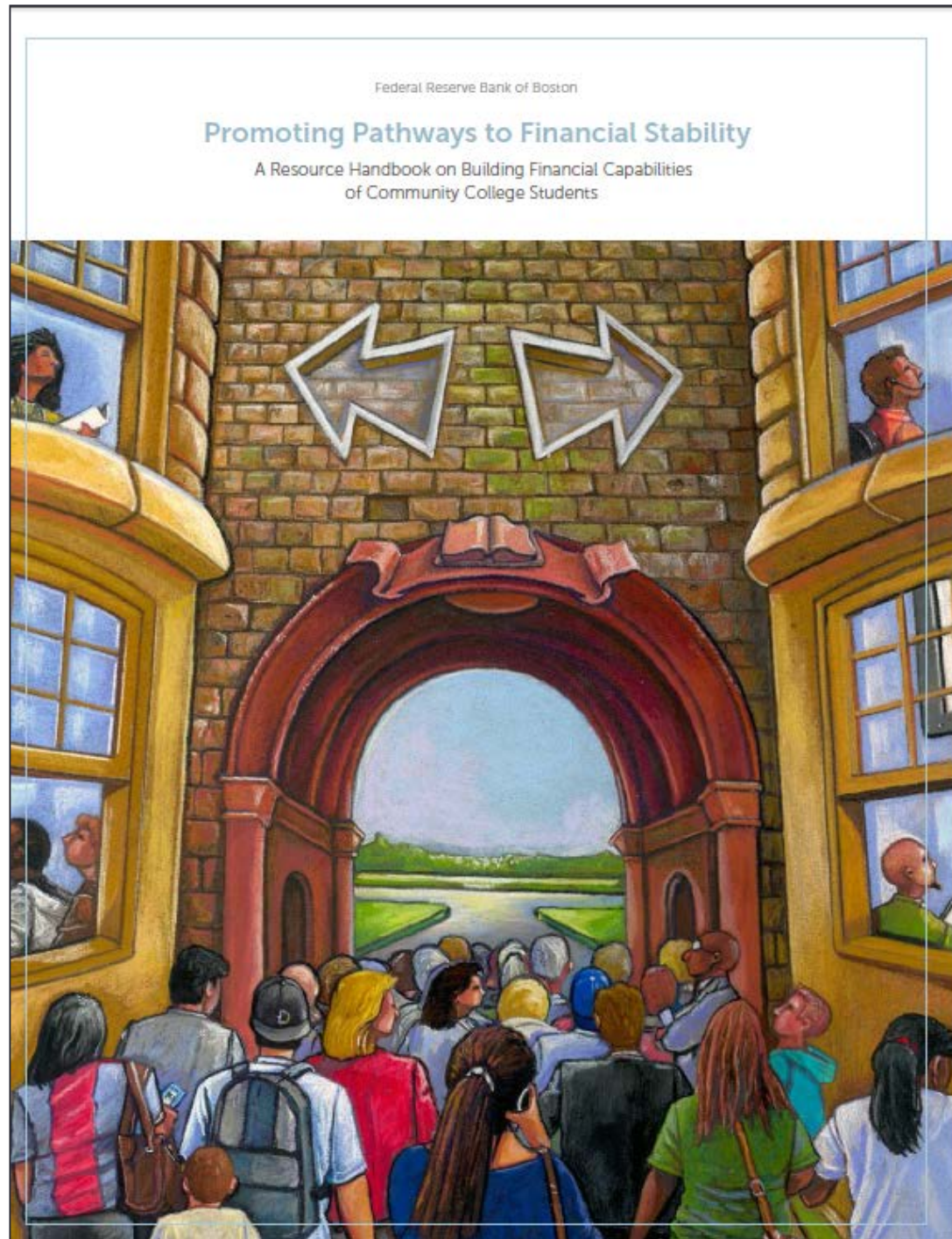
EXAMPLES: A financially capable student spends less than she earns, plans for unplanned expenses by putting away a portion of her financial aid refund, is able to persist in growth activities without disruption.

A financially capable student leverages aid, borrows and repays credit and loans responsibly to maximize her investment in her future self and to position herself for future asset accumulation.



Resource Handbook on building students' financial capabilities

- Generate buy-in from leadership for this work
- Develop understanding of this work and how it is unique from traditional approaches to financial constraints
- Serve as a guide for those who might select and/or implement efforts
- Provide insights on how to augment capacity constraints through partners and networks
- Provide a baseline for New England's institutions



Building Financial Capabilities is a Newer Approach, but One with Field-tested Examples

- The Boston Fed's Handbook features eight case studies describing different ways of approaching this work

Foothill, CA:	Valencia, FL:	Wake Tech, NC:	Mt. Hood, OR:
Online financial education	Peer-to-peer mentoring	Virtual financial literacy center	Educational matched savings
Mesa, AZ:	CNM, NM:	Skyline, CA:	CCBC, MD:
Educational matched savings	Financial stability center	Financial stability center	Financial coaching

Selection of Efforts

- Empowerment components (not just addressing financial constraints)
- Opportunities to apply what is learned (not just knowledge transfer)
- Field-tested beyond the initial implementation stage
- Evidence – promising outcomes if rigorous methods have yet to be used
- Cross-section of efforts/models
- Geographic diversity
- Recommendations from subject matter experts

An Online Program

StudentLingo is an online program at Foothill Community College featuring instructive videos delivered in a rule-of-thumb fashion. There are a number of modules ranging from career readiness to academic preparedness. Two modules are dedicated to empowering students to make informed financial decisions and may be required of students before accessing aid awards and meeting with financial aid advisors, and in some instances faculty share videos during classroom time.

- Needs: older returning students struggling to balance living expenses and debt, particularly related to paying for education
- Fit: the inexpensive online solution was critical for helping to meet a shortfall in counseling capacity due to budget cuts in the state of CA
- Resources & Capacity: minimal staff time required except for promotion; the vendor for StudentLingo provides upgrades and support
- Readiness (field-tested): StudentLingo has been implemented by a number of community colleges and institutions of higher education
- Evidence: reviews/testimonials from institutions; need rigorous research

Financial Stability Center Models

Central New Mexico (CNM) and Skyline both put financial stability center models in place that use a bundled service approach, offering 1) education and employment services, 2) work and income supports, and 3) financial and asset-building services. CNM Connect and SparkPoint at Skyline College started as small pilots and have grown into partly or entirely institutionalized efforts delivered through dedicated physical centers.

- Needs: role of finances in student struggles at CNM; economic disparities of San Mateo County for Skyline
- Fit: required time and room to grow and institutional buy-in that leadership helped foster at CNM; was seen as ideal solution for Skyline
- Resources & Capacity: outside funding was critical but the move to institutionalized positions has increased quality of CNM coaching staff; cultivating partnerships greatly augmented Skyline's capacity
- Readiness (field-tested): the related Annie E. Casey Foundation Center for Working Families model has been implemented widely
- Evidence: studies have demonstrated improved outcomes for bundled service approaches

Financial Coaching

CCBC Cares is a financial coaching program at Baltimore County Community College modelled after the coaching component of the more holistic financial stability centers. Coaching delivery varies in intensity from scholarship help to counseling around budgeting, debt, and financial goals such as charting a path to home ownership. An initial targeting strategy was to offer coaching to students who requested emergency assistance to impart tools to them for managing future crises.

- Needs: acute financial crises of students; majority live at/below poverty
- Fit: the holistic financial stability center model was of interest, but the coaching was deemed a better fit for this large institution, where it would be easier to control a narrower effort
- Resources & Capacity: staff required training, but only a small number; coaching is offered in Student Success Centers but no permanent home
- Readiness (field-tested): an experienced network of financial stability centers
- Evidence: retention benefits reported by financial stability centers

Educational Matched Savings Programs

Mesa and Mt. Hood community colleges put educational matched savings programs in place that offer students an opportunity to earn matching dollars on a set savings goal at a rate of 1 to 1 or greater. Eligible students put what they learn through required financial education workshops into practice by managing their spending and making routine savings deposits. Matching funds can be used for educational expenses such as tuition, books and supplies.

- Needs: barriers to accessing financial aid at Mt. Hood; overlapping risk factors and social service needs of students at Mesa
- Fit: alignment with TRiO and Transitions programming at Mt. Hood and with the Americorps program out of the Center at Mesa
- Resources & Capacity: there were partnerships with matched savings administrators and a willingness to allocate staff time to help with implementation at both institutions; federal funds were leveraged
- Readiness (field-tested): matched savings programs are field-tested and the nonprofits (“administrators”) brought much experience
- Evidence: there is mixed evidence on the ROI of matched savings but results are most promising for educational savings goals

A Peer-to-Peer Model

The Financial Learning Ambassadors (FLA) program at Valencia College offers lessons on money management and savings strategies through multiple delivery points. Ambassadors, who are trained students and highly visible in their FLA “uniforms” (bright green shirts) deliver content to their peers through classroom visits, timely participatory events (e.g., haunted house featuring consequences of risky financial behavior in the fall), and tabling to discuss ways to optimize financial aid refunds.

- Needs: concern for how financial aid recipients use their aid awards and prepare for responsible repayment, reflected by the cohort default rate
- Fit: aligned with priorities of financial aid office
- Resources & Capacity: leveraging students would help increase capacity and decrease the level of staff involvement per campus; grant funding would be needed to support training and content design
- Readiness (field-tested): a financial aid advisor tested a pilot version with a few students initially; the funder offered extensive materials and connections to experienced implementers

A Multi-method Approach

The SunTrust Foundation Center for Financial Education at Wake Technical Community College is a financial education program for students, faculty, and community members with various forms of content delivery to address the different needs for this diverse audience. This program offers in-person and online programming that aids in classroom content for teachers; budgeting, credit and student loan management for students; and retirement planning and investing for faculty and staff.

- Needs: concern with national student loan debt problem; cohort default rate; concern with most vulnerable older students who may be least knowledgeable about financial aid (ABE, GED)
- Fit: considered a major priority by leadership
- Resources & Capacity: partnerships would be critical; a financial institution and a content expert; Wake Tech would support infrastructure
- Readiness (field-tested): an experienced expert in the field
- Evidence: pre- and post-test survey shows increase in knowledge of financial basics

What Were the Observable Benefits?

	Online program	Matched savings	Financial stability center	Peer-to-peer	Virtual center	Financial coaching
Financial	Low-cost institution funding; tech updates included	3:1/5:1 match; ongoing funding; \$500,000 Award	More likely to have financial aid access; major economic outcomes	Work study students as peer mentors on all campuses	Students more confident about money topics	Light touch: 17,000 students saved \$70,000
Educational	Simple, bilingual instruction Also aids in classroom instruction	Students learn to manage \$ and save for tuition, books, fees	94% participant vs. 54% non-participant Fall to Spring retention	Mentors and their peers becoming financially capable together	Pre-test 47% Post-test 91%	High touch: 185 students financially capable

Common Challenges

- Funding – soft money versus institutionalized support
- Generating buy-in from those not seeing this work as a fit for community colleges as opposed to nonprofits and from internal audiences regarding possible overlap/duplication
- Attracting/targeting students to participate in early stages
- Determining where to house to ensure adequate capacity and perceived fit
- Finding resources needed for evaluation
- Overcoming capacity constraints in early stages that often involves requiring staff to stretch beyond current roles

Key Learnings

- One size does not fit all
- Certain **methods** do fit all: 1) assessing unique needs, 2) looking to the research and field-tested options, and 3) evaluating efforts
- Leadership support and prioritization are critical
- Starting small is not always a one-off; it can and oftentimes does lead to scaling up
- Data-driven efforts will always have a better chance of making it
- Early implementation challenges are uncomfortable, yet unavoidable!

What's Our Vision for this Work?

- Promote widespread adoption of financial capability strategies by community colleges in our region
- Contribute to the success of the region and beyond by providing frameworks for selecting efforts and methods for assessing impacts
- Increase effectiveness by helping to build evaluation capacity and translating research into practice
- See observable impacts on completion rates and employability of LMI residents in our region

Q&A

Sol Carbonell

Assistant Vice President

sol.carbonell@bos.frb.org

Dawn Hicks

Senior Community Affairs Outreach Specialist

dawn.d.hicks@bos.frb.org

Community College Initiative Project Lead:

Sarah Savage

Community Affairs Manager

sarah.savage@bos.frb.org