

## Case Study | 4

### Educational Matched Savings: Mt. Hood Community College Matched College Savings Program



City, State	Gresham, OR
City population estimate 2013	109,397 <sup>1</sup>
Campus setting	Suburb: Large
Fall 2013 student enrollment	9,393
Part-time	55%
Female	53%
White	63%
Latino or Hispanic	10%
Black or African American	5%
Other	22%
Age (25 or older)	46%
Pell grants received by full-time beginning undergraduate students	70%
Federal student loans received by full-time beginning undergraduate students	60%

Source: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), 2013–14, <http://nces.ed.gov/ipeds/datacenter/>.

Mt. Hood Community College (MHCC) is located in Gresham, Oregon, just east of Portland. Of the 17 community colleges in the state, MHCC is the fourth largest, with a fall 2013 enrollment of 9,393.<sup>2</sup>

### Summary

The decision made in 2008 to offer an educational matched savings program to current and prospective students of MHCC has reached hundreds of students and provided a number of staff and faculty with tools designed to build the financial capabilities of students and to help fine-tune services dedicated to their success. As MHCC's Matched College Savings Program has matured, the number of students served has grown from 40 to nearly 400.

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### Area of Need

At MHCC, there is a recognized gap between the number of students who need financial aid to pay for their education and the number who actually make use of financial aid. Many MHCC students face barriers to using financial aid, which not only affect their lives in the short term but may lead to different forms of financial debt over the long term. Some students assume they are ineligible for aid due to insufficient documentation to verify need. Others have exceeded the maximum timeframe limit for federal financial aid.<sup>3</sup> Still others don't know how the Free Application for Federal Student Aid (FAFSA) works or how to navigate federal financial aid and student loan options. A lack of resources among students, particularly those with dependents, can pose barriers to staying in school. Combined with the threats posed by different types of long-term debt, MHCC recognized a need to support students in making healthy decisions in the near term as well as in the future.

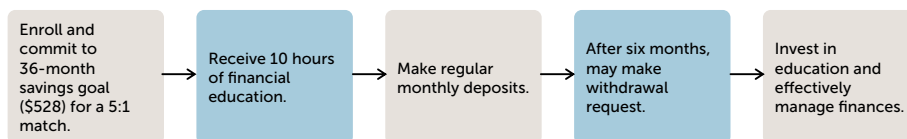
### Program Description

In partnership with Community and Shelter Assistance Corporation of Oregon (CASA of Oregon), MHCC offers students who are currently enrolled in high school or college a Matched College Savings Program aimed at supporting their education-related savings goals.<sup>4</sup>

To participate in the Matched College Savings Program, students must have some earned income or, in the case of college-bound high school students, must have access to earned income through their parents or guardians. Additional eligibility criteria include in-state residence, a household income of less than 200% of the poverty level, and a maximum net worth of \$20,000 (excluding one vehicle and one home).<sup>5</sup> The program offers an incentive to save, earning students \$5 in matching funds for every \$1 they save. Program participants commit to an annual savings goal of approximately \$300 to \$500 and agree to save for anywhere between six and 36 months. The agreement requires them to make monthly deposits into a custodial savings account set up by CASA of Oregon. By the end of their savings period or by the time the students reach their maximum savings goal (whichever comes first), students can earn nearly \$8,000 over and above their own savings, provided they've met all the requirements of the program, including the completion of 10 hours of financial education and six hours of career-readiness training. Lessons on money management and savings strategies are intended to help students navigate consumer choices and plan for unforeseen events. After meeting the financial education requirement, being enrolled for at least six months, and reaching at least half of their savings goal, students may request the use of their savings plus the matching dollars for education-related expenses, such as tuition, fees, and books. CASA of Oregon reviews requests and, if they are approved, cuts checks directly to the respective MHCC office or institution of transfer.

The program includes mechanisms to incentivize saving and encourage investment in the student participants' education. In order to make monthly deposits required to remain in the program, participants must apply what they learn in financial education workshops by saving more and spending less. (See Figure 1.)

Figure 1  
**Matched College Savings Program Student Flowchart**



### Exploration and Adoption Phase

Before MHCC began offering the Matched College Savings Program in 2008, efforts were in place to address the specific needs of students from disadvantaged backgrounds. These included support services offered to current MHCC students and underserved youth who were transitioning from high school to community college, as well as MHCC students who were single parents, displaced homemakers, and women who speak English as a second language. Despite MHCC's efforts, the lack of resources among students, particularly those with families of their own, continues to make staying in school challenging.

Prior to learning about the Matched College Savings Program, many staff members working with students recognized a need for "something" to help build students' capabilities to effectively manage their financial lives. Staff had little knowledge of viable options, however, so when CASA of Oregon approached MHCC in 2007 to discuss the idea of an educational matched savings program, the idea sparked significant interest. The vice president of student services and the director of financial aid were both intrigued but unsure what implementation would entail or how program delivery would look.

It became evident that MHCC would need partnerships to get a matched savings program off the ground. Roles would have to be defined, and student needs would have to be assessed more systematically. For instance, what was the typical shortfall that students were facing? One feature of the program is that matching dollars are restricted to education-related expenses, but staff members were aware that both planned and unplanned living expenses affect students' ability to stay in school. MHCC staff was unsure if those constraints and expenses would also limit students' ability to make the required savings deposits. CASA of Oregon's field experience, as well as its research on matched savings programs, provided evidence that lower-income groups do save despite these obstacles.<sup>6</sup>

After experimenting with a formula to identify which students were most likely to succeed, the team concluded that an educational matched savings program was a good fit for MHCC. Since many of its students would qualify for what MHCC thought would be perceived as an appealing opportunity, MHCC did not anticipate challenges with recruitment. Feeling confident in its ability to fill program slots, MHCC signaled its commitment to move forward by working with CASA of Oregon to draft a memorandum of understanding that outlined the program objectives and partner responsibilities.

CASA of Oregon would be responsible for managing and administering the matched savings accounts and for supporting program operations, including fund raising, building relationships with banks, managing matched custodial accounts, and providing technical assistance to MHCC. MHCC would be responsible for outreach and student recruitment and the provision of financial education. MHCC would also need to engage in some degree of case management, such as tracking progress, overseeing the financial education component, and alerting students to late savings account deposits.

### Implementation Phase

In 2008, in partnership with CASA of Oregon, MHCC began offering the Matched College Savings Program to participants of MHCC's Transiciones Program — a career planning and college preparation program for Latina single parents and displaced homemakers, who are studying English as a second language — and shortly after that to participants of the Transitions Program and TRIO Student Support Services (SSS) Program.<sup>7</sup> Subsequently, the Matched College Savings Program was expanded to participants of MHCC's TRIO College First Project, which identifies youths from lower-income families who have the potential to complete high school and enroll in higher education.

The institutional team was comprised of MHCC Student Services staff and the Bilingual and Culturally Diverse Student Retention Coordinator, who also coordinates aspects of the Transiciones, Transitions and TRIO programs in cooperation with the Office of Financial Aid. With 30 slots open in the first year, the program was advertised to 160 students who were thought to be eligible and potentially successful candidates. Unexpectedly, although the students attended information sessions and asked questions, many seemed to view the program as “too good to be true.” They didn't see how they could be expected to save money regularly when emergencies and family situations came up. This concern reaffirmed the importance of the financial education component of the program, which was designed to impart money-management and savings strategies. Eventually, students from Transiciones enrolled in the program. Once a targeting strategy took shape, filling the slots was effortless.

Today, MHCC's Matched College Savings Program is housed in the same vicinity as the TRIO programs, Transitions, Transiciones, and the Oregon Leadership Institute — a program developed by the Oregon Council for Hispanic Advancement intended for Latino high school students. Students usually learn about the Matched College Savings Program after joining one of these programs or becoming involved in MHCC's Associated Student Government or the Student Outreach and Recruitment Team, and many are eligible for the initiative. This recruitment strategy has freed up MHCC staff to focus their energies on supporting students and finding creative ways to deliver the financial education component.

When the program started, MHCC did not have faculty members who specialized in personal financial literacy, and MHCC courses were not well-suited to helping students fulfill that requirement. Consequently, the staff worked with CASA of Oregon to develop a curriculum, and they eventually used an online platform developed by banks called “Hands-on Banking.” The online course includes a user-friendly tracking-and-reporting function to measure progress, completion, and knowledge change.

At the same time, different MHCC staff members were consulting resources to build their own capacity for teaching personal finance. One staff member consulted the free online tool kit offered by the National Endowment for Financial Education (NEFE) to learn how to engage students in in-person financial education classes, customize the content,

and incorporate such interactive exercises as “gamified” budgeting tools.<sup>8</sup> Other interactive methods included homework assignments requiring students to pull their credit reports and build budgets. Staff members also attended training sessions on the effective development and delivery of financial education.

The timing of the in-person classes has been an area of experimentation for MHCC. The number of hours of financial education in a matched savings program may vary from one program to the next, but research has demonstrated that participants’ average monthly net deposits increase per hour of financial education they receive, up to 12 hours over the span of a 24-month program.<sup>9</sup> This is also the amount of financial education recommended by CASA of Oregon. Delivering in-person instruction has taken multiple forms, ranging from eight-hour workshops on Saturdays to less condensed, multi-session workshops given over several weeks. The online lesson content is still used, but it is reserved for independent study as a supplement to in-person classroom time.

Not all of the students who start the program complete it. Some students opt out after realizing the commitment needed or after finding it hard to save regularly. Others withdraw after losing a job, relocating out of state, or making a life choice such as joining the military or leaving school to pursue a full-time job. Students who don’t complete the program are free to withdraw their savings, but they must forgo the matching funds. MHCC addresses student concerns and offers support by providing access to a Matched College Savings Program specialist. This gives students an outlet to discuss their financial difficulties. If students encounter a serious problem, they may request a leave of absence and re-enroll later.

Currently, two program staff members are partially funded through MHCC. Nine additional staff members are involved in the program as part of their institutional roles.

### **Utilization and Effectiveness**

The number of students served by the Matched College Savings Program more than doubled from Year 1 to Year 2, with CASA of Oregon helping MHCC set up 80 accounts in the second year. Starting small was necessary, but over the previous five years, students have leveraged more than \$300,000 in educational resources through the program. The operation of the program continues to demand high levels of energy and dedication, and today MHCC counts on being able to offer 100 slots per year.

An interesting fact: Although only 9% of enrolled students at MHCC are Hispanic, 80% of the participants from the combined Transiciones and Transitions programs are Hispanic. Moreover, 40% of TRIO-SSS students in the Matched College Savings Plan are Hispanic. As such, content and instruction are offered in both Spanish and English.

Establishing meaningful relationships and trust among staff and students has resulted in a particularly good fit between the Latina participants of Transiciones and the Matched College Savings Program. The program seems to resonate with these participants who are earning an income or seeking job placements. Many of them see the value in developing savings habits, so they are eager for guidance. The MHCC team believes that the Matched College Savings Program has helped strengthen what the Transitions and Transiciones programs have historically offered, and currently more than 300 MHCC students are enrolled. Building on trusting relationships with students, TRIO SSS staff have also refined effective outreach strategies, bringing in 20 accounts annually, with the TRIO College First Project gaining momentum, too. To date, approximately 85% of program participants are

served at the college level and 15% at the pre-college level. Overall, MHCC has found the matched savings program to be a strong fit with its other programs, eliminating the need to work so hard to identify students who meet the eligibility criteria.

According to the coordinator from the Bilingual and Culturally Diverse Student Retention Office, the Matched College Savings Plan serves as a strategy to help retain students. As the program provides students with options for financing their education, freeing up other needed resources, it also appears to strengthen their commitment to their education. Consider that between fall 2010 and fall 2011, retention rates for first-time students at MHCC as a whole were 55% for full-time students and 36% for part-time students.<sup>10</sup> But between fall 2010 and fall 2011, retention rates for students enrolled in the Matched College Savings Program ranged from 80% among students recruited through the TRIO College First Project to 85% among students recruited through TRIO-SSS.<sup>11</sup> Without random assignment, it's unclear how much of the difference in retention is attributable to participation in the Matched College Savings Plan, but these outcomes are being perceived as meaningful to track as a way for MHCC to monitor trends over time and opportunities for program improvements.

### **Success, Challenges, and Funding**

Both CASA of Oregon and the MHCC team have played critical roles in the growth of the Matched College Savings Program by establishing the partnerships and institutional infrastructure needed to make the program operational. Furthermore, MHCC's strategic approach to recruitment has ensured sufficient levels of uptake to warrant the collective effort required to ramp up the program and increase demand for additional slots.

One lesson that has become clear to MHCC is that there is no magic formula for predicting program success. Pre-implementation efforts to identify students who might be more successful in the program have often not been predictive. Instead of trying to predict success, MHCC has learned that the most effective strategy is to match the program to where the need is clear. The combination of high levels of student need and high levels of student trust in the TRIO, Transitions, and Transiciones programs underlies the recruitment successes that continue today. But even with an effective outreach strategy in place, MHCC staff members have found that it is easy for students to be confused about the mechanics of the program. It is essential to spend time ensuring that the students truly understand what participation entails and what is expected of them in order to receive the potential benefits of the program.

A team of champions and partners shared a vision for student success. MHCC Student Services, TRIO, the Culturally Diverse Student Retention Office, the Office of Financial Aid, and CASA of Oregon all played critical roles in ramping up the program, helping it through early implementation, and ensuring that it continues to run smoothly. Such a commitment is especially important during intensive enrollment periods, which can stretch the capacity of staff, making a well-developed plan crucial. A method MHCC used to supplement its capacity was by forming partnerships with financial literacy professionals in the community and engaging them to lead forums or speak at student events. At this point, the Matched College Savings Program would need additional staff in order to expand its capacity to serve more students.

A common challenge for matched savings programs is finding sources of local dollars to match the federal matching funds. MHCC is fortunate to benefit from Oregon's statewide

program that offers generous tax credits to individuals who contribute to the matched savings program fund. This initiative helps to fund similar matched savings programs in a network of more than 12 educational institutions across the state. In addition, MHCC's program receives funding through the Oregon Alliance of Independent Colleges and Universities. MHCC and CASA of Oregon anticipate continued support for and growth of the program.

## Endnotes

- <sup>1</sup> U.S. Census Bureau, State & County QuickFacts. Data was derived from population estimates, the American Community Survey, the Census of Population and Housing, County Business Patterns, the Economic Census, the Survey of Business Owners, the Building Permits Survey, and the Census of Governments.
- <sup>2</sup> Details for this case study were gathered from informal phone interviews with Cassie Russell of CASA of Oregon on March 18, 2013, and Elizabeth Perry, Eric Juenemann, and Susan Godoy of MHCC on June 5, 2013, and from U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), <http://nces.ed.gov/ipeds/datacenter/>.
- <sup>3</sup> Federal regulations require each college to establish a maximum time frame of aid eligibility. This limit is based on the number of credits students need in order to complete the certificate or degree they have declared. Once students have attempted the maximum number of credits for their declared certificate or degree, they become ineligible for financial aid but may appeal for an extension. See Mt. Hood Community College, <https://www.mhcc.edu/FinancialAid.aspx?id=1177>.
- <sup>4</sup> Community and Shelter Assistance Corporation of Oregon (CASA of Oregon) is a 501(c)(3) established in 1988, originally in response to the housing needs of farmworkers and their families. CASA of Oregon is a community development financial institution and the administrator of the Valley Individual Development Account program — the largest matched savings program in Oregon.
- <sup>5</sup> The asset limit for matched savings programs leveraging federal funds through the U.S. Department of Health and Human Services Assets for Independence (AFI) program is \$10,000. More recent participants of MHCC's Matched College Savings Program may be funded by Oregon's statewide IDA funds rather than by the AFI funds, so their allowable assets may exceed those set by AFI guidelines.
- <sup>6</sup> Jeanne M. Hogarth and Chris E. Anguelov, "Can the Poor Save?" *Journal of Financial Counseling and Planning* 14, no. 1, 2003. See also Margaret Clancy, Michal Grinstein-Weiss, and Mark Schreiner, *Financial Education and Savings Outcomes in Individual Development Account*, working paper 01-2 (St. Louis, MO: Washington University in St. Louis, George Warren Brown School of Social Work, Center for Social Development, 2001).
- <sup>7</sup> The Transitions Program is a career planning and college preparation program for single parents, displaced homemakers, or women who speak English as a second language. The program helps these students develop a career goal, get to know the college and all its resources, make friends, and develop time management and study skills. Students also learn how to apply for scholarships and to develop life-long career development skills. TRIO-SSS identifies and serves students from disadvantaged backgrounds. The goal of TRIO-SSS is to increase the college retention and graduation rates of its participants and facilitate the process of transition from one level of higher education to the next. It is designed to provide academic and ancillary support to low-income students, first generation college students, and students with disabilities.
- <sup>8</sup> Gamification includes the use of game mechanics (e.g., action points, goals, risk and reward) to engage users in nongame content (e.g., building budgets).
- <sup>9</sup> Clancy et al., *Financial Education and Savings Outcomes* (2001).
- <sup>10</sup> U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).
- <sup>11</sup> Mt. Hood Community College, *Promoting College Access & Retention through Educational Individual Development Accounts (IDAs)* (presentation, Student Success & Retention Conference, Gresham, Oregon, 2012).