California Connected by 25

EFFORTS TO ADDRESS FINANCIAL COMPETENCY AND ASSET DEVELOPMENT AMONG TRANSITIONING FOSTER YOUTH

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Prepared for:

The Annie E. Casey Foundation
The William and Flora Hewlett Foundation
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Prepared by the CC25I Systems Change Assessment
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I. EXECUTIVE SUMMARY

The California Connected by 25 Initiative is a collaborative effort of five foundations to improve the life prospects of youth transitioning out of foster care in California. Counties participating in CC25I aim to improve policies, programs and outcomes for transition-age foster youth in seven focus areas: K-12 Education; Employment/Job Training/Post-Secondary Education; Financial Competency and Asset Development; Housing; Independent Living Skills Programs; Personal/Social Asset Development; and Permanency. Four counties – Fresno, San Francisco, Santa Clara and Stanislaus Counties – are early implementers of the Initiative.

This report documents the Initiative's progress made by the early implementing counties in the areas of Financial Competency and Asset Development. These efforts are intended to support current and former foster youth in the development of financial management skills, through youth-targeted financial literacy classes, and savings behavior through Individual Development Accounts (IDAs). These efforts towards financial literacy and stability interact with other CC25I objectives in the areas of employment and transitional housing. Youth who are actively engaged in the workforce will be able to save more while participating in asset building programs, while financial literacy will help youth to secure and maintain transitional housing after leaving foster care.

Financial Literacy and Asset Accumulation among Transitioning and Former Foster Youth

Foster youth leaving care face considerable challenges in managing finances. Rarely can they count on a family financial safety net or helpful guidance in making sound financial decisions. Among youth responding to the Midwest Survey of transitioning and former foster youth in Illinois, Iowa, and Wisconsin, over half of the responding former foster youth reported, at age 19, having experienced at least one economic hardship such as having insufficient funds to pay for rent, utilities or food since leaving care. Although not a complete solution, improved financial literacy and support for savings can help former foster youth reduce their experience with such economic hardship during the transitional period. Research has shown that the accumulation of assets among youth can also contribute to other positive outcomes such as increased long-term planning, more positive expectations for the future, reduced engagement in high-risk behavior, and improved social connectedness.

It has proven difficult to provide good financial literacy training for foster youth. Many local Independent Living Skills Programs (ILSPs) offer financial literacy workshops, but because these efforts are generally not linked to asset development opportunities such as IDAs, the training may appear to be of low value to participants, who – especially at the time they are taking the course – may have no income or other funds to save.

Programs to Support Financial Literacy & Asset Development

Through partnerships that child welfare agencies cultivate with financial literacy training programs, local financial institutions and community businesses, CC25I counties are pursuing various strategies to develop financial competency among youth and to help them initiate and add to savings accounts. In pursuing these strategies, CC25I counties are drawing on lessons learned from earlier initiatives such as the American Dream Demonstration of 1997 and the Assets for Independence Act of 1998. Efforts in this area are also building on the best practices of model IDA programs that specifically serve low-income and foster care youth such as: Youth$ave, created by REACH Community Development in 1998 to help children ages 9-18 living in affordable housing units to develop money-saving habits;[1] Earn$ave, developed in 2002 by a non-profit in Madison, Wisconsin for low-income participants in a youth business mentoring program;[2] Juma Ventures, offering IDAs for low-income youth in the San Francisco Bay area, San Diego and Los Angeles;[3] Financial Firsts, a program created by ByDesign™ Financial Solutions to empower youth ages 15 to 22 to maximize the benefits of their first independent financial and employment decisions;[4] and Opportunity Passport developed by The Jim Casey Youth Opportunities Initiative, which has provided over 1,459 foster youth the resources they need to successfully gain financial literacy, develop assets and establish a foundation for economic success in adulthood.[5] In addition to financial literacy training and matched savings accounts, the Opportunity Passport Initiative also

[1] Gray, A. (2007). *Connected by 25: Financing Asset-building and Financial Education Programs for Youth Transitioning out of Foster Care.* The Finance Project. Available at: www.financeproject.org/publications/FinLitAssetBuild_SB.pdf.
[2] Ibid.
[3] Taken from a handout entitled "*Individual Development Accounts*" provided by Juma Ventures in June 2006 at the Opportunity Passport TA Convening sponsored by CC25I.
[4] Source: http://www.bydesignsolutions.org/press_room_documents/1000all.pdf.
[5] For more information on the Opportunity Passport program, please see: http://www.jimcaseyyouth.org/opportunitypassport.htm.

encourages the use of community and youth advisory boards to guide program development, as well as the creation of "door openers" that provide youth with local business contacts to support them in the most effective use of their accumulated savings.

County Progress in Reaching CC25I Financial Literacy and Asset Accumulation Objectives

The specific financial literacy and asset accumulation goals for youth under CC25I are: improve the financial competency of youth emancipating from foster care; increase saving and asset building behaviors among current and former foster youth; and provide opportunities and experiences that lead toward economic success. CC25I counties have identified the following activities to support these goals:

- Provide financial literacy and/or entrepreneurial training, integrated into existing Independent Living Skills Program curriculum, if appropriate;
- Implement matched savings account programs (IDAs), permitting withdrawals only for a restricted list of purposes that reflect long-term educational and self-sufficiency goals;
- Create youth leadership boards to ensure that IDAs and other programs are designed with youth in mind; and
- Through community partnership boards, develop "door opener" support contacts and relationships that help youth access community resources and spend their accumulated assets wisely.

Counties are still developing strategies for ongoing assessment of the tracking indicators associated with these goals: the percentage of foster youth with a checking account; the percentage of former foster youth with a savings account; and the average deposits, savings, and assets purchased among youth who are IDA holders.

CC25I counties have made substantial strides toward the intermediate goals of the Initiative. CC25I funding has made it possible for all four early implementing counties to develop local IDA programs that meet the needs of their current and former foster care youth. Financial literacy training is mandatory for IDA participants in all four counties. Counties have engaged in collaborative efforts with local youth, adult stakeholders, community businesses and service providers to develop partnership boards and create locally appropriate services. All four counties have Youth Advisory or Youth Leadership Boards to help guide services for current and former foster youth. Table 1 summarizes how the IDA programs vary by county.

Table 1: Financial Competency and Asset Development Accomplishments, by County, 2006-2009

County	IDA Program Start Date	Provider of Financial Literacy Training	Banking Partner	Provider of IDA Account Management and Youth Case Management	Source of IDA Match Funds?	Total Matched Funds Offered	Goal: Number of Youth with IDA	Actual: Number of Youth with IDA to Date
Fresno	Feb-08	ClearPoint Credit Counseling Solutions	Wells Fargo	ClearPoint Credit Counseling Solutions	Child Welfare/ILSP	$3,000 (over 3 years)	20	23
San Francisco	Mar-07	ILSP curriculum	Citibank	SF Earn & ILSP staff	Child Welfare/ILSP	$2,000 (over 2 years)	40	38
Santa Clara	Feb-07	Financial Planners Assoc. & Evergreen Comm. College	Citibank	Lenders for Community Development & ILSP staff	Child Welfare	$3,000 (over 3 years)	70	82
Stanislaus	Dec-07	Bank of the West, By Design & ILSP/Aftercare staff	Bank of the West	Center for Human Services & ILSP/Aftercare staff	United Way & Child Welfare	$2,000 (over 2 years)	20	17

Observations & Lessons Learned

Implementation of IDA Programs Can Require Significant Start-up Time – Although CC25I counties already offered financial literacy training of some kind, they typically needed more than a year (and in some cases, more than two years) to establish the administrative infrastructure, identify the local resources, and form the community partnerships necessary to operate an IDA program. Earlier implementation of youth and community boards and workgroups was associated with quicker development of an IDA program.

Close Integration of IDA Program and ILSP Has Advantages – IDA participants often seek to use their savings to pay for healthcare, education-related expenses and other things that could be covered through other sources of funding. When IDA account and case management is integrated with the efforts of the local ILSP and child welfare staff, youth are more likely to utilize existing resources to meet urgent current expenditures, thus preventing unnecessary withdrawals from their savings.

Working with Contracted Service Providers Poses Solutions and Challenges – Most county child welfare agencies are not equipped to manage an IDA program, due to workload or other restrictions that make it difficult or impossible to manage accounts and cut asset purchase checks. Using a contracted service provider can resolve these issues but can also make account and case management more complicated, increasing the amount of time needed to access a youth's savings. The release of county funding for matching dollars can be also be more complicated when a contracted service provider is used.

IDA Youth Should be Linked to Employment and Housing Programs – Counties have found it challenging to get youth to make consistent, monthly contributions (a key to developing habitual savings behavior) to their IDA, especially if youth are not working. Some counties have noticed better IDA performance among youth who are also participating in transitional housing programs (such as THP-Plus) or working closely with employment service programs. Case managers can also work with youth to create budgets that have them saving a portion of their post-secondary education financial aid or other sources of income to which they have access.

Youth Require Support Services to Succeed in Financial Competency Programs – To ensure that youth are successful in both financial literacy and asset development programs, services must be designed to accommodate their particular needs. Holding financial literacy trainings on weekends or during the evening and offering participation incentives (financial, food, fun activities) can increase attendance. The training content must appeal to youth of varied age and financial competency. Counties have involved foster youth alumni as training facilitators, provided youth with transportation to required meetings and offered ongoing case management to encourage youth to save and think carefully in advance about asset purchases.

IDA Programs Must Be Designed to Promote Thoughtful Purchase of Assets – Nearly all CC25I counties have noted at least some instances in which youth withdrew savings without receiving adequate counseling and other case management services, and often in conflict with program rules. Counties have learned that banking staff often need training on how IDAs differ from other savings accounts and, especially, on how to apply the program rules governing the withdrawal of funds. Some counties also utilize "hard to access" accounts and where possible, require counseling before a withdrawal can take place.

Strategies to Serve Younger Youth Can Evolve Over Time – The requirement by many banks that accounts need a co-signer age 18 or older poses a considerable challenge for establishing IDAs for youth ages 16 to 17. Accordingly, CC25I counties were encouraged to start their IDA programs by serving youth 18 and older, then later expand successful and experienced programs to youth under 18. Utilizing "custodial accounts" is also one approach that is easy to administer, ensures that youth are counseled prior to withdrawing funds, and can be used for youth under 18 without requiring a caregiver or county representative to co-sign on the account.

Counties See the Sustaining of IDA Programs as a Major, Ongoing Challenge – Most counties are concerned about how they will be able to sustain their IDA programs once CC25I grant dollars cease. While ILSPs may be able to fund continuing financial literacy training, more community support will be required to provide the matching dollars for youth savings. Counties are using their community partnership boards to develop strategies and identify potential funding partners, seeking to demonstrate to local businesses and foundations the value of providing foster youth these opportunities. Some counties will also look into partnering with other existing asset building initiatives such as those funded by the United Way or the Bank on California Initiative, a new program in five cities (including Fresno, San Francisco, and San Jose) to help low and middle income individuals and families to open first banking accounts.

II. INTRODUCTION

Most young adults in their twenties receive significant financial and other support from their families.[6] Earnings for those with little education or experience are extremely low. The credentials and training required for better jobs and higher wages require two or more years of post-secondary education, with limited or nonexistent earnings meanwhile. Young adults who become parents face even greater financial challenge as they balance childcare with work or continuing education. Given these circumstances, it is not surprising that one study found nearly two-thirds of youth in their early twenties and 40 percent in their late twenties receiving material assistance from their parents.[7]

In addition to needing direct financial support, youth today need better training on how to handle personal finances, awareness of the consequences of their financial choices, and motivation to plan and save for the future. According to a national survey of 12th graders, fewer than 30 percent of high school students in America had the chance to take even a week's worth of coursework on personal finance or money management.[8] Just over two-thirds (68 percent) of these same youth scored a failing grade on a multiple-choice financial literacy exam.

Foster youth face considerable challenges in managing finances. A family safety net often does not exist and there may be no other caring adults to help youth financially or to guide them in making sound financial decisions after they have left foster care. The resulting economic hardship and lack of financial literacy can result in unstable housing or homelessness, inability to buy food or pay utilities, and failure to complete post-secondary schooling. However, more attention is now being paid to the financial needs of transitioning foster youth, and more programs offered to address these needs. A 2002 Jim Casey poll found that 93 percent of Americans felt it was important to provide support programs for transitioning foster youth and 98 percent felt that such programs should teach young people how to manage and save money.[9]

Through the creation of financial literacy training and matched savings account programs for transitioning foster youth, counties participating in the California Connected by 25 Initiative (CC25I) are improving the financial competency and asset development outcomes of these youth in early adulthood. Some counties are also connecting youth to new resources and opportunities that will contribute to their future economic success.

2a. Financial Competency and Asset Development Outcomes of Foster Youth

Among a study of Wisconsin former foster youth, ages 18 to 20, 70 percent reported having had no training in money management.[10] The Midwest Study of transitioning and former foster youth in Illinois, Iowa, and Wisconsin provides additional indicators of how these transitioning youth are faring in terms of financial literacy training and asset development. Among youth preparing to age out of care (at age 17), fewer than 60 percent had received any type of budget or financial management service[11] and only a quarter of youth received such guidance between the time of discharge and age 21, even though they were still eligible for such assistance from the Independent Living

[6] Schoeni, R. & Ross, K. (2005). *Material Assistance from Families during the Transition to Adulthood.* In Settersten Jr., R., Furstenberg Jr. F., & Rumbaut, R. (Eds.), On the *Frontier of Adulthood: Theory, Research and Public Policy*. Chicago, IL: The University of Chicago Press.

[7] Schoeni, R. & Ross, K. (2005). *Material Assistance from Families during the Transition to Adulthood.* In Settersten Jr., R., Furstenberg Jr. F., & Rumbaut, R. (Eds.), On the *Frontier of Adulthood: Theory, Research and Public Policy*. Chicago, IL: The University of Chicago Press.

[8] Jump$tart Coalition for Personal Financial Literacy. (2002). *Personal Financial Survey of High School Seniors: Executive Summary*. Available at: http://www.jumpstartcoalition.com/upload/executivesummary2002.doc.

[9] Lake, Snell, Perry and Associates. (2003). *Public Opinion about Youth Transitioning from Foster Care to Adulthood*. Available at: http://www.jimcaseyyouth.org/docs/poll1.pdf.

[10] Courtney, M., Piliavin, I., Grogan-Kaylor, A., & Nesmith, A. (2001). Foster Youth Transitions to Adulthood: A Longitudinal View of Youth Leaving Care. *Child Welfare* 80(6): 685-717.

[11] Courtney, M,, Terao, S. & Bost, N. (2005). *Executive Summary: Midwest Evaluation of the Adult Functioning of Foster Youth: Conditions of Youth Preparing to Leave State Care.* Chicago, IL: Chapin Hall Center for Children, University of Chicago.

Program.[12] The most common instruction received was: how to create and use a budget (18 percent of youth); how to open a checking or savings account (17 percent); how to balance a checkbook (16 percent) and money management (15 percent). Just under half of these former and current foster youth had a checking or savings account at age 19, and virtually the same fraction at age 21 compared with 82 percent of their 19-year-old peers in the nationwide Add Health Survey.[13],[14]

Nearly one in five (18.5 percent) of youth responding to the Midwest Survey at age 21 said they felt "not very prepared" or "not prepared at all" for self-sufficiency in the area of finance management. Even among the 43 percent who felt "very prepared" in this area there could be cause for concern. The Jump$tart Coalition for Personal Financial Literacy survey cited above found that high school students who felt "very sure" of their financial management ability actually proved less knowledgeable than those who felt only "somewhat sure" of their ability.

The Midwest Study found it not surprising that "given their educational deficits, limited employment, and inability to rely on family for meeting basic needs," over half of the youth at age 19 reported having experienced at least one economic hardship such as having insufficient funds to pay for rent, utilities or food.[15] In the extreme, these hardships resulted in food insecurity, eviction and homelessness; which foster youth were more likely to experience than their peers nationwide. Midwest Study respondents at age 19 were twice as likely to not have enough money to pay the rent or mortgage and four times as likely to be evicted, when compared with 19 year olds in the Add Health Survey. Though not a complete solution, improved financial literacy and savings behavior can help former foster youth reduce their experience with such economic hardship during the transitional period. Research has also shown that the accumulation of assets among youth and young adults can contribute to other positive outcomes such as increased long-term planning, more positive expectations for the future, reduced engagement in high-risk behavior, and improved social connectedness.[16]

III. STRATEGIES FOR IMPROVING THE FINANCIAL COMPETENCY AND ASSET DEVELOPMENT OUTCOMES OF TRANSITIONING FOSTER YOUTH

Along with efforts to boost their educational attainment and earnings potential, financial literacy and asset development programs can help ease the financial hardships often experienced by transitioning foster youth. Financial education and asset development programs are also critical strategies for counteracting the lack of savings and increasing consumer debt among young adults (associated with their rapidly rising use of credit cards).[17] This section provides a brief overview of programming and legislative efforts at the federal, state and local levels to increase access to financial education and improve asset-building behavior.

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[12] Courtney, M., Dworsky, A., Cusick, G., Havlicek, J., Perez, A., & Keller, T. (2007). *Executive Summary: Midwest Evaluation of the Adult Functioning of Foster Youth: Outcomes at Age 21.* Chicago, IL: Chapin Hall Center for Children, University of Chicago.

[13] Courtney, M. and Dworsky, A. (2005). *Executive Summary: Midwest Evaluation of the Adult Functioning of Foster Youth: Outcomes at Age 19.* Chicago, IL: Chapin Hall Center for Children, University of Chicago.

[14] Courtney, M., Dworsky, A., Cusick, G., Havlicek, J., Perez, A., and Keller, T. (2007). *Executive Summary: Midwest Evaluation of the Adult Functioning of Foster Youth: Outcomes at Age 21.* Chicago, IL: Chapin Hall Center for Children, University of Chicago.

[15] Courtney, M. and Dworsky, A. (2005). *Executive Summary: Midwest Evaluation of the Adult Functioning of Foster Youth: Outcomes at Age 19.* Chicago, IL: Chapin Hall Center for Children, University of Chicago.

[16] Corporation for Enterprise Development. (2001). *Individual Development Accounts for Youth: Lessons from an Emerging Field*. Washington, DC: Corporation for Enterprise Development; Oliver, M., & Shapiro, T. (1995). *Black Wealth/White Wealth*. New York: Routledge; and Conley, D. (1999). *Being Black, Living in the Red: Race, Wealth, and Social Policy in America*. Berkeley, CA: University of California Press, as cited in The Youth Transition Funders Group Foster Care Work Group. (2004). *Connected by 25: A Plan for Investing in Successful Futures for Foster Youth*, available at: http://www.caseyfoundation.org/upload/publicationfiles/connected%20by%2025.pdf.

[17] Gray, A. (2007). *Connected by 25: Financing Asset-Building and Financial Education Programs for Youth Transitioning out of Foster Care*. The Finance Project.

3a. Nationwide Efforts to Address Financial Literacy & Asset Development

Since 1991, at least 500 community-based financial education and Individual Development Accounts (IDA) programs have been developed in 49 of 50 states, representing over 20,000 IDA accounts.[18] Responding to these initiatives, a number of private foundations sponsored in 1997 a large-scale evaluation of the strategy (described below) which yielded very encouraging findings. Legislators responded in turn with various federal and state initiatives to provide financial education and opportunities for asset building among low-income families. At-risk, low-income youth and young adults, including foster youth, are targeted by some of the more recent programs.

Corporation for Enterprise Development Initiatives – The American Dream Demonstration of 1997 provided the first large-scale test of the efficacy of financial education and IDAs.[19] Sponsored by the Corporation for Enterprise Development (CFED) in Washington, D.C and funded by a number of private foundations, this effort funded thirteen community-based organizations to provide approximately 13 hours of general financial literacy training and matched IDA accounts to 2,377 very poor to low-income families. Evaluation of the first six years of this demonstration (by the Center for Social Development at Washington University and Abt Associates) showed highly positive outcomes. Over half (56 percent) of participants deposited and kept $100 or more in their account throughout their involvement in the program, and these individuals saved an average of $2,755 (including matched savings) by 2001. A surprising finding was that the poorest 20 percent of participants (with incomes under half the poverty level) saved close to the average amount; their savings rate calculated as a proportion of total income was three times greater than among the highest income participants. Matching rates varied among programs; the evaluation found that match rates from one-to-one to three-to-one were most effective, with declining returns where match rates exceeded three-to-one.[20] Among those making matched withdrawals, with an average of just over two years with an IDA, 28 percent purchased homes; 23 percent started a small business; 23 percent paid for post-secondary education and 18 percent repaired their homes.

These findings suggested that even very poor people could save and accumulate assets if provided the right incentives and supports. In addition, IDAs also had significant psychological and social effects on participants, resulting in improved sense of control, initiative taking, future orientation and both civic and family participation.[21] Inspired by the results of the American Dream Demonstration, CFED also established the Saving for Education, Entrepreneurship and Downpayment (SEED) Policy and Practice Initiative to promote Children's Development Accounts. This new type of matched savings account through SEED will help children (ages 0 to 18) and their parents to save money that will help pay for their education, first home or first business when they are young adults.[22]

Federal Legislation – Almost simultaneously with the American Dream Demonstration, the federal government in 1996 adopted the Temporary Assistance for Needy Families (TANF) program to replace earlier welfare legislation.[23] TANF included provisions to promote the use of IDAs for asset accumulation among low-income Americans, removed the eligibility requirements that had prohibited welfare applicants from having more than $1,000 in assets, and allowed welfare-to-work dollars to be used for IDA programs.

Subsequently, the Assets for Independence Act (1998) provided financial support for nationwide IDA programs. Administered by the Office of Community Services within the U.S. Department of Health and Human Services, this Act authorized $125 million over five years to be used as matching and administrative funds by pilot IDA programs

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[18] Edwards, K. and Mason, L. (2003). *State Policy Trends for Individual Development Accounts in the United States: 1993 – 2003.* St. Louis, MO: Center for Social Development.
[19] Information and statistical results on the American Dream Demonstration can be found at: http://add.cfed.org/index.html.
[20] Source: http://add.cfed.org/match_rates.html.
[21] From: *The Lessons of ADD for SEED*, available at: http://www.cfed.org/imageManager/_documents/TheLessonsofADDforSEED.pdf.
[22] For more information on SEED, please see: http://www.cfed.org/focus.m?parentid=31&siteid=288&id=288.
[23] For a timeline of these efforts, please see: http://add.cfed.org/state_federal.html.

(community-based nonprofits, state, local, and tribal government agencies) across the United States.[24] Then, in 1999, the U.S. Treasury Department ruled that IDAs would be considered eligible activities to be funded by the Community Reinvestment Act and the Internal Revenue Service determined that IDA matching funds were non-taxable.

3b. State Efforts to Address Financial Literacy & Asset Development

States have also initiated financial literacy and asset development programs. As of 2002, 34 states had passed some kind of IDA legislation, although only 10 states have approved general revenue funds to support IDA programs.[25] In addition, states are increasingly passing legislation that requires financial literacy education be a part of public school curricula to ensure that youth gain a better understanding of and practice with personal finance management. For example, Jump$tart reports that 17 states now require that personal finance instruction be incorporated into other high school subject matter (and this instruction is often required for high school graduation) and three states require at least one full-semester course devoted to personal finance.[26] CFED provides an online directory of IDA programs so communities interested in developing such a program can identify nearby partners.[27]

Directly related to foster care youth, the California Assembly in 2001 passed A.B. 1261, which increased from $5,000 to $10,000 the amount of cash savings and other assets that foster youth 16 years old and over may retain. In addition, the State of Washington passed legislation in 2005 to set aside $1 million to support the implementation of an IDA program for low-income families and youth in foster care.[28] Savings are matched at a rate of two-to-one and foster youth ages 15 to 23 can earn up to $3,000 while participating in the program. The IDA accounts are managed by the Department of Community, Trade and Economic Development (CTED), who is piloting the program in Seattle in conjunction with the United Way.

3c. Youth-Targeted Financial Literacy & Asset Development Programs

It has proven difficult to provide good financial literacy training for foster youth. Many local Independent Living Skills Programs (ILSPs) offer financial literacy workshops, but many eligible youth do not participate in ILSP because it is a voluntary program. Even when foster youth do participate in such workshops, because these efforts are generally not linked to asset development opportunities such as IDAs, the training may appear to be of low value to participants, who – especially at the time they are taking the course – may have no income or other funds to save. The following youth programs illustrate resources and programs that can also be effective with foster youth.

High School Financial Planning Program (HSFPP) - Distributed by the National Endowment for Financial Education, HSFPP is a financial literacy curriculum that has reached more than 5 million students since 1984.[29] It consists of classroom and web-based resources and financial tools for teachers, students, and parents that help students create their own financial plan and budget, propose a personal saving and investment plan, select strategies to manage their credit, learn how to use various financial services and examine how their choice of career and lifestyle will affect their financial plan.

Jump$tart - The Jump$tart Coalition for Personal Financial Literacy was started in December 1995 as a national coalition of organizations working collaboratively to improving the financial literacy of youth by providing

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[24] More information available at: http://www.acf.hhs.gov/programs/ocs/afi/assets.html.

[25] Edwards, K. and Mason, L. (2003). *State Policy Trends for Individual Development Accounts in the United States: 1993 – 2003.* St. Louis, MO: Center for Social Development.

[26] Source: http://www.jumpstart.org/state_legislation/index.cfm.

[27] This IDA directory is located at: http://www.cfed.org/ida/directory/.

[28] Gray, A. (2007). *Connected by 25: Financing Asset-building and Financial Education Programs for Youth Transitioning out of Foster Care*. The Finance Project. Available at: http://76.12.61.196/publications/FinLitAssetBuild_SB.pdf.

[29] For more information, please see: http://hsfpp.nefe.org/home/.

advocacy, research, standards and educational resources.[30] The Coalition's goal is to encourage school curricula that ensure basic personal financial management skills will be attained during the K-12 educational experience.

Some youth-focused programs provide financial literacy training while also offering youth incentives to accumulate savings. These efforts address the challenge that arises in serving disadvantaged and low-income youth – that these youth have limited earnings potential and have little or no experience with regular receipt of funds (even monthly allowances) bank accounts, budgeting or savings behavior. The following programs are demonstrating that it is never too early to begin this type of training.

Youth$ave – This IDA program was created by REACH Community Development in 1998 to help children ages 9-18 living in their affordable housing units to develop money-saving habits. Participants must attend four hours of financial literacy class each month and must save at least $50 on their own. They are offered the opportunity for community service work paid at $6 per hour matched at a further $6 per hour, and as they save, the organization matches their funds at a rate of two-to-one, up to $600 per year. Youth who move out of REACH housing can continue to have their savings matched for one additional, transitional, year.[31]

Earn$ave – This program was developed in 2002 by the Common Wealth Development non-profit in Madison, Wisconsin. Youth can participate if they have completed the program's Youth-Business Mentoring Program and are eligible for the Free and Reduced School Lunch program. Approximately 20 youth enroll each year. Participants receive a one-to-one match for every dollar saved, up to $500 over two years, and must participate in 10 hours of financial education. This IDA program allows youth to use their matched savings to pay for supplies as well as skill-building activities like art class, postsecondary education, or sports camps.[32] Out of 81 participants reviewed, 43 percent were engaged in the financial literacy training or were actively saving and another 22 percent had completed their financial education and had made a purchase with their matched funds.

Juma Ventures – One of twelve organizations in the United States to take part in the SEED initiative to promote Children's Development Accounts (discussed above), Juma Ventures helped demonstrate that IDA programs can work for youth of all ages and in a variety of settings.[33] Today Juma Ventures' IDA program enables low-income youth in the San Francisco Bay area between the ages of 16 and 24 to save for asset-building purchases and begin laying a foundation to be lifelong savers. Juma Ventures matches a youth's contribution at a rate of two-to-one up to $2,000 and also provides a variety of essential support services such as first banking accounts, financial education, job skills training and career exploration. Of a review of the first 584 IDA participants, 361 youth (62 percent) were active savers.[34] These youth saved a total of nearly $388,000 of their own funds (depositing an average of $36 each month) and used over $543,000 in own and matched savings to purchase assets. The majority (roughly 70 percent) of these expenditures are for post-secondary education. As a result of their early success with the IDA program, Juma Ventures received private funding to implement the Gain Resources, Opportunity and Wealth (GROW) Initiative to provide 180 youth with matched savings opportunities in San Diego and Los Angeles, in addition to the San Francisco Bay area.

The following two programs focus on providing foster youth specifically with the knowledge, resources and support they need to succeed in the area of financial literacy and asset-development.

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[30] For more information, please see: http://www.jumpstart.org/index.cfm.
[31] Gray, A. (2007). *Connected by 25: Financing Asset-building and Financial Education Programs for Youth Transitioning out of Foster Care.* The Finance Project. Available at: www.financeproject.org/publications/FinLitAssetBuild_SB.pdf.
[32] Ibid.
[33] For more information, please see: http://www.jumaventures.org/pages/what_asset_building_services.html.
[34] Taken from a handout entitled "*Individual Development Accounts*" provided by Juma Ventures in June 2006 at the Opportunity Passport TA Convening sponsored by CC25I.

Financial Firsts – ByDesign™ Financial Solutions, a financial education firm established in the 1960s, has created Financial Firsts, a youth-targeted educational program to empower youth ages 15 to 22 to maximize the benefits of their first independent financial and employment decisions such as their first checking account, first job, first car purchase, first credit card account, first home-away-from-home, and first college education.[35] ByDesign solicited and raised funds (nearly $220,000 as of September 2007) to offer the training to foster youth in greater Los Angeles, Sacramento, Stockton and Fresno Counties. Funders included the Walter S. Johnson Foundation, the Richard Myles Johnson Foundation, State Farm, Citibank, Toyota Corporate, and the First Federal Bank of California.[36] In addition to seeking financial support for the program, ByDesign has developed relationships with approximately 40 non-profit organizations across the state serving at-risk youth, many of those being independent living programs associated with various county school systems.

Opportunity Passport – The Jim Casey Youth Opportunities Initiative (JCYOI) developed the Opportunity Passport program to bring together all the tools and resources a foster youth would need to successfully gain financial literacy, develop assets and establish a foundation for economic success in adulthood.[37] JCYOI sites develop a local system to develop and sustain these efforts through the use of youth leadership boards (to ensure programs are designed with youths' needs in mind) and community partnership boards (to harness local support for the programs) including child welfare agencies, financial institutions, businesses, and financial literacy training programs. Through the Opportunity Passport participants learn financial management skills, gain experience with the banking system (through a personal debit account) and save money (with an IDA). Each JCYOI site also identifies local "door openers" which provide foster youth specialized support contacts that respond to their greatest needs and help them to spend accumulated assets wisely. For example, community partnerships can be forged with housing providers, car dealerships, and auto mechanics to assist with asset purchases, as well as with local colleges, employers and vocational training agencies to give youth streamlined access to educational and career opportunities. Program sites also use the MIS IDA software program to manage the IDA accounts, administer the program and conduct evaluation.

Youth ages 14 to 23 are eligible to participate in Opportunity Passport if they were in foster care at some point after their 14th birthday and have completed the financial literacy training. The Individual Development Accounts (IDAs) provide a one-to-one match of up to $1,000 per year for three years for approved assets that include housing, employment, education, medical/dental insurance, investments, and micro-enterprise. In the program's first three years, Opportunity Passport served 1,459 youth in ten sites across the United States.[38] These youth deposited a total of $900,000, for an average of $617 per youth. Of the half a million dollars in matched funds used for asset purchase, over half was spent on vehicles, 17 percent on housing and 14 percent on education.

With support from the Foster Care Work Group, the Finance Project created a publication outlining strategies to fund financial literacy and asset-building programs for transitioning foster care youth.[39] Together, program developers and community stakeholders can fund and develop success financial competency programs by: 1) Integrating financial literacy and asset development services into local ILSPs for foster youth; 2) Collaborating with financial institutions; 3) Accessing funding that is available through other human service and community/economic development agencies and programs; and 4) Raising local support through community fundraisers and the engagement of philanthropic organizations. These strategies can help not only to get financial competency and asset development programs launched but sustain them in the long run.

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[35] For more information, please see: http://www.bydesignsolutions.org/workshops_financial_firsts.html.
[36] Source: http://www.bydesignsolutions.org/press_room_documents/1000all.pdf.
[37] For more information on the Opportunity Passport program, please see: http://www.jimcaseyyouth.org/opportunitypassport.htm.
[38] Stangler, G. (2006). *Building Assets: Creating Opportunities for Youth in Transition From Foster Care*. [Presentation at the First Meeting of the Policy Academy on Youth Transitioning Out of Foster Care, July 15, 2006].
[39] Gray, A. (2007). *Connected by 25: Financing Asset-building and Financial Education Programs for Youth Transitioning out of Foster Care.* The Finance Project. Available at: http://76.12.61.196/publications/FinLitAssetBuild_SB.pdf.

IV. CC25I EFFORTS IN THE AREA OF FINANCIAL COMPETENCY AND ASSET DEVELOPMENT

Counties participating in CC25I aim to improve policies, programs and outcomes for transition-age foster youth in seven focus areas: K-12 Education; Employment/Job Training/Post-Secondary Education; Financial Competency and Asset Development; Housing; Independent Living Skills Programs; Personal/Social Asset Development; and Permanency. The Financial Competency and Asset Development objectives of CC25I are to make available to foster youth a broad array of instructional support and practical experiences that lead to financial management skills, financial savings and the accumulation of assets. These efforts clearly interact with other CC25I objectives in the areas of transitional housing and post-secondary education and employment objectives. Youth who are actively engaged in the workforce will be able to save more while participating in asset building programs, while financial literacy will help youth to secure and maintain transitional housing after leaving foster care.

Through community partnerships among child welfare agencies, local financial institutions and businesses, and financial literacy training programs, CC25I counties are developing services and systems that promote financial literacy and asset development. Key strategies include offering financial literacy training (and where appropriate integrating that training within existing Independent Living Skills program curriculum) and developing IDA programs that provide matched savings accounts geared to the specific needs of foster care youth. Other strategies include those encouraged by the Jim Casey Youth Opportunity Initiative – establishing youth and community boards to guide program development and creation of "door openers," the type of specialized, local support contacts that help youth access community resources and utilize assets to their greatest advantage.

This section reviews the progress made thus far by the four early implementing CC25I Counties – Fresno, San Francisco, Santa Clara and Stanislaus – in advancing the CC25I logic model in the area of Financial Competency and Asset Development. This section begins with a summary of the inputs, targeted goals and activities, and anticipated outcomes of the CC25I logic model. This is followed by a summary of the main accomplishments of each county, as detailed in their annual interim reports, and the key lessons learned in each.

4a. The CC25I Logic Model for Financial Competency & Asset Development

Each county participating in CC25I has flexibility in developing the programs and services that respond to the financial competency and asset development needs of their local foster youth. The CC25I Logic Model lends their efforts some unifying guidelines in terms of the overarching philosophy, desired impact and possible strategies.

Financial Competency & Asset Development: Anticipated Outcomes – In the area of Financial Competency and Asset Development, there are three ultimate outcomes that all CC25I counties are required to track among their foster youth:

1. The percentage of foster youth/former foster youth with a checking account
2. The percentage of foster youth/former foster youth with a savings account
3. The average deposits, savings, and assets purchased among youth who are IDA holders

Financial Competency & Asset Development: Goals and Activities – To achieve these outcomes, child welfare agencies in CC25I counties are working with community partners towards the following goals:

- Improve the financial competency of youth emancipating from foster care.
- Increase saving and asset building behaviors among current and former foster youth.
- Provide opportunities and experiences that lead toward economic success.

CC25I counties have identified the following activities to support these goals:

- Provide financial literacy and/or entrepreneurial training, integrated into existing Independent Living Skills Program curriculum, if appropriate;
- Implement matched savings account programs (IDAs), permitting withdrawals only for a restricted list of purposes that reflect long-term educational and self-sufficiency goals;
- Create youth leadership boards to ensure that IDAs and other programs are designed with youth in mind; and
- Through community partnership boards, develop "door opener" support contacts and relationships that help youth access community resources and spend their accumulated assets wisely.

Financial Competency and Asset Development: Inputs – In addition to the flexible CC25I grant dollars, which could be used by counties to support strategies in any of the seven focus areas, each county received $30,000 over three years to provide matching funds for newly developed IDA programs. Counties have also received a variety of technical assistance organized by CC25I. The Jim Casey Foundation provided a two-day technical assistance convening in June 2006 to share with CC25I counties the Opportunity Passport program model and curriculum, reviewing the most effective strategies for developing, implementing and sustaining similar financial literacy and IDA services in new locations. CC25I also sponsored technical assistance sessions for individual counties that were provided by various financial literacy and IDA experts throughout 2007.[40] In November 2008, CC25I sponsored a multi-county peer technical assistance convening in which Santa Clara County shared its newly developed, successful financial literacy training and IDA program. Other CC25I general convenings – offered once or twice a year – provided CC25I counties an ongoing opportunity to share with one another their latest challenges and accomplishments in each of the seven focus areas.

4b. CC25I Financial Competency & Asset Development Accomplishments

How well CC25I counties succeed in reaching the intended outcomes for foster youth – including Financial Competency and Asset Development outcomes – cannot yet be assessed as counties are still implementing the necessary data tracking strategies. However, progress made by the four early implementing counties (Fresno, San Francisco, Santa Clara and Stanislaus Counties) in accomplishing the goals and activities of the CC25I Logic Model above can provide an early indicator of whether counties are on track to achieve the anticipated outcomes.[41]

The four counties vary considerably in their geographic and demographic profiles, as well as their foster care dynamics – as demonstrated in **Table 4.1**. The counties differ in size, ethnic/racial composition and geography. Their foster-care caseloads also vary in size and dynamics, with Fresno County having the largest number of youth five and under in care under its child welfare agency. San Francisco, in comparison, has a smaller percentage of youth in the 0-5 age range but a larger percentage in the transitional age range (16-18+). Particularly challenging for some CC25I counties is the large number of youth placed outside the county and, conversely in some counties, the large numbers coming from elsewhere.

[40] Technical assistance was provided by Mimi Frusha, formerly of Inner City Advisors, and by By Design Financial Solutions.

[41] Fresno, San Francisco and Stanislaus Counties have been part of the Initiative since July 2005. Santa Clara County first joined CC25I in December 2005. To date, all four counties have completed interim reports through year three.

Table 4.1: CC25I County Profile[42]

		Fresno	San Francisco	Santa Clara	Stanislaus
Population		816,400	787,500	1.7 million	454,600
% by Ethnicity		37 White 47 Hispanic 5 Black 9 Asian/PI 2 Other	45 White 14 Hispanic 7 Black 32 Asian/PI 3 Other	43 White 25 Hispanic 3 Black 27 Asian/PI 1 Other	52 White 38 Hispanic 2 Black 5 Asian/PI 3 Other
Geographical Place Type		Rural	Urban	Urban/ Suburban	Rural
Child Welfare (CW)-Supervised Foster Care Caseload, by Age & Out-of-County Placement (January 2008)					
	TOTAL	**2,541**	**1,645**	**1,870**	**587**
Age Breakdown of Children in Foster Care	0-5	735 (29%)	330 (20%)	619 (33%)	200 (34%)
	6-15	1,366 (54%)	855 (52%)	874 (47%)	281 (48%)
	16-17	379 (15%)	321 (20%)	316 (17%)	97 (17%)
	18+	61 (2%)	139 (8%)	61 (3%)	9 (2%)
% of the County's CW-Supervised Caseload Placed Out-of-county (1/2008)		11%	57%	32%	17%
Additional Children Placed in County from Other Jurisdictions (1/2008)		406	100	152	504

All four counties have engaged in collaborative efforts with local youth, adult stakeholders, community businesses and service providers to develop partnership boards and create the types of services that will ensure financial literacy and asset development success among foster youth. CC25I funding has made it possible for all four early implementing counties to develop local IDA programs for current and former foster care youth. Counties had full flexibility in designing IDA programs to best meet the needs of their local youth populations and **Table 4.2** summarizes how the IDA program parameters vary by county.

Table 4.2: Financial Competency and Asset Development Accomplishments, by County, 2006-2009

County	IDA Program Start Date	Provider of Financial Literacy Training	Banking Partner	Provider of IDA Account Management and Youth Case Management	Source of IDA Match Funds?	Total Matched Funds Offered	Goal: Number of Youth with IDA	Actual: Number of Youth with IDA to Date
Fresno	Feb-08	ClearPoint Credit Counseling Solutions	Wells Fargo	ClearPoint Credit Counseling Solutions	Child Welfare/ILSP	$3,000 (over 3 years)	20	23
San Francisco	Mar-07	ILSP curriculum	Citibank	SF Earn & ILSP staff	Child Welfare/ILSP	$2,000 (over 2 years)	40	38
Santa Clara	Feb-07	Financial Planners Assoc. & Evergreen Comm. College	Citibank	Lenders for Community Development & ILSP staff	Child Welfare	$3,000 (over 3 years)	70	82
Stanislaus	Dec-07	Bank of the West, By Design & ILSP/Aftercare staff	Bank of the West	Center for Human Services & ILSP/Aftercare staff	United Way & Child Welfare	$2,000 (over 2 years)	20	17

Financial literacy training is mandatory for IDA participants in all four counties. In developing financial literacy training components, counties have expanded existing training modules offered by their Independent Living Skills Programs (ILSPs) or created new training programs by building on the Jim Casey Opportunity Passport financial literacy curriculum and borrowing from the materials of community partners and fellow CC25I counties. IDA participants are able to spend their matched savings on a variety of asset purchases commonly required during the transitional period. These include housing deposits, car purchases, education- or training-related expenses and health-related costs.

[42] Table sources include: *California Connected by 25: An Introduction to the Initiative* available at: http://www.f2f.ca.gov/res/CC25IIntrod_Report.pdf and Needell, B., Webster, D., Armijo, M., Lee, S., Dawson, W., Magruder, J., Exel, M., Glasser, T., Williams, D., Zimmerman, K., Simon, V., Putnam-Hornstein, E., Frerer, K., Ataie, Y., Winn, A., Blumberg, R., & Cuccaro-Alamin, S. (2008). Child Welfare Services Reports for California. Retrieved [September 24, 2008], from University of California at Berkeley Center for Social Services Research website. URL: http://cssr.berkeley.edu/ucb_childwelfare/ (for January 2008 point in time estimates).

The remainder of this section reviews the detailed accomplishments of each CC25I early implementing county in the area of Financial Competency and Asset Development, including the development of youth and community boards to contribute to CC25I efforts in general.

Fresno County

Fresno County established a workgroup early on to focus specifically on the development of an IDA program and the identification of community partners to support these efforts. The County began implementing its IDA program in February 2008. ClearPoint Credit Counseling Solutions[43] is the community partner contracted to oversee the accounts, which are held by Wells Fargo Bank, and also to provide case management for participating youth. ClearPoint also provides a five-week (2 hours a week) financial literacy workshop for ILSP youth, which all IDA participants are required to complete. IDA participants also receive an initial financial counseling session and have access to financial counseling as needed throughout their participation in the IDA program.

The Fresno County IDA program provides a one-to-one match rate, matching up to $1,000 a year over three years (potential total of $3,000 in matched funds), for participating foster youth and probation youth. Youth are encouraged to save more than the $1,000 matching cap, and many do. In addition to the $30,000 in CC25I grant dollars designated for the IDA program, Fresno County utilized ILSP funding to provide additional IDA matching dollars. The IDA program goal was to enroll 20 youth by the end of year two and as of May 2009, the program had 23 active participants.

A Youth Leadership Board (Youth Organizing New Ideas or YONI) was established in August of 2008 to help guide the identification and development of key door openers to assist foster youth with saving, asset purchases and other necessary links to community resources. YONI currently consists of 12 current and former foster and probation youth and the board is continuously seeking new members. Fresno County is still working to recruit a community advisory board that will establish links to community resources as well as to identify mentors and permanent connections for IDA-enrolled youth. The County has provided or will provide training on the IDA program, and the general asset development needs of foster youth, to all stakeholders including the IDA workgroup taskforce, ILSP staff and members of the community advisory board.

San Francisco County

San Francisco County began implementing its IDA program in March 2007. SF Earn is the community partner contracted to administer the accounts, which are held by Citibank. Financial literacy education was originally provided by a trainer in the San Francisco Workforce Development Department but is now provided by the ILSP, who also provides case management for all IDA participants.

San Francisco County's IDA program offers a two-to-one match, providing up to $2,000 in matched funds over two years. The match can be used for education, housing, employment, and other goals that promote the young adult's self-sufficiency. San Francisco County also utilized ILSP funding to provide matched dollars for IDA savings. San Francisco County's goal was to provide IDAs for 40 youth, and as of March 2009, 38 youth had established IDA accounts.

San Francisco County established a Youth Advisory Board in February 2009 and they are working to advise the County's work in all CC25I focus areas. In the area of financial competency, the Youth Advisory Board will help identify the set of "door openers" most needed by local youth to make wise asset purchases and otherwise succeed economically.

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[43] The initial contract for IDA services was with By Design Financial Solutions, but in May 2009, By Design merged with ClearPoint Credit Counseling Solutions.

> "Its very impressive to me to work with a team that goes out of their way to find what is best for the youth. Twice, a youth wanted to withdraw money from their IDA, and the case management team looked for other funding sources that the youth was eligible for. This allowed the youth to continue to save their hard earned money for their long term goal - like buying a car."
>
> **- IDA Program Manager, Lenders for Community Development**

Santa Clara County

Santa Clara County established a Financial Literacy workgroup early on to bring together community partners, develop a financial literacy training program and implement an IDA program. The County began implementing its IDA program in February 2007. Lenders for Community Development is the community partner contracted to track savings and oversee the accounts, which are held by Citibank, while Santa Clara County ILSP staff provides case management for participating youth. Building on the curriculum provided by the Jim Casey Youth Opportunities Initiative, the Financial Literacy workgroup and local Financial Planners Association (FPA) developed a two-day general financial literacy training that all IDA holders must complete. The trainings are conducted by FPA volunteers and youth facilitators (former foster youth) paid by Evergreen Community College.

Santa Clara County's IDA program offers a one-to-one match, providing up to $1,000 a year in matched funds. Participating youth are eligible to renew program enrollment each year, up to a total of three years, based on their past performance and available funding. Santa Clara County combined the $30,000 in grant dollars designated for the IDA program with other portions of its CC25I grant dollars to provide IDA matching dollars, in addition to $10,000 in county funds. The goal was to enroll 70 youth in the IDA program (by end of year three) and as of April 2009, a total of 82 youth had participated in the program.

In the first 20 months of the program (through October 2008) participating youth saved over $38,000 of their own funds, received over $27,000 in matching funds, and spent $5,250 on approved asset purchases. Compelled by the tremendous success of the program, FPA members also created short training components on advanced financial literacy topics requested by youth, such as developing and restoring good credit and other available savings options (such as Certificates of Deposits, Money Market Accounts, Individual Retirement Accounts and employer-sponsored 401k accounts).

The Youth Advisory Board (YAB) was established in the County's first year of CC25I efforts and in addition to providing general feedback and guidance on child welfare programs and services for transition age foster youth, YAB has identified the door openers most needed by local foster youth. YAB consists of six officers and approximately 20 current and former foster youth who meet monthly. The Community Partnership Board in Santa Clara County also meets regularly to support CC25I efforts in Financial Literacy (as well as other focus areas) and has begun to identify door openers that can benefit local foster youth.

Santa Clara County also developed an informal youth mentoring component for youth enrolled in the IDA program. Participating youth can choose the level and extent of mentorship. The FPA volunteers and the young adult co-facilitators who conduct the financial literacy trainings also provide their contact information to youth and are available for consultation and support outside of training sessions, an opportunity welcomed by a number of participating youth. The Financial Literacy Workgroup Chairperson works one-on-one with many youth to develop budgets or handle financial problems and also attends YAB meetings regularly to encourage youth to utilize the various financial literacy supports available. Finally, the Transitional Housing Liaison meets with all youth residing in THP-Plus host family and SJSU residence hall units to develop a personalized budget.

Stanislaus County

Working with an early community partner, Alliance Small Business Development Center, Stanislaus County incorporated into their ILSP classes a series of workshops on issues related to financial literacy, asset development and entrepreneurship. The County also began implementing its IDA program in December 2007, with the Center for

Human Services managing the youth savings accounts held by Bank of the West. Adult and young adult (former foster youth) staff in the ILSP and Aftercare units provide ongoing case management of youth participating in the IDA program. Financial literacy training has been provided to ILSP youth and IDA-enrolled youth by several partners including Bank of the West, By Design Financial Solutions and the ILSP/Aftercare staff. Youth receive ongoing mentoring and support from their lifelong connection as well as from the Aftercare social worker.

Stanislaus County's IDA program offers a one-to-one match, providing up to $2,000 in matched funds over two years. A $10,000 financial match for the IDA program came from the local United Way's Power of the Purse program and Stanislaus County provided an additional $20,000 in child welfare dollars. The original benchmark for Stanislaus County was to enroll 20 youth in the IDA program and as of December 2008, 17 accounts had been established.

A Youth Advisory Board was established in December of 2008 and meets bi-weekly to discuss and make recommendations on how the agency can improve services and outcomes for foster youth. The seven-member board is led by the ILSP Coordinator and co-facilitated by the young adult ILSP interviewers (former foster youth). Youth Advisors focus their efforts on planning ILSP services and activities, co-leading ILSP class activities and teaching foster youth leadership and advocacy skills. In an effort to create a formal community advisory board, community stakeholders (agency staff, banking partners, and community service providers) have gathered several times to discuss the financial literacy needs of foster youth, be trained on the issue, and to develop strategies and resources to meet the needs of youth.

4c. Observations & Lessons Learned

CC25I counties have faced several challenges in their efforts to develop and implement financial literacy training and IDA programs. Working in collaboration with local partners and both youth and adult community stakeholders, the county child welfare agencies have made great strides in developing strategies to address and overcome these challenges. The technical assistance provided by CC25I, and the peer-to-peer learning that has occurred through this technical assistance, has provided valuable guidance in these efforts. This section reviews some of the key observations and lessons learned in the area of Financial Competency and Asset Development over the first three years of the Initiative.

Implementation of IDA Programs Can Require Significant Start-up Time – Although CC25I counties already offered some type of financial literacy training through their ILSPs, they typically needed more than a year, and in some cases more than two years, to establish the administrative infrastructure, identify the local resources, and form the community partnerships necessary to operate an IDA program. Earlier implementation of youth and community boards and workgroups was associated with quicker development of an IDA program. In Santa Clara County, for example, strong collaboration between the child welfare agency and both youth and adult community partners helped the County to begin its IDA program within 14 months of joining CC25I. The collaboration with the local Financial Planners Association (FPA) proved to be particularly beneficial. The FPA participated in the Financial Literacy workgroup and provided numerous pro-bono hours to develop and deliver financial literacy trainings throughout the year. The FPA also developed pro-bono a community awareness video that can be used to educate and recruit additional community partners to support the financial competency objectives of CC25I in Santa Clara County by providing IDA matching funds, creating a door opener, or mentoring a transition age foster youth.

Close Integration of the IDA Program and ILSP Has Advantages – IDA participants often seek to use their savings to pay for healthcare, education-related expenses and other things that could be covered through other sources of funding. ILSP staff are much more aware than the contracted IDA managers of the funding supports for which current and former foster youth are eligible (Emancipated Youth Stipends, for example). When IDA account and case management is integrated with the efforts of the local ILSP and child welfare staff, youth are more likely to utilize existing resources to meet urgent current expenditures, thus preventing withdrawals from savings. For example, a former foster youth in San Francisco County had outstanding medical bills for care that should have been covered by Medi-Cal. Child welfare staff worked with the hospital and Medi-Cal staff to get these bills covered without the youth having to use her matched savings. Increasingly ILSP staff and IDA account management staff are collaborating to link former foster youth to supports and resources so that they do not have to spend their savings on educational, medical or other expenses that can be funded through other sources.

Working with Contracted Service Providers Poses Solutions and Challenges – Most county child welfare agencies are not equipped to manage an IDA program, due to workload limits or restrictions that make it difficult or impossible for the agency to manage accounts and cut asset purchase checks. However, contracting with an outside agency to manage IDAs can also pose problems. One county found that working with a contracted service provider increased the amount of time needed to access a youth's savings; another found it administratively difficult to release county funds in advance of youth actually receiving them as matched funds. In some cases, counties have worked closely with contracted service providers to refine program rules and to ensure proper training of banking partners and all program staff involved. San Francisco County, however, has decided to change agency rules and policies so that ILSP staff can work directly with youth interested in making matched fund withdrawals, and County staff can release funds and cut checks as needed.

IDA Youth Should be Linked to Employment and Housing Programs – Counties have found it challenging to get youth to make consistent, monthly contributions (a key to developing habitual savings behavior) to their IDA, especially if youth are not working. As a result, some youth have become inactive savers or even dropped out of the program. Through close case management, counties are gaining a better sense of youths' needs and linking them to the supports and resources they require. Some counties have noticed better IDA performance among youth who are also participating in transitional housing programs (such as THP-Plus) or working closely with employment service programs. Case managers can also work with youth to create budgets that have them saving a portion of their post-secondary education financial aid or other sources of income they may have access to. As economic stimulus dollars make their way to local employment programs, this may open up additional earning opportunities for IDA participants.

Youth Require Support Services to Succeed in Financial Competency Programs – To ensure that youth are successful in both financial literacy and asset development programs, services must be designed to accommodate their particular needs. Holding financial literacy trainings on weekends or during the evening and offering participation incentives (financial, food, fun activities) can increase attendance. The training content must appeal to youth of varied age and financial competency. Santa Clara County found that youth facilitators – former foster youth paid by Evergreen Community College to co-lead trainings with the Financial Planners Association – brought the financial training curriculum to life and allowed participants to better understand and apply what they were learning. Other counties provided transportation to help youth get to trainings, appointments with IDA account managers, and other service providers. The most essential support service for IDA participants, however, was ongoing case management – most often provided by ILSP case workers – to encourage youth to save and think carefully in advance about asset purchases.

IDA Programs Must Be Designed to Promote Thoughtful Purchase of Assets – Nearly all CC25I counties have noted at least some instances in which youth withdrew savings without receiving adequate counseling and other case management services, and often in conflict with program rules. Some youth are pressured to use savings to help their family members and others become impatient or want to spend savings on non-approved purchases. Counties have learned that banking partner staff often need training on how IDAs differ from other savings accounts and, especially, on how to apply the program rules governing the withdrawal of funds. Other practices to emerge from this experience include: design IDA programs to utilize "hard to access" accounts; where possible, require counseling before a withdrawal can take place; and emphasize throughout the program that only asset purchases are allowed, with no exceptions permitted. Some counties require youth to have both a checking account and a savings account so that they do not view savings as funds that are available for spending whenever they want.

Strategies to Serve Younger Youth Can Evolve Over Time – The requirement by many banks that accounts need a co-signer age 18 or older poses a considerable challenge for establishing IDAs for youth ages 16 to 17. Accordingly, CC25I counties were encouraged to start their IDA programs by serving youth 18 and older, then later expand successful and experienced programs to youth under 18. Utilizing "custodial accounts" is one approach that is easy to administer, ensures that youth are counseled prior to withdrawing funds, and can be used for youth under 18 without requiring a caregiver or county representative to co-sign on the account. Custodial accounts also prevent family members or other adults from making unapproved withdrawals.[44] Some counties currently serving former foster youth in their IDA programs do intend to serve 16 and 17 year olds in the coming years, and will also include youth ages 14 and 15 in financial literacy trainings.[45]

Counties See the Sustaining of IDA Programs as a Major, Ongoing Challenge – Most counties are concerned about how they will be able to sustain their IDA programs once CC25I grant dollars cease. While ILSPs may be able to fund continuing financial literacy training, more community support will be required to provide the matching dollars for youth savings. Counties are using their community partnership boards to develop strategies and identify potential funding partners, seeking to demonstrate to local businesses and foundations the value of providing foster youth these opportunities. Some counties will also look into partnering with other existing asset building initiatives such as those funded by the United Way or the Bank on California Initiative, a new program in five cities (including Fresno, San Francisco, and San Jose) to help low and middle income individuals and families to open first banking accounts.

4d. Future CC25I Financial Competency & Asset Development Objectives

In their fourth and fifth years of CC25I, the early implementing counties will extend these efforts to improve the financial competency and asset development outcomes of current and former foster youth. All four counties will continue to provide financial literacy training to youth, including foster youth as young as 15 or 16 participating in ILSP. The counties will maintain or increase the IDA enrollment goals provided in **Table 4.2** above. Most counties will carry over beyond year 3 their efforts to link IDA-enrolled youth to a mentor or permanent connection who can support them in their financial literacy and asset development efforts.

Youth and Adult Community Advisory Boards will continue to expand and contribute their feedback and resources to the further development and sustainability of services and programs in each of the seven CC25I focus areas. In the area of financial competency, these boards will continue to identify door openers that will be beneficial to youth and help to establish these door openers in each community. The demonstrated success of IDA programs thus far will also contribute to efforts to identify community resources that will provide matching funds in future years.

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[44] Gray, A. (2007). *Connected by 25: Financing Asset-building and Financial Education Programs for Youth Transitioning out of Foster Care.* The Finance Project. Available at: http://76.12.61.196/publications/FinLitAssetBuild_SB.pdf.

[45] San Francisco County, for example, set a goal for their IDA program of serving youth as young as 16.