



# ADDRESSING FINANCIAL BARRIERS TO COMPLETION FOR LOW-INCOME STUDENTS

A Report on the "Save2Build"  
Credit and Savings Building Pilot

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This report details **United Way of King County Benefits Hub** program capacity to offer new financial interventions to support low-income community college students. Its purpose is to evaluate the potential impact of the "**Save2Build**" credit-building and matched savings pilot on student persistence and completion and to provide guidelines and recommendations for its implementation.



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# PART 1: Introduction & Background

## Overview & Introduction to Benefits Hub

Education can provide a pathway out of poverty, but poverty presents barriers to college access, persistence, and completion. Community and technical colleges provide an affordable, accessible way to build job skills, but many struggle to help low-income working students earn a certificate or degree. The path to completion for low-income students is by no means easy; basic needs insecurity in the form of hunger and homelessness are leading issues. Costly emergencies such as a sudden health issue, a loss of childcare support, or even an issue with one's car transmission could be destabilizing for a student. When push comes to shove and financially unstable individuals are forced to make difficult choices, education—a significant financial and time investment of its own—often must fall by the wayside.

The value of obtaining a degree, certificate, or credential as a low-income person is clear. According to the U.S. Department of Education, college graduates with a bachelor's degree typically earn 66 percent more than those with only a high school diploma; and are also far less likely to face unemployment.<sup>1</sup> These effects are magnified for women and people of color. Over the course of a lifetime, the average worker with a bachelor's degree will earn an astounding \$1 million more than a worker without a postsecondary education.<sup>2</sup> And by 2020, an estimated two-thirds of job openings will require postsecondary education or training.

By addressing non-academic barriers to college persistence, students are better prepared to achieve their college and career goals. This logic drives the work of United Way of King County's



Benefits Hub program. Benefits Hub disrupts the cycle of poverty by connecting students with financial supports to assist in obtaining a college degree or certificate. Benefits Hub coordinates the onsite delivery of services, workshops, and coaching to support students in their journey towards reaching their educational goal.

During the 2018-2019 school year, Benefits Hub partnered with eight campuses to offer a range of services: Emergency Financial Grants, free tax preparation, connection to income supports and

<sup>1</sup> "College Affordability and Completion: Ensuring a Pathway to Opportunity." U.S. Department of Education Releases National Student Loan FY 2014 Cohort Default Rate | U.S. Department of Education, US Department of Education (ED), 2018, [www.ed.gov/college](http://www.ed.gov/college).

<sup>2</sup> *ibid*



public benefits, financial coaching, housing & legal services, and food pantries. These robust supports have been accessed by hundreds of students, yet there is still a need to grow these services to include even more innovative financial interventions.

National research shows that nearly 75% of students are not sure they could come up with \$1,000 within the next month if an unexpected need arose (this includes asking friends, family, or using credit cards).<sup>3</sup> This is evident locally at King County community and technical colleges, where students often need to access emergency grants during the school year to overcome financial emergencies. In January 2019, Benefits Hub provided funds to increase the capacity of schools to provide emergency financial grants. That said, increasing funding for this program alone is not enough to support financially-unstable students in the long-run; many institutions limit grants to once per school year and set limitations on the amount of funds made available, which means that students struggling with persistent financial challenges may be left without campus monetary support options after their first emergency.

“Save2Build”-- Benefits Hub’s new credit and savings building program-- developed from an interest in helping students build financial resiliency beyond the limits of the Emergency Financial Grants program. By providing financial coaching, community, matching dollars, and a safe credit building product, the Save2Build Program will empower students to confidently prepare for unexpected life costs, so that financial emergencies do not get in the way of academic success. The Save2Build pilot has the potential to move the needle on financial stability for students accessing Benefits Hub by:

1. Troubleshooting current financial challenges with the help of a financial coach,
2. Preparing for future emergencies with savings and match funds,
3. Connecting students to multiple forms of supports and benefits through the existing Benefits Hub service model, and
4. Taking concrete steps to improve long-term financial health through credit building and coaching.

## The Problem: Financial Instability Impacts Completion for Community and Technical College Students

Despite local community colleges’ huge advancements in recent years, less than 50% of students nationwide achieve completion.<sup>4</sup> 71% of the students who dropout of community college reportedly do so in order to make money.<sup>5</sup> Without resources to tap into when income drops or expenses rise,

<sup>3</sup> United Way of King County. “Benefits Hub.” *Breaking the Cycle of Poverty, Helping Low-Income Students Succeed*. 2018.

<sup>4</sup> Collins, M., & Vargas, J. (2017, February). Why Millions of Americans Never Finish College. City Lab. Retrieved from <https://www.citylab.com/life/2017/02/why-millions-of-americans-never-finish-college/517713/>

<sup>5</sup> United Way of King County. “Benefits Hub.” *Breaking the Cycle of Poverty, Helping Low-Income Students Succeed*. 2018.



students are left with few options for making ends meet. If low-income individuals are unable to come up with money needed to handle these financial crises, they often fall into payday loan cycles, rack up credit card debt, or engage in other predatory financial services. Consumer survey data indicate that among households earning less than \$50,000 per year, holding even small amounts of unrestricted “emergency savings” is associated with a lower incidence of these and other unfavorable financial events, such as overdrawing a checking account, initiating high-cost loans, or failing to meet monthly bills, such as rent and minimum credit card payments.<sup>6</sup> A separate study found that families with non-retirement savings of between \$250 and \$749 are less likely to be evicted, miss a housing or utility payment, or receive public benefits when income disruptions occur.<sup>7</sup> Knowing the difference that even a few hundred dollars can make in determining whether students complete or drop-out of school, the Benefits Hub “Save2Build” pilot program will reward students with matching dollars to reach a **goal of \$300** upon program completion (see subsequent pages for more details).

*“Paying tuition allows students to go to class, but they will fail if they have no books, no pencils, no gas money to get to school and no food in their stomachs.”*  
—Dr. Sara Goldrick-Rab

## Who are today’s community and technical college students?

### Nationwide

According to United Way of King County publications, nearly half of all students seeking higher education nationwide choose a community college. **Community and technical colleges have the highest rate of enrollment of low-income students.**

Research from the HOPE Lab and other research groups have found that *basic needs insecurities are associated with poor academic outcomes.*

In recent years, there has been significant gains in helping students access college, but immigrants, students of color and low-income students still have lower odds of persisting and completing their postsecondary education-- particularly at community colleges-- due to multiple barriers. Surveys of community college students typically yield higher estimates of basic needs insecurity than their peers at four-year universities.

<sup>6</sup> Azurdia, G., Freedman, S., Hamilton, G., & Schultz, C. (2014). Encouraging Low- and Moderate- Income Tax Filers to Save: Implementation and Interim Impact Findings from the SaveUSA Evaluation (Rep.). MDRC.

<sup>7</sup> Elliot, D., & Kalish, E. (2017). The Cost of Eviction and Unpaid Bills of Financially Insecure Families for City Budgets (Rep.). DC: Urban Institute.



The 2017 HOPE Lab survey<sup>8</sup> of 4,000 community college students nationwide found:

- 42% of community college students were **food insecure**
- **Housing insecurity** affected 51% of community college students
- 12% were **homeless**

Many community and technical college students face additional barriers to achieving and maintaining financial stability while balancing work, school, and family care. According to the Lumina Foundation, 40% of community college students work 20 or more hours per week.<sup>9</sup> This figure is troubling given that students with additional financial, work, and family obligations are TWICE AS LIKELY to drop out of school.<sup>10</sup> Study after study demonstrates how often poverty gets in the way of education and how these systemic challenges contribute to inequitable outcomes for students from wealthy versus non-wealthy backgrounds. According to the U.S. Department of Education, students from high-income families who enter college are now six times more likely than students from low-income families to graduate. Helping low-income students meet their basic needs and prepare for financial emergencies so that they can persist and complete their education is a *social justice intervention* to combat the rampant inequality that exists in our country today.

### Seattle/King County

*The city of Seattle struggles with rampant inequality in regards to race and income:*

- Liquid Asset Poverty in Seattle is **28.3%**
- Households of color are **5.9** times more likely to experience income poverty than white households
- Income inequality: The top 20 percent of income earners took home **more than half** the city's total income

King County, Washington has a population of nearly 2.1 million people and covers 2,134 square miles, stretching from the crest of the Cascade mountains to the Puget Sound and includes the city of Seattle. While there is considerable wealth in the area due to the concentration of technology and manufacturing industries such as Microsoft, Amazon, and Boeing, the regional high cost of living keeps many families from ever escaping the cycle of poverty. As so, despite its reputation as a tech

industry boomtown, **Seattle has the highest concentration of college students living below the poverty line** when compared to cities of similar size.

In King County, approximately one third of community college students are employed while going to school and 23% are parents. Students of color represent 44% of all students attending local

<sup>8</sup> Goldrick-Rab, S., Richardson, J., Schneider, J., Hernandez, A., & Cady, C. (2018). STILL HUNGRY AND HOMELESS IN COLLEGE (Rep.). Wisconsin HOPE Lab. Retrieved from <https://hope4college.com/wp-content/uploads/2018/09/Wisconsin-HOPE-Lab-Still-Hungry-and-Homeless.pdf>.

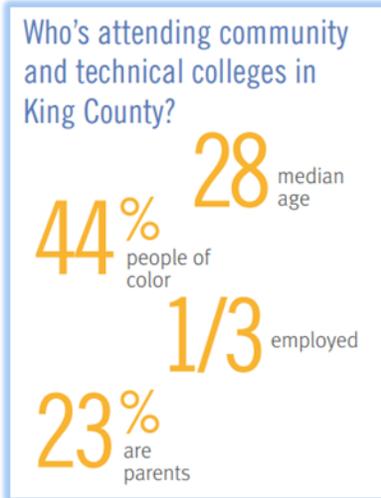
<sup>9</sup> L. (n.d.). Think You Know the Facts? Today's College Students Are... [Infographic on today's college students]. Retrieved from <https://www.luminafoundation.org/files/resources/todays-student-infographic.pdf>

<sup>10</sup> Ibid



community and technical colleges. As of 2018, 9% of Seattle/King County students were homeless and nearly one in three students experience food insecurity.<sup>11</sup>

<sup>12</sup> In a city grappling with a growing wage gap, it is essential for King County residents to be educated to secure employment in the local tech-dominated economy. **If Washington adults do not have accessible and affordable options for postsecondary education, they risk continued underemployment without the many benefits that come from earning a postsecondary credential.** Benefits Hub helps low-income students complete their educational programs so that they will be prepared to take on the jobs of the new economy.



### Pilot Snapshot: “Save2Build”

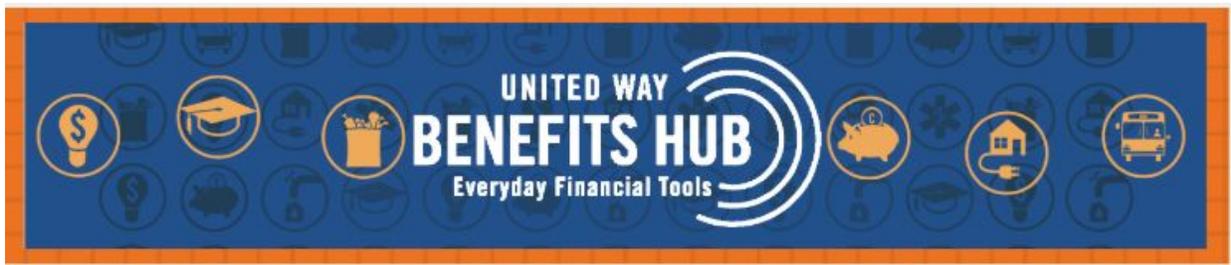
By providing **financial coaching, community, matching dollars, and a safe credit building product,** United Way’s Save2Build Program will empower students to confidently prepare for unexpected life costs, so that financial emergencies do not get in the way of academic success.

In winter 2019, United Way of King County Benefits Hub will launch a credit building pilot program with a savings match (called “Save2Build”) on the University of Washington Bothell and Cascadia College campuses. The pilot goal is to support educational persistence by providing low-income students with individualized financial coaching alongside the opportunity to access a safe financial product designed to build savings and credit. The program will be implemented in tandem with the Emergency Financial Grants and financial coaching, and will have a direct connection back to other Benefits Hub services. United Way will partner with the organization Justine PETERSEN to administer the program.

United Way of King County recognizes that financial shocks are a key reason why vulnerable low income students don't complete their certificate, credential or apprenticeship programs. Save2Build will support low-income students experiencing and/or at risk of financial instability by combining four key interventions: matched savings, credit building, financial coaching, and

<sup>11</sup> United Way of King County. “Benefits Hub.” *Breaking the Cycle of Poverty, Helping Low-Income Students Succeed*. 2018.

<sup>12</sup> Prosperity Now. *Local Outcome Report for Seattle, WA*. *Local Outcome Report for Seattle, WA*, Scorecard.prospoertynow.org, 2018.

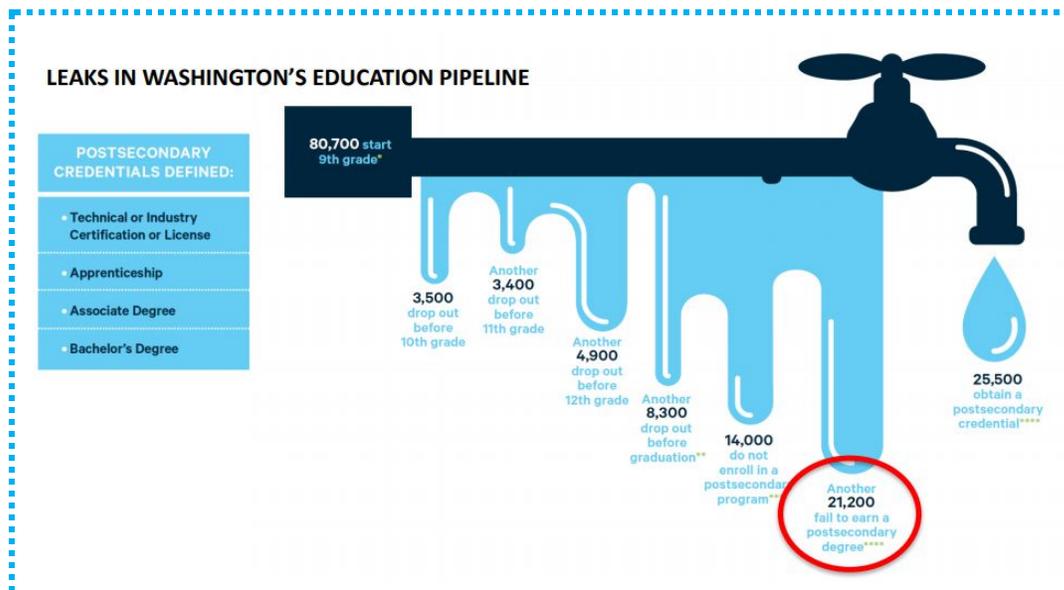


community. The matched savings component will help students prepare for future emergencies after they have exhausted campus Emergency Financial Grant funds. Meanwhile, the credit building product will improve students' credit scores so that should they need to access a loan in the future, they are more likely to qualify for lower-interest rate loans with more favorable terms. The financial coaching will provide students with the support to set savings goals, develop a deep understanding of their personal credit situation, and connect to other Benefits Hub services. The community aspect of the program will help make the journey to building financial resilience less isolating.

Through Save2Build, eligible students at the pilot site partners (Cascadia/UW Bothell) receive a \$100 credit builder loan. The proceeds of the \$100 loan go directly into a locked savings account. Students then repay the loan over 6 months making monthly payments between \$15 - \$20. All on-time payments are reported to two of three credit bureaus. Throughout the program, students meet with Benefits Hub Coaches to better understand credit and create savings goals. After 6 months, the student's \$100 is returned along with a \$200 match from United Way, leaving students with a total of **\$300 in savings** upon completion of the program. In short, the "Save2Build" program will help students build personal savings funds alongside improving their credit scores in order to avoid destabilizing financial situations that may jeopardize their ability to complete their education.

## Intervention Background

Out of all the students that start 9<sup>th</sup> grade in Washington state each year, only 32% eventually go on to obtain a postsecondary credential.<sup>13</sup> Targeted financial interventions through programs like



<sup>13</sup> CREATING GREAT SCHOOLS FOR WASHINGTON STUDENTS, Washington RoundTable Report <https://www.waroundtable.com/>



Save2Build and Benefits Hub help keep more learners engaged through the postsecondary system and prevent leaks in the state education pipeline.

Though there are many ways to support educational persistence and completion for low-income college students, savings and credit building programs show unique promise. By providing a significant savings match alongside access to a safe credit product and high-quality financial coaching, Save2Build will equip students with tools to overcome financial barriers and maximize future success, both in their educational journey and beyond. This powerful combination of supports will help improve students' abilities to better understand the importance of maintaining good credit, weather financial shocks, and build long-term savings habits— all while supporting college persistence and completion.

There are **four core elements** of the Save2Build pilot:

**credit building, matched savings, financial coaching, and community**

The reasoning behind each core element is explained in the subsequent subsections:

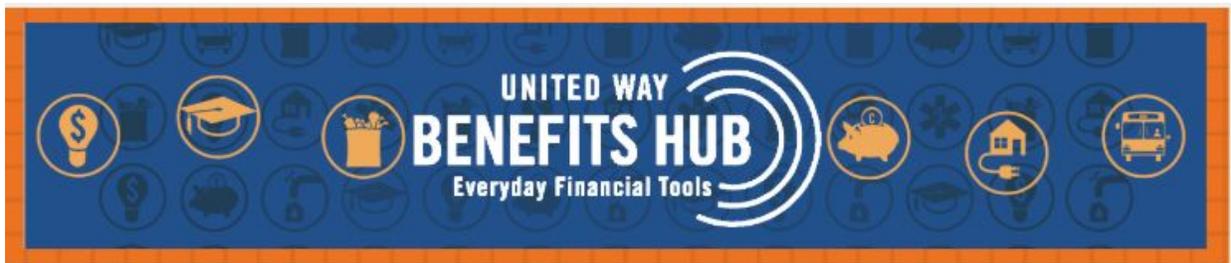
### Why Pursue Credit Building for Low-Income Students?

Financial systems are complex to navigate and low-income individuals often fall prey to predatory loans and unsustainable cycles of debt. The credit building and coaching component will help students create and/or build a healthy credit history.

- Community College students need support with managing college costs
  - Although community college students are less likely to borrow student loans than students at public four-year institutions, those community college students who do borrow tend to borrow lesser amounts yet are more likely to default on student loans<sup>14</sup>
- Paying for future education for the student and/or a student's dependent
  - The average student loan debt for Class of 201 graduates was \$39,400<sup>15</sup>; having good credit will ensure qualification for student loans with the lowest interest rates and favorable terms, making it much easier to pay them back on time and pursue education as a pathway out of poverty
- Getting lower interest rates

<sup>14</sup> Association of Community College Trustees & The Institute for College Access & Success. Protecting Colleges and Students: Community College Strategies to Prevent Default. July 2014.

<sup>15</sup> Kantrowitz, M. (2018, May 1). A Look at the Shocking Student Loan Debt Statistics for 2018 [Web log post]. Retrieved from <https://studentloanhero.com/student-loan-debt-statistics/>



- Help students avoid detrimental payday loan cycles or overwhelming credit card debt when faced with a financial shock
- 23% of students nationally are experiencing food insecurity; 50% of food insecure students are experiencing housing insecurity<sup>16</sup>
  - Good credit may play a part in approving apartment applications so that students can find safe, stable places to live

### Why Pursue Matched Savings?

Matched savings programs have been used nationwide to provide low-income individuals and families with great incentive to save, build wealth, and transform their economic aspirations into reality. Matched savings programs— by providing financial coaching, goal setting support, and matching dollars— work towards reducing the barriers that low-income individuals face to save for life’s emergencies. Enlisting low-income students as savers gives them the confidence to prepare for the challenges that arise when balancing school, work, and life.

Matched savings programs also offer the following benefits for low-income savers:

- Future Debt Reduction
  - Participants can use savings or current income to pay for normal or unexpected expenses, rather than incur more debt
    - Researchers with SaveUSA<sup>17</sup> saw an increase in the proportion of program participants who reported a preference for relying on savings or current income to pay for emergency or unexpected expenses, as opposed to increasing their debt
- Reduce liquid-asset poverty<sup>18</sup>
  - The SaveUSA program led to a reduction of 6 percentage points in the incidence of liquid-asset poverty

Unlike many other matched savings programs nationwide, Save2Build will provide **unrestricted match funds**. Traditional IDA programs,<sup>19</sup> though valuable, fall short in that they restrict the use of match funds for participants. The Save2Build program will make a bold departure from this model by making match funds unrestricted. This decision is backed by a strong commitment to the agency of our clients. Those who struggle with poverty know how to best use their money—we do not

<sup>16</sup> Goldrick-Rab, S., Richardson, J., Schneider, J., Hernandez, A., & Cady, C. (2018). STILL HUNGRY AND HOMELESS IN COLLEGE (Rep.). Wisconsin HOPE Lab. Retrieved from <https://hope4college.com/wp-content/uploads/2018/09/Wisconsin-HOPE-Lab-Still-Hungry-and-Homeless.pdf>.

<sup>17</sup> SaveUSA is a tax time, unrestricted matched savings program similar to Save2Build’s matched savings component. The program has had great success and served as a model for the Save2Build program.

<sup>18</sup> “Liquid-asset poverty” is defined as having insufficient liquid assets to subsist at the poverty level for three months in the absence of income

<sup>19</sup> An Individual Development Account (IDA) is an asset building tool designed to enable low-income families to save towards a targeted amount usually used for building assets in the form of home ownership, post-secondary education and small business ownership.



want to perpetuate the notion that individuals cannot be trusted to make the best financial decisions for themselves and their families. The findings from the SaveUSA evaluation provide strong evidence indicating that small increases in amounts of unrestricted-use savings can improve the financial well-being of low- and moderate-income individuals, and also offer guidance on the design and implementation of savings initiatives.

The following factors were taken into consideration when deciding to make the match unrestricted:

- Trusting the strength of Benefits Hub financial coaching
  - UWKC should trust that their BH financial coaching will properly equip savers to use their funds in responsible ways.
- Trusting the agency of savers
  - The proposed program would trust that participants know best when it comes to determining their financial priorities.
  - An independent evaluation of SaveUSA found that people use their money well:
    - “When surveyed, most match recipients reported that they used their savings match either for expenditures — such as a big purchase, usual household expenses, travel or a family event, or education — or to pay bills or debts.”<sup>20</sup>
- Learning from the Earned Income Tax Credit, America’s strongest anti-poverty program
  - The proposed program builds on the incredible gains of the EITC that show the power of giving individuals access to liquid assets

## **The Importance of Financial Coaching**

The goal of this program is to serve as a *transformational*, rather than transactional intervention; flexible, client-driven financial coaching will provide students with the necessary support to maximize this program’s potential for sustainable change. Coaches will help students set, achieve, and reassess goals over time. Unlike traditional counseling, flexible financial coaching allows the coach and student to work together to set personalized financial goals, rather than following a rigid set of targets laid out by the program.

A 2015 report from the Urban Institute<sup>21</sup> found that financial coaching had the following benefits:

<sup>20</sup> Azurdia, Gilda, and Stephen Freedman. *Encouraging Nonretirement Savings at Tax Time: Final Impact Findings from the SaveUSA Evaluation*. 2016, *Encouraging Nonretirement Savings at Tax Time: Final Impact Findings from the SaveUSA Evaluation*, [www.mdrc.org/sites/default/files/SaveUSA\\_FinalReport%202015.pdf](http://www.mdrc.org/sites/default/files/SaveUSA_FinalReport%202015.pdf).

<sup>21</sup> Theodos, B., Simms, M., Trekson, M., & Stacy, C. (2015, October). *An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs* (Rep.). <https://www.urban.org/sites/default/files/publication/71806/2000448-an-evaluation-of-the-impacts-and-implementation-approaches-of-financial-coaching-programs.pdf>



- Increased number of savings deposits and size of total savings balance
- Positively affected participants' perceived progress toward increasing their nonretirement savings or emergency rainy day funds
- Helped reduce or pay down debt
- Reduced financial stress
- Caused some reductions in late fees and increases in paying bills on time
- Positive effects on individuals' credit scores

Sarah Savage at the Federal Reserve Bank of Boston wrote a comprehensive evaluation of three community college matched savings programs across Massachusetts. Her analysis shares the following lesson:

*"Requiring savers to take fewer hours of financial education... could also lessen the burden on staff and participants. Although studies have demonstrated that each additional hour of financial education (up to 12 hours) correlates with higher savings (average monthly net deposits) among participants in matched savings programs, there may be opportunities to improve upon its integration and delivery. For instance, focus groups of potential participants revealed challenges to attending financial education classes, which included childcare, transportation, and work schedules."<sup>22</sup>*

Savage's 2017 report also offered the following learnings regarding the amount of financial coaching:

- Financial coaching can be a barrier for participants. Requiring too much in-person coaching can put undue burden on participants who are disabled, working multiple jobs, or caring for beneficiaries.
- Participants in similar programs who received an average of 5 hours of financial education reached their savings goals at higher rates than those who received less than 1 hour of financial coaching.<sup>23</sup>

For Save2Build, students will receive a flexible 3-4 hours of coaching; enough to make an impact, but not enough to become a barrier for participation. Save2Build will prioritize individualized financial coaching to ensure that savers have the necessary support for meet their financial goals.

### **Fostering a "Community of Savers"**

<sup>22</sup> Savage, Sarah (2017). "INVEST IN COLLEGE SUCCESS FINAL EVALUATION REPORT: Final Evaluation Report of ICS at Bunker Hill, Northern Essex, and Springfield Technical Community Colleges."

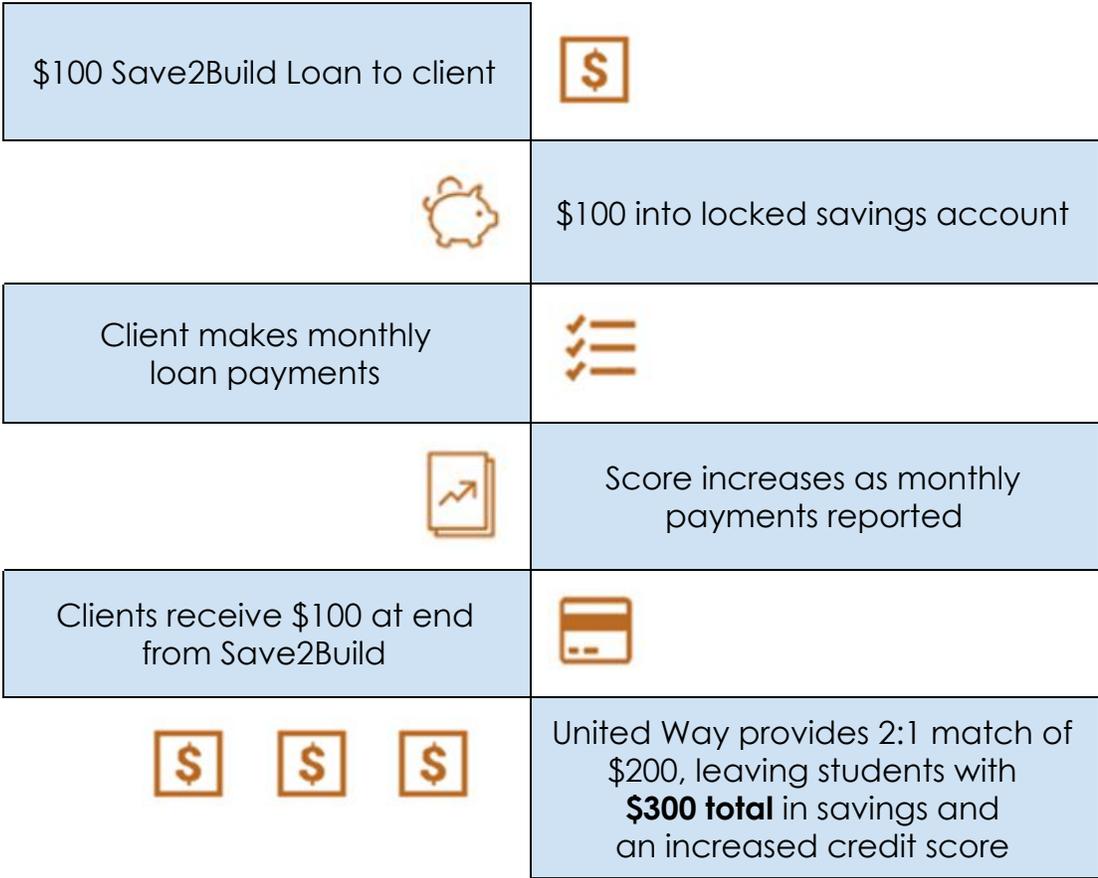
<sup>23</sup> *ibid*



UWKC should work to further incorporate a community element into the Save2Build program. A cohort model (“Save2Build Cohort”) would foster solidarity among those facing multiple barriers to successful saving. The “Save2Build” cohort would create a space where students will have the opportunity to bond, promote mutual accountability, and find motivation among other participants throughout the program. This is especially important in making sure that historically disadvantaged/disconnected students (People of Color, First-generation students, Immigrant/Refugee students, Former foster care students, Low-Income students/Pell Grant recipients) feel motivated to complete and thrive within the program. Community support will support the goal of RETENTION (both retention in the Save2Build program as well as retention in college).

## PART 2: Save2Build Pilot Details

### How Save2Build x Benefits Hub Accounts Work





## Program Goals

- Support low-income student financial well-being as a means to aid in community college persistence and completion
- Create an opportunity for students to build financial resilience so that they can weather financial shocks without sacrificing their educational goals
- Reduce barriers to begin saving and building credit among those who face multiple systemic barriers in achieving financial mobility
- Support students in gaining higher credit scores and access to affordable and safe credit
- Foster a “community of savers” to support retention and completion, both within the Save2Build program as well as Community/Technical College in general

## Key Considerations for Pilot Design

- High match cap
  - Studies on matched savings programs show that higher match caps — which can be viewed as savings targets — yielded greater savings and fewer unmatched withdrawals<sup>24</sup>
- Racial Equity
  - Making sure that this intervention intentionally includes students of color, who are disproportionately under-banked and face multiple systemic barriers in achieving financial mobility (i.e., racial wealth gap)
- Accessibility
  - Ensuring that the financial coaching as well as the banking aspects of the program are accessible for participants with diverse needs, schedules, and abilities.
- Incentivizing savings
  - Providing a significant match and ample, customizable financial coaching to make the act of saving motivating. This is especially important for marginalized students who may feel that financial institutions are exclusive and unwelcoming spaces; such students will require additional support and motivation to overcome this concern.
- Unrestricted savings
  - Recognizing the strength and poverty-lifting ability of the Earned Income Tax Credit (EITC)<sup>25</sup>, UWKC should harness the same power of giving students access to a liquid asset in order to build financial resilience. Individuals know what they need to save for and spend on-- UWKC should trust students (as well as trust in the strength of

<sup>24</sup> Michael Sherraden, Mark Schreiner, and Sondra Beverly. 2003. “[Income, Institutions, and Saving Performance in Individual Development Accounts](#),” *Economic Development Quarterly* 17:95, 99–100.

<sup>25</sup> Marr, Chuck et al., [EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children’s Development, Research Finds](#), 2015



the financial coaching through Benefits Hub) and allow students to maximize use of their Matched Savings.

- Collaboration with Emergency Financial Grants
  - The Save2Build Program and the Emergency Financial Grants (EFG) program must interact. Given that EFGs are a one-time solution, helping students build their liquid emergency savings and improve their credit scores through Save2Build can help students better prepare for future financial emergencies post-EFG allotment

### Program Eligibility

Students must meet **all** of the following criteria:

- 18 years of age or older
- Must not have had a 30+ day delinquency or foreclosure incident during the three (3) months prior to the Save2Build application
- Must have an income
- No active bankruptcy
- Able to attend mandatory credit coaching session
- Be a current student with a student ID #
- Enrolled as at least a part-time student

#### **IN ADDITION TO:**

**One or more** of the following:

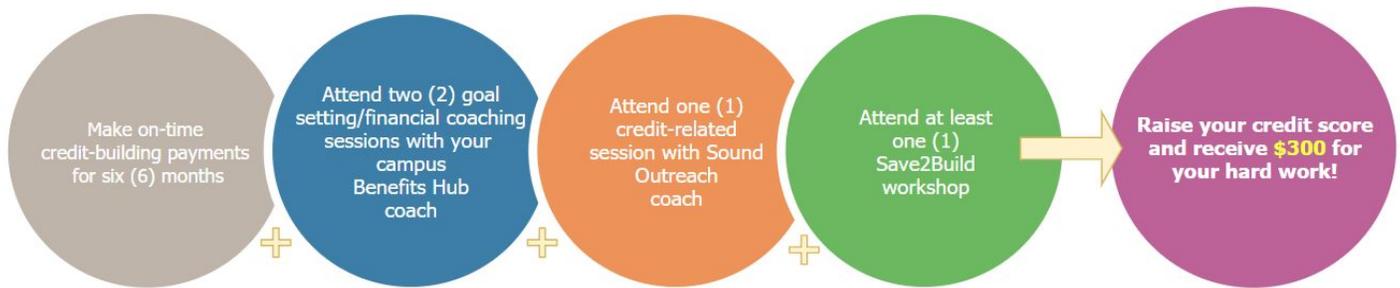
- Has applied for an Emergency Financial Grant within the previous two semesters
- Currently homeless, couch-surfing, or home-insecure
- Receives any of the following benefits:
  - Temporary Assistance for Needy Families (TANF)
  - Basic Food (SNAP or EBT/Food Stamps)
  - Have a credit score 619 or below
  - Currently between 2-3 months behind on a personal or family account
  - Apple Health
  - Section 8 Housing Assistance
  - Medicaid
- Receives a Pell Grant or is Pell-Eligible



Who is an “Ideal” Save2Build Client?	Who is Not a Good Fit?
<ul style="list-style-type: none"> <li>● A <b>credit invisible client</b> (generally includes: millennials, immigrants, those that only pay cash) – this client will not have a credit score due to a lack of any activity (positive trade lines such as loans or credit cards). As long as the individual pays their basic living monthly payments on time, they will be a good fit. <b>**Note:</b> it will take a minimum of 6 on time payments before a FICO credit score is generated.</li> <li>● A <b>thin file client</b> – one that only has a revolving line (credit card/charge account) or an installment (loan) line.</li> <li>● A client that <b>only has collection debt</b> and no positives.</li> <li>● The client that may have <b>been denied products or services in the past</b> and understands the importance of having a strong credit score.</li> <li>● A client that has been <b>recently discharged from a bankruptcy</b>.</li> </ul>	<ul style="list-style-type: none"> <li>● Not Beneficial               <ul style="list-style-type: none"> <li>○ Client has 3(+) active lines of credit (variety)</li> </ul> </li> <li>● Not Ready               <ul style="list-style-type: none"> <li>○ Active lines are not paid on time</li> <li>○ Client has no income or only receives unemployment, food stamps or TANF benefits</li> <li>○ Client has a lot of (bad) debt and is talking about filing bankruptcy</li> </ul> </li> <li>● No Buy-In               <ul style="list-style-type: none"> <li>○ Client does not understand a loan or has not been making consistent payments</li> <li>○ Client is uninterested in continuing to build credit upon program completion</li> </ul> </li> </ul>



## Student Participant Requirements



## Financial Coaching during Save2Build

### Component 1: Intro to Save2Build + Credit Building (1 Session, 1 hour)

The Sound Outreach Financial Coach will meet with each program participant 1-on-1 *at least once* to implement JP's training in a session around how to build and maintain good credit. This session is a requirement of the Save2Build program and also offers students the invaluable opportunity to do a deep dive into their credit history and/or plan for the future.

At the session, the financial counselor must – at a minimum - complete the following activities/steps (may take more than one session to complete):

- Review and have the client sign the Credit Report Authorization Form
- Pull the client's Credit Report and FICO Credit Score, and review the Credit Report with the client Complete a detailed budget with the client.
- Complete a Credit Action Plan with the client

Potential topics to further explore credit session:

- Importance of good active lines of credit
- Pre-paid debit card vs. secured credit card
- Examining and understanding the impacts of existing lines of credit
- How to improve credit score beyond program period

### Component 2: Benefits Hub (2 Sessions, 45-60 minutes each)



**Session 1: Goal Setting & Creating a Savings Plan for Incoming Match**  
**Session 2: Connection to other BH Services + Topic of Student's Choice**

Students will be connected directly to Benefits Hub in the remaining two financial coaching sessions and will meet with their campus Benefits Hub Americorps Member. The first session will be dedicated to setting goals for how the student plans to spend their savings match upon completion of the program. The second session will be dedicated to addressing any other potential needs that Benefits Hub is equipped to support (FAFSA/WASFA support, emergency housing support, benefits enrollment, budgeting, etc) and to exploring a financial topic of the student's choosing. These sessions will help students better understand and make use of the entire suite of Benefits Hub services.

In the Benefits Hub sessions, the Americorps member will also check-in with the student regarding their progress in the Save2Build program/screen for any potential challenges with making on-time payments.

**Component 3: Save2Build Cohort Meetings/Workshops (At least one, 45 minutes each)**

We recognize that saving can be hard— especially when money is tight in the first place — so we're creating a community of savers, called the Save2Build Cohort, where students will have the opportunity to bond, promote mutual accountability, and find motivation among other participants throughout the program. The Save2Build Cohort Meetings will double as workshops open to the larger school community with three general goals:

1. Give program participants the opportunity to meet other credit builders/savers in a setting conducive to sharing savings goals and motivations, while also receiving topic specific financial coaching from the Sound Outreach coach (Janet) and Benefits Hub Member (Bailey)
2. Increase the visibility of the Save2Build program opportunity on campus/support program recruitment and enrollment
3. Increase visibility of Benefits Hub as a whole

Examples of potential Save2Build Cohort Workshop topics:

- Long-term goals:
  - Building credit as the first step in your goal to buy a car
  - How good credit can aid in your apartment search
  - Saving to buy a laptop
  - Saving to study abroad
- Everything you ever wanted to know about credit



Workshop session topics can be flexible based on cohort input.

## Outreach and Enrollment

Students will be connected to the program from various channels:

- Referral from campus Benefits Hub coach
- Referral from campus Benefits Hub Champion
- Referral from Within Reach member
- Referral through on-campus outreach
- Referral through Cohort Workshops

Students interested in participating in the Save2Build program will fill out a Benefits Hub intake form and meet with the campus Benefits Hub Member, who will screen the student for eligibility. (Training on how to screen for eligibility will be provided with Justine PETERSEN.) The two mandatory financial coaching sessions with the Benefits Hub Americorps Member will be the primary mechanism for referring students back to other Benefits Hub services.

## Enrollment Process



*From Justine PETERSEN materials*

**Submit Application:** Student will meet with BH coach to complete the following documents: Account Application, Checklist, Financial Action Plan, Credit Report, and Budget.

**Client Approved:** Financial coaches will receive email update from GRCC staff within one (1) week whether or not application has been approved.

**Sign Loan Closing Docs:** To prepare for the closing, the student and Benefits Hub coach meet to fill out the needed documents which include:

- Authorization to Release Information
- Privacy Notice
- Promissory Note/Truth-in-Lending Disclosure



- Amortization Schedule
- ACH Form (if applicable)
- W-9 Form
- Great Rivers Closing Sheet
- Disbursement Request and Authorization

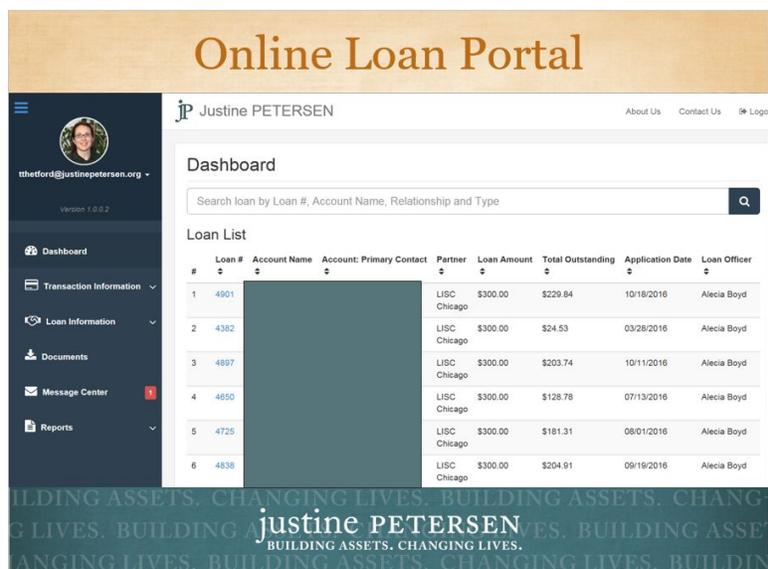
Both the student and coach sign via docusign and the docs are reviewed by Justine PETERSEN. Loan payments from Great Rivers Community Capital will begin on designated day.

**Make Monthly Payments:** GRCC disburses the loan proceeds into the US Bank Sub-Account, in effect opening the student’s account.

- Each month, the student logs in online to the portal to check payment history.
- Each month the student makes monthly payment by the 15th through one of the acceptable payment options.
  - Check payable to “Great Rivers Community Capital”
  - Debit Card/Credit Card over the phone
  - Prepaid Debit Card (routing and account numbers required)
  - Online Bill Pay through their bank
  - ACH from Checking or Savings Account
- The financial coach also has access to the online portal so they can identify any delinquencies and keep students on track.

**Use Savings:** When clients complete the program, the financial coach will help the client fill out a form designating how the savings and accrued match will be used. Students will be encouraged to continue saving/building credit, but will have unrestricted use of funds at the end of the program.

### Tracking Progress: Online Portal for Coaches





## What happens to students after Save2Build?

Upon program completion, students will walk away with \$100 in savings from Save2Build and \$200 in United Way match funds, totaling \$300. A portion of the funds are recommended to be used for continued credit building, but not required. The client has the freedom to work with the financial coach to determine the best use for the funds.

Save2Build encourages clients to continue credit building because without active lines of credit, you cease to have a credit score. Due to the fact that Save2build is reported as a loan, once it is paid off, it will no longer provide benefit to the score like a credit card might. If the client only has Save2Build as a sole source of credit on their report and does not establish a new line of credit at the end of the program, they may in fact experience a decrease in their recently gained progress. For this reason, the training for the coaches leans strongly towards encouraging continued credit building as the use of the savings.

## Evaluation & Metrics of Success

The Save2Build pilot will be evaluated around the following **hypothesis**:

*Will Save2Build impact students' ability to build personal savings, improve credit, increase confidence in ability navigate financial systems, and change long-term financial behaviors?*

To gather data to evaluate this hypothesis, the Save2Build program will track student IDs alongside participants' progress with the credit-building product. Justine PETERSEN will pull students' credit reports at the start of the program and upon program completion. UWKC will also have students fill out a pre- and post-survey. United Way will be able to use all of this data to measure the success of the pilot and evaluate its potential to scale.

One key challenge with evaluation for a program of this kind is that it is difficult to draw a specific connection between this particular intervention and a student's educational outcome. The hope is that Save2Build will be one of *many* supports that students receive throughout their time in school to help get them to graduation. Thus, though there are many ways to determine program success, the following are some examples of metrics of success for Save2Build:

- Participants pay off the entire \$100 loan and receive the match funds
- Participants show an increased credit score from start to end of the program
- Participants demonstrate an increased interest in their long-term credit health by choosing to continue credit-building opportunities post-program (roll over match funds to a secured credit card, pay down existing debt, negotiate with any collectors, etc)



- Participants persist into the next educational quarter (and ultimately complete their degree/certificate program)
- Participants attend all three 1-on-1 coaching sessions and walk away with a plan for their match funds, an understanding of credit, a confidence to choose their own bank to continue saving, and a connection to other public benefits that they may be eligible for (if applicable)
- Participants walk away from the program having created and/or maintained a balance in a savings account

Save2Build partner organization Justine PETERSEN has agreed to support the evaluative component to the Save2Build program, tracking student ID alongside client progress. JP will include student ID to populate on online client management portal and provide access to export data from portal as needed, updated every 24 hours.

## About the Pilot Campuses, Cascadia College and UW Bothell

Cascadia College is a community college located in Bothell, Washington on a shared campus with the University of Washington Bothell. The University of Washington Bothell is a four-year undergraduate and graduate campus in northeast King County, one of the three campuses of the public University of Washington. Though UW Bothell is not a community college, the school has a relatively high percentage of low-income/Pell eligible students. Cascadia/UW Bothell was chosen as the 2019 pilot site due to the strength and success of the Benefits Hub on both campuses. As of January 22, 2019, 88 students had already been connected with Benefits Hub services. Given that the pilot goal is to enroll 80 students in Save2Build, partnering with Cascadia/UW Bothell was a viable choice.

	% receiving Pell Grants	Graduation rate	% of students employed while enrolled
Cascadia	10%	29%	58%
UW Bothell	32%	64%	<i>not available</i>

## Roles & Responsibilities

Roles & Responsibilities, Spring 2019 Pilot	
Justine PETERSON Program Leader	<ol style="list-style-type: none"> <li>1. Facilitate partnership on behalf of Justine PETERSEN</li> <li>2. Provide coaching to Janet and Bailey on credit/screening candidates</li> </ol>



Sound Outreach Financial Coach	<ol style="list-style-type: none"> <li>1. Meet with each student once for mandatory credit education session</li> <li>2. Host two Save2Build Cohort workshops on credit (open to all students)</li> <li>3. Refer eligible students to Save2Build Program</li> <li>4. Prepare banking literacy materials and meet with students who opt-in to a final coaching appointment to set up new savings accounts</li> </ol>
Benefits Hub Americorps Direct Service Member	<ol style="list-style-type: none"> <li>1. Meet with students TWICE for savings goal-setting &amp; other needs</li> <li>2. Outreach and enrollment</li> <li>3. Support Janet with coordinating workshops</li> </ol>
Within Reach Member	<ol style="list-style-type: none"> <li>1. Refer eligible students to Save2Build Program</li> </ol>
UWB/C Campus Champion (Rosemary Simmons)	<ol style="list-style-type: none"> <li>1. Support program promotion and enrollment</li> </ol>
UWKC Program Manager (Charlotte Gavell)	<ol style="list-style-type: none"> <li>1. Oversee program &amp; train future VISTA on Save2Build</li> <li>2. Manage relationship with Justine PETERSEN</li> <li>3. Oversee pilot evaluation</li> <li>4. For the time being, Charlotte will be the designated UWKC member to receive the checks upon program completion</li> </ol>
Emerson Hunger Fellow (Jade A Harvey)	<ol style="list-style-type: none"> <li>1. Pilot research</li> <li>2. Support initial program rollout, outreach, and enrollment</li> </ol>

- For technical support, Charlotte will be the point of contact with Justine PETERSEN
- Financial coaches will provide Charlotte and Tori with weekly progress updates

## Costs

Description	Total
Membership fee (JP)	\$1,500
Data Tracking Fee (JP)	\$1,655
Match Management (JP)	\$3,412.50
Match funds (approx. \$200 for 80 students)	\$16,000
	<b>\$22,667.50</b>



## Risks

This pilot relies heavily on the strength of the financial coaches to keep participants engaged and provide high-quality counseling and support. The largest challenge to a program of this size is participant retention. Marketing and ongoing support/retention will be key to program success. In terms of monetary risk, only students who complete the program will receive UWKC match funds, so the majority of the budget will not be distributed upfront, thus making the financial risk minimal.

### What happens if participants become delinquent?

Save2Build loans are 100% secured. Participants can exit the program at any time with no penalty; funds that clients have already paid will be returned to them minus any late fees. The financial coaches will monitor accounts weekly to catch students before the point of intervention. Save2Build loans offer a 15 day grace period for a payment to still be considered on-time. After 15 days, Justine PETERSEN will collect a \$2.50 flat late fee; if there are insufficient funds to collect the fee, then the participant will be charged \$25. After 60 days of non-payment, the account will close. There will be no collection cost on delinquent accounts; JP can waive hardship fees in certain circumstances.

According to Justine PETERSEN, if a Save2Build account is closed early, GRCC will take funds from the client's savings account to pay off the loan and any accrued fees, and will report to the credit bureaus that the loan is "paid off" – a status that does not have a negative effect on the credit score. If the savings account does not cover the loan balance and any accrued fees – GRCC will absorb the loss. If there's money left in the savings account after the loan is paid off, GRCC will mail a check to the clients at the address provided on the loan documents.

## Recommendations for Scaling

**Paid Program Ambassador Opportunity for Student:** It would be powerful to have a Save2Build program ambassador that would hold meetings and work with Benefits Hub to run the Save2Build Cohort community. This person would be a paid intern, current community college student. UWKC should strive to hire a diverse student with lived experience with hunger and/or poverty to fill this role. The Cohort Ambassador's key role would be to organize outreach and cohort events in the interest of fostering a community of savers that can mutually support and relate to each other as they navigate the program.

One Benefits Hub Coach at each pilot site should be trained to work with the Save2Build Cohort Ambassador. An independent study of the MIDAS college matched savings program (a model used when researching Save2Build) study emphasized the importance of having a designated person working specifically on the program: "A full-time staff person would've needed to be fully allocated



and funded to be in charge of the Matched Savings Program rather than having staff who play other roles attempt to fit this in on the side.” The Cohort Ambassador will be the glue to keeping the program relevant, engaging, and impactful on campus.

**An Opt-Out Model:** Looking beyond the pilot period, UWKC should consider an “opt-out” model for Save2Build, should funding permit. In the case of Save2Build, this would mean sending information on the program to all new community college students who receive financial aid. UWKC could partner with financial aid offices to make sure that when students receive their aid packages from the school, they also receive a form that lets them know that they are already eligible for Save2Build and that they solely need to return the form to begin participation.

**Consider tandas or Community Lending Circles:** A tanda is the Latin American term for an informal rotating savings and credit association. A tanda may be managed in different ways. The way it usually works is a group of people that know each other get together to collect money (either weekly, monthly, etc) to help each other financially. Participants come up with rules that benefit the group. Usually there is an amount of money and number of people in the group that they all agree to in order to have cash right away. When they come to an agreement of who will be in the tanda and how much it will be (either weekly, monthly, etc), they decide the order of who is going to receive the money.<sup>26</sup>

As an example, a tanda is formed between ten friends. Each member gives \$50 every two weeks to the group's organizer. At the end of the month, one participant gets the "pot" of \$1000. This continues until each member has received the pot. Tandas play not only an important economic role in the lives of participants, but they also serve an important social and emotional function. According to anthropologist Lourdes Gutierrez Najera, for Mexican migrant women, in particular, tandas facilitate social networks and makes them feel less isolated living in new cities. There are now many People of Color-owned companies that have modernized tandas with online platforms. A lot of these platforms address issues like transparency, organization, money collection, and distribution. Formalized tandas are a compelling way to help low-income individuals (especially those who are unbanked) build affordable access to capital alongside building community.

#### **Inspiration and Further Reading on tandas:**

- [East LA Community Corporation \(ELACC\)](#)
- [Banking the Unbanked: How Savings Circles Can Help the Poor Build Affordable Access to Capital](#)
- [How Lending Circles Create Community Resilience](#)
- [Mission Asset Fund](#)
- [Koreatown Youth Community Center Lending Circles](#)

<sup>26</sup> Vélez-Ibáñez, Carlos (2010). *An Impossible Living in a Transborder World: Culture, Confianza, and Economy of Mexican-Origin Populations*. University of Arizona Press.



## About Save2Build Partner Organization: Justine PETERSEN

Justine PETERSEN will administer the Save2Build program. The organization’s mission statement is as follows: “Justine PETERSEN gives people opportunities to create new futures for themselves and their families by helping them become and stay homeowners, start and run successful businesses, access education, begin and manage personal savings programs.” Justine PETERSEN launched Credit Building Nation – a partnership model with other nonprofit organizations to expand credit building across the country – to address the lack of access to credit building products in various geographic markets. The Save2Build product falls beneath the Credit Building Nation umbrella program (<http://creditbuildingnation.org/>). Justine Petersen’s CDFI, Great Rivers Community Capital, issues the credit builder loan to eligible clients from certified partner organizations (i.e. United Way of King County).



As of 2018, Justine PETERSEN, through Credit Building Nation, has partnered with 72 organizations in 18 states, opening over 1,700 Credit Builder Loans.

**Point of Contact:** Katie Kristensen [kkristensen@justinepetersen.org](mailto:kkristensen@justinepetersen.org)

# APPENDIX

## Alternatives to Save2Build: *Other Interventions and Contacts*

### Strictly Matched Savings: “Savings Reward Program”

Over the course of six months and with the support of a Benefits Hub AmeriCorps member, students who participate in the “Savings Reward Program” will work towards reaching a personalized savings goal. Upon completion of the program, United Way of King County will provide a “match” of additional funds to those who have satisfied the program requirements.

**Goal:** Help 80 low-income students across two campuses save towards \$500 in order to support educational persistence



### How it Works:

If you save at least \$20 per month over the course of 6 months to meet the *minimum match-eligible goal* of \$100<sup>27</sup>, you will receive a 1:1 match (\$100) for a total of \$200 in savings

If you save the *maximum match-eligible goal* of \$250, you will receive a 1:1 match (\$250) for a total of **\$500 in savings**

During 1-on-1 check-in with Benefits Hub Member, Savers will have the opportunity to provide documentation to earn the following bonus rewards:

- If you **file your taxes** on time → \$10 bonus reward
- If you **file your FAFSA** on time → \$10 bonus reward
- If you meet your **savings goal** → \$10 bonus reward
- If you **attend** all 1-on-1 check-ins + all Savings Cohort Meetings → \$10 bonus reward

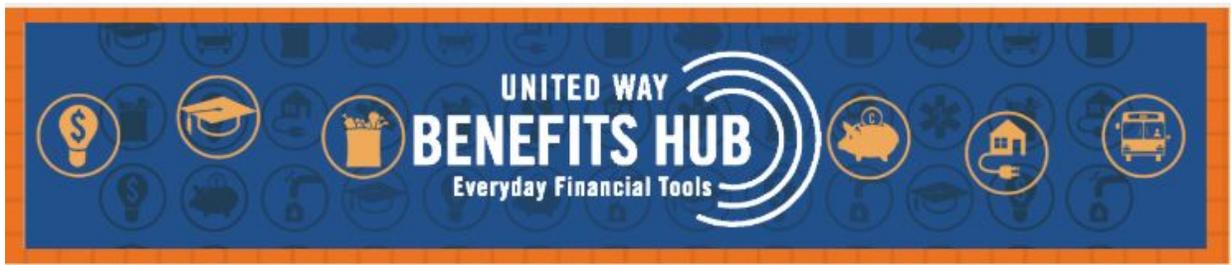
### Potential Partners:

Option A: **Casa of Oregon** (<http://www.casaoforegon.org/>) is open to exploring the opportunity to partner with United Way of King County on a customized matched savings program. Casa of Oregon has administered over a dozen matched savings programs, including several serving students in the Pacific Northwest region. Casa of Oregon would facilitate a relationship with a financial institution partner to host the savings accounts, review applications, enter and collect data, and cut checks upon program completion. The organization has expressed the ability to be flexible and customize their program to UWKC's needs.

Contact: Rebekah Bassett ([rebekah@casaoforegon.org](mailto:rebekah@casaoforegon.org))

Option B: **Qapital** (<https://www.qapital.com/>) has also expressed interest in partnering with United Way of King County. Qapital is a savings account that accepts transfers from your linked checking account, though your actual spending Triggers may come from credit cards or a PayPal account. When you first download Qapital and create a bank account, you will have the opportunity to link a checking account you already have. Your checking account becomes your "funding

<sup>27</sup> Saving must be on-going. All program participants must contribute at least \$16 per month, working towards the minimum savings goal of \$100 by the June match-eligible cut off date (TBD) in order to receive a match. Any saver who experienced a financial emergency during the program time and does not meet the minimum goal by the cutoff will have an opportunity to apply for an exemption, though exemptions will be rare and should not be expected.



account”. FDIC insurance is maintained by Wells Fargo Bank, where Qapital accounts are held. Qapital expressed a strong interest in pursuing a community partnership. Though we chose to not further pursue a partnership with Qapital, there is a strong interest in using the strengths of the growing “fin-tech” (financial technology) field to better serve low-income clients.

Contact: Josue Ledesma ([josue.ledesma@qapital.com](mailto:josue.ledesma@qapital.com))

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