

Example of a Partnership: Lenders for Community Development teams with Canada Community College

The organizations

Lender for Community Development is a micro lending organization in the San Jose, California area. Well-respected with a long history in the community, they have been offering IDAs for approximately nine years. As housing prices escalated in the San Jose area they started to have high attrition in their homeownership IDAs. Consequently, they moved into micro enterprise and education IDAs and started seeking postsecondary partners.

Canada College, located in the San Jose area, is one of the smaller community colleges in the district with only 6000 students. They primarily serve local Hispanic residents of which a great majority are low income first-generation college students. The college has petitioned to stay small in size to offer more personal service for their student body because they know the students would have difficulty surviving on a large, bureaucratic, and complex campus. Canada College seemed a perfect match for education IDAs.

Reasons for participation

Canada staff recognized that almost all their students are low income and come from a culture of poverty. The EOPS director noted that she grew up low income and she understands firsthand how the low-income students approach life. In particular, they do not understand debt, assets, or banking. The director, herself, is still trying to learn these lessons. All of the staff members on this campus discussed how financial education is critical to their student body and their future success. Learning content skills in science will not be enough to help them overcome their culture of poverty.

The identified need and target audiences for IDAs

The director of financial aid saw that many undocumented students were unable to get financial aid and needed assistance. Many of their low income, Hispanic students were also hesitant to take out debt. Some students had poor credit scores and previously defaulted on loans. Consequently, this required an alternative way to pay for their education. Also, many community college students are hesitant to take out loans to transfer to a four year institution. The director had these identified needs when the letter came from Lenders describing the program.

The partnership

While their partnership is still evolving, they began the collaboration by sharing the following functions:

Lender's manages most aspects of the IDA including:

1. Manage grants (IDA money)
2. Raise match funds
3. Maintain bank partnership
4. Provides account management
5. Provides case management
6. Provides financial education

Canada College supports Lenders with the following aspects of the IDA:

1. Provides recruitment - As a trusted recruiter to Canada College students, the school invites them to information sessions presented by Lenders.
2. Process financial aid - Canada College understands the IDA and how it is processed in financial aid to help the IDA most effectively support low-income clients.
3. Considering providing case management and advisement to directly answer students' questions.

25 students showed up for the first recruitment session, but as word of mouth spreads they know that each year they will get more students. Most of the students were recruited from TRIO and EOPS, which is a very large proportion of their student body. At present they have seven students who have signed up to save money, completed the financial education, and have opened accounts. These students will be saving for the next year and then will need to start spending in the second year. The students are generally saving to transfer to a four-year institution which will cost more than their current institution. At present, the colleges' lower-income students' tuition and books are covered by federal and state financial aid.

This relationship appears to work well for both partners; neither has to put in too much extra work and the partnership draws on their respective expertise. While they have only a small number of students saving right now, both partners are happy that the program is off the ground and see the potential for growth over the coming years.

Consideration for Recruitment and Marketing

Most community college students have tuition and books paid for by financial aid and subsequently would not respond to a generic letter about other opportunities for financial aid through IDAs. Non-profits need to work with postsecondary institutions to identify funding gaps (which there usually are some) and to communicate this need to students to make sure they attend information sessions.

Future Opportunities

As this partnership evolves, Canada College can see more opportunities for expanding the notion of the IDAs to have greater impact on the campus. In particular, the college is looking at the following ways to expand the financial education aspect of the IDA on their campus:

EOPS: The EOPS director would like to make information about IDAs part of the mandatory orientation for EOPS. She believes that all students in the program would benefit from financial education training. They also realize that having people who were once in poverty in these sessions would show the current students that the skills and philosophy presented are not only “for middle-class people” but for them as well and to escape poverty.

First-year experience course: While not all students are required to take this course, most of their ESL students and many of their at-risk students take this course. Canada College would like to bring in lending institutions as well as nonprofits such as Lenders to help provide this aspect of the curriculum. There is recognition that a onetime workshop will not provide enough skills to achieve middle class status.

Professional development of faculty and staff: Canada College would like to have professional development for their administrators and instructors and talk about ways that financial literacy can be infused into the curriculum of the associate degree.

Academic advising: Since there are many students who are not in any special program, they feel advising staff should be familiar with financial education. This will enable the advisors to provide proper advice to students during their appointments. They recognize that the academic counselors tend to get more questions related to student life than academics, and that they need to change their training to support this expanded role.

Career courses: Canada College offers career courses and sees IDAs as a logical opportunity for offering financial education as well. They would like to train the career counselors on financial education and offer ongoing workshops out of the career center about financial education.

Parent and financial education: Canada staff also conducts orientations and workshops for parents. They realized that parents also need this financial education and can bring it back to the family and have greater exposure within the community. They are thinking about seminars on “how do people get ahead?” Currently they cover some information on financial aid, but want to expand it more broadly to other areas of financial education.

Campus outreach: Canada College also sees the opportunity to include information about financial education and IDAs in their Upward Bound program. Students often fear that they will not be able to afford higher education and do not understand the financial implications of attending college. The college believes that they could get some parents to save for students in the Upward Bound program, particularly those who are going straight into a four-year institution. They know that students are worried about the cost of going straight to a four year school and that talking about IDAs might help them to aspire to immediately attend a four-year institution.

Note:

This document gives you an example of a working IDA partnership between a postsecondary institution and a non profit. As you begin exploratory discussions on behalf of your college with a nonprofit, your experience in successfully offering and administering IDAs may differ from this example. Each college and nonprofit will work together, maximizing each their respective strengths, to best offer IDAs to students.

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