



2006 FINANCIAL AND COMMUNITY EDUCATION PROGRAM MANUAL

ACKNOWLEDGEMENTS

Upon arrival in September, 2005, it did not take me long to realize the Financial and Community Education department of the Center for Economic Progress is able to conduct a myriad of workshops, classes, and special services to a rather large community in Chicago – however, there was no one place that one could look to find information about they amazing work they are able to accomplish. As such, during my field placement as a Bill Emerson National Hunger Fellow at the Center for Economic Progress, I created this comprehensive program manual for the department and the Center as whole.

The Bill Emerson National Hunger Fellowship is a program through the Congressional Hunger Center in Washington, DC. This anti-hunger, anti-poverty program, whose mission is to fight hunger by developing leaders, works with young adults who are passionate about social justice issues in order to cultivate educated advocates.

This manual would not have been possible if it were not for the dedicated efforts of the staff of the Financial and Community Education department, including O.S. Owen and Steve Neumann. The wealth of knowledge that was imparted to me and the time donated by various staff of the entire Center for Economic Progress to aide my research has not gone overlooked and was extremely appreciated.

In closing, I would like to dedicate this manual to all of the working families and individuals whom may benefit from our financial education services. It is the knowledge of your daily plight that serves as motivation for us to combat hunger and poverty from all sides so that you will no longer have to struggle. The work that the Financial and Community Education department of the Center for Economic Progress conducts speaks for itself – I was only meant to be its scribe.

Sincerely,
Shijuade Kadree
Financial and Community Education Fellow, Center for Economic Progress,
Bill Emerson National Hunger Fellow 2005, Congressional Hunger Center

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INTRODUCTION

The FCE department promotes economic self-sufficiency and works to ensure a future of security, stability and growth. The programs provide resources for working families, assisting them to develop, practice and maintain healthy spending, saving and credit habits. During 2005, the Financial and Community Education department conducted approximately 120 workshops and helped over 1600 clients. Through one-on-one credit counseling, budgeting and finance workshops and directly assisting workers to maximize their income and earning, the Center's Financial and Community Education department helps strengthen families and build communities. Information about the diverse programs that the department oversees can be found in the following pages*.

Financial and Community Education department (FCE) is an integral part of the Center for Economic Progress. The FCE department primarily manages outreach for the entire Center, as well as conducts various financial education programs, primarily in the city of Chicago. Initiated in 2001 and expanded through the First Accounts program in 2002-2004, the Center's FCE work now includes a wide array of programs and services. Prior to the spring of 2005, the outreach and financial literacy programs were operated by different offices within the Center. However, as the programs expanded, it became evident that it would be necessary to combine these two programs into one department to maximize the output of both. The two departments combined forces in the spring of 2005 and FCE has since grown exponentially.

The FCE department currently conducts financial education classes in several neighborhoods in Chicago, gearing our core workshops to the particular needs of the clients. Classes are held in community-based settings, such as at local banks and resource centers and are offered in English and Spanish where possible. Financial education messages are incorporated into all programs, with repeated messages such as "it makes sense to have a bank account," as well as messages designed to steer consumers away from payday lenders, refund anticipation loans, rent-to-own stores, currency exchanges, and other predatory forms of lending and credit.

* Program manual updated: 2/2006



Core Financial and Community Education Programs

CENTERS FOR WORKING FAMILIES

- ✦ **Project Genesis:** Since its founding in 1948 by Jim Casey of the United Parcel Service (UPS), The Annie E. Casey Foundation (AECF) has sought to improve the lives of disadvantaged children and their families through “[fostering] public policies, human service reforms and community supports¹”. The AECF has acknowledged that there is a large underserved population that does not have access to the financial, educational and social capital that are required to adequately and consistently support today’s families. As a result, they have concentrated their efforts on supporting these families by providing them access to the necessary resources that will allow them to “secure adequate incomes, accumulate savings and live in stable, economically viable neighborhoods.²” Through a philosophy entitled “Family Economic Success,” the AECF utilizes a mixture of “workforce development, family economic supports and community investment” to reconnect these families to conventional financial institutions³.

A physical component of this strategy has been the creation of the Centers for Working Families (CWF). By launching themselves in already established community locations such as schools and family resource centers, these centers attempt to consolidate certain services and outreach programs so that their clients can benefit from a “one-stop shopping” experience. Each center is tailored to the community it serves, offering a range of opportunities for their clients in the fields of workforce development and employment services, and public benefits screening and related income supports, housing programs, financial services and asset building, education, and other related programs. As each location is able to assess and identify the needs of its community, either in-house or by forging partnerships through collaboration, a center will broaden its gamut of services.

- ✦ **Primary Funder:** Annie E. Casey Foundation, local and national funders
- ✦ **Project Mission:** The CWFs offer low-income families “conveniently located centers that provide a supportive and resource-rich environment” so that they can gain access to the proper financial tools for economic success⁴.
- ✦ **Project Goals:** To bundle the services of the non-profit, private and public sectors to assist low-income families in increasing their income.
- ✦ **Locations:** Currently, these centers are located in cities throughout the United States, including New York, Baltimore, Chicago, and Atlanta.

¹ <http://www.aecf.org/>

² <http://www.aecf.org/initiatives/fes/center/>.

³ Ibid.

⁴ Ibid.

✦ **Local Intermediary:** In Chicago, the Local Initiatives Support Corporation (LISC) has played a key role in funding and providing technical support for the CWF network. At present, there are three organizations that are sponsor sites for CWF: the North Lawndale Employment Network, the Southeast Chicago Development Commission and the Near West Side Community Development Corporation.

✦ **Contact Information:**

For more information on the Annie E. Casey Foundation and its projects and initiatives, please visit their website at:

<http://www.aecf.org>

I. North Lawndale Employment Network

A. Neighborhood Profile: North Lawndale

✦ Racial Demographics:

Black/African-American	98.1%
Latino	1.0
White/Caucasian	0.8
Asian/Pacific Islander	0.1
Other	0.1

✦ Education Levels:

Less than 9th Grade	11.9%
High School Graduate	29.9
Associate's Degree	4.4
Bachelor's Degree	4.1
Graduate or Professional Degree	1.9

✦ Poverty Levels:

In Labor Force*	49.2%
Individuals Below Poverty Level	37.6
Families Below Poverty Level	33.8
Per Capita Income (\$)	9,797

*Age 16 or over

✦ Housing Information:

Occupied Housing Units	86.7%
Owner Occupied Housing	29.3
Renter Occupied Housing	70.7
Median Home Value (\$)	89,200

Located on the Westside of Chicago, North Lawndale is a predominantly African-American neighborhood, although it has seen an increase in its Latino population in the last decade. Additionally, with approximately 34% of its families living below the poverty level, North Lawndale ranks among Chicago's poorest neighborhoods⁵. North Lawndale is also known as an inmate dropping point – a location where formerly incarcerated individuals are released – thus creating large concentrations of former inmates in the area. Despite these staggering statistics, over the last 10 years North Lawndale has begun to see a change in the economic vitality of the neighborhood, “including a grocery store and cinema on Roosevelt Road, several housing developments, and the creation of the Homan Square Community Center in the former Sears complex.”⁶ Community residents note that they are happy to see the improvements, such as a new police and fire station, and look forward to the time when “... loud popping noises aren't ... gunshots, but rather fireworks in honor of the many grammar school, high school and college graduates.”⁷

B. Lead Agency: North Lawndale Employment Network

✦ **Agency Genesis:** Through a five-year long community planning process facilitated by the Steans Family Foundation⁸, the North Lawndale Employment Network (NLEN) was created in 1997. Located in the heart of the North Lawndale neighborhood, and with a network of various organizations and agencies, the staff at the North Lawndale Employment Network seeks to assist individuals in the community in finding suitable employment.

✦ **Agency Mission:** To improve the earnings potential of North Lawndale residents through innovative employment initiatives that lead to economic advancement and an improved quality of life⁹.

✦ **Programs Offered:**

- 1) *The Resource Center* – At the Resource Center, NLEN offers access to services that will help their clients better prepare for entering the workforce. They offer workshops such as a half-day basic computer training to make their clients more marketable. Furthermore, with over 100 partner organizations, NLEN's Resource Center is able to create an employer referral network for its clients seeking employment.
- 2) *U-Turn Permitted* – U-Turn Permitted, a program that offers case management and employment counseling, specifically caters to formerly incarcerated individuals. This unique program combines a wide range of services to facilitate these individuals' re-entry into society. Services include individual needs assessment, peer group and mentoring support, as well as job placement and follow-up services.

⁵ <http://www.census.gov>.

⁶ <http://www.newcommunities.org/communities/northlawndale/about.asp?communityID=9>.

⁷ Ibid.

⁸ For more information about the Steans Family Foundation, please see page 22

⁹ <http://nlen.org/who.htm>.

- 3) *Building Beyond!* – Building Beyond! is a six-week job readiness program aimed at youth in North Lawndale between ages 17 and 24. The program focuses on teaching young adults skills, such as basic computer education, that will adequately prepare them to “enter the workforce and become successful, self-sufficient, and active citizens.¹⁰”
- 4) *Sweet Beginnings* – As a means of promoting local economic development, NLEN launched the Sweet Beginnings program, an “Urban Honey Transitional Jobs Initiative.¹¹” All participants in Sweet Beginnings must first complete the U-Turn Permitted program. Since its inception in the summer of 2004, the Sweet Beginnings project has accumulated over 40 beehives throughout North Lawndale, as well as launching *beeline* –an urban honey company. Currently, *beeline* sells honey to several local restaurants, as well as producing other products such as lip balm and honey facial scrub.

✦ **Contact Information:**

For more information about the North Lawndale Employment Network and their programs, please visit their website at:

<http://nlen.org/index.htm>

C. CEP Role:

1. **Tax Counseling Project:** The Center for Economic Progress’ Tax Counseling Project currently offers a free tax preparation site in North Lawndale at the Homan Square Community Center.
 - a. **Volume of Participants:** 682 (2005 tax season)
 - b. **Frequency of Participant Service:** Annual
 - c. **Duration of Service:** 45 min – 1 hour
2. **Financial and Community Education:** Collaboration between the Financial and Community Education (FCE) department and the North Lawndale Employment Network began in October of 2004. The FCE department currently offers the following services to complement NLEN’s offerings:
 - Basic and customized financial education workshops – FAFSA, Credit and Credit Reports, Budgeting, W4 and Taxes, and others as needed. Also provides links to the Save Up IDA program, and other Center services.
 - Basic and advanced one-on-one budget and credit counseling
 - a. **Volume of Participants:** 129 (2005)
 - b. **Frequency of Participant Service:** workshops and one-on-one counseling sessions are offered from 1 – 3 times a month
 - c. **Duration of Service:** 30 min – 2 hours

¹⁰ <http://nlen.org/building.htm>.

¹¹ Ibid.

D. Curricula:

All training curricula for classes offered can be found on the Financial and Community Education training drive:

U:\Curriculum\Curriculum Inventory

U:\Centers for Working Families\Baseline Tools

Curricula can also be located in Appendices A-1, A-2 and A-3.

E. Outcome Tracking:

Currently, NLEN uses Project Match to track its participants' progress in their agency, in all services provided by the CWF. The system is designed to capture services delivered as well as client outcomes. Clients who attend one-on-one counseling with staff of the FCE department may have follow-up appointments based on need.

F. Contact Information:

For more information on the North Lawndale Employment Network and the Financial and Community Education programs, please contact:

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II. Southeast Chicago Development Corporation

A. Neighborhood Profile: Southeast Chicago

✦ Racial Demographics:

Black/African-American	54.6%
Latino	34.3
White/Caucasian	23.6
Asian/Pacific Islander	0.2
Other	0.5

✦ Education Levels:

Less than 9th Grade	13.0%
High School Graduate	28.1
Associate's Degree	5.4
Bachelor's Degree	8.8
Graduate or Professional Degree	4.5

✦ Poverty Levels:

In Labor Force*	55.0%
Individuals Below Poverty Level	20.5
Families Below Poverty Level	17.3
Per Capita Income (\$)	15,226

*Age 16 and over

✦ Housing Information:

Occupied Housing Units	91.9%
Owner Occupied Housing	61.7
Renter Occupied Housing	38.3
Median Home Value (\$)	90,400

The area of Southeast Chicago developed around two major steel industries – the USX South Works mill and Wisconsin Steel. Unfortunately, both of these steel mills closed by the early 1990s, leaving over 20,000 people unemployed. The steel mills not only adversely affected the economic stability of the neighborhood, leading to rapid disinvestment in the neighborhood, but it also left the area an environmental sinkhole, with such hazards as brownfields scattered throughout. Despite the economic downturn of the neighborhood, currently less than one-fifth of the families live below the poverty level. Southeast Chicago is also unique in its racial demographic make-up, with large populations of African-American, Caucasian and Latino residents. Residents note that there are continuing racial tensions between the three main groups, with few mechanisms in place to alleviate the strain. They also note that they disproportionately experience “predatory lending, boarded housing, lack of green space, gang activity and prostitution.”¹²

B. Lead Agency: Southeast Chicago Development Commission

- ✦ **Agency Genesis:** The Southeast Chicago Development Commission (SCDCom) was founded in 1981 by local business and community leaders who saw the economic havoc wrought on the neighborhood after the steel mills closed. The founders wanted to create an agency that could serve as an engine for economic development for the area.

- ✦ **Agency Mission:** To create economic opportunity in this far southeast Chicago area, which was devastated by the contraction of the steel industry and recession of the late 1970s and 1980s¹³.

- ✦ **Other Programs Offered:**
 - 1) *Workforce Development* - SCDCom offers a Job Resource Center which offers assistance to both employees and employers. To employees, they offer such services as computer and resume writing assistance and direct referrals to employers. For employers, they provide a well-trained and driven work population.

 - 2) *Retail Business Development* – SCDCom works with local businesses and the Chamber of Commerce in order to revitalize and attract new businesses to Southeast Chicago’s business districts. In order to capitalize on the economic potential of the location, SCDCom staff members market these business districts to local and national retailers and entrepreneurs. They also, in collaboration with the Chamber of Commerce, offer business management classes to local business owners.

 - 3) *New Communities Program* – SCDCom is part of the multi-million dollar Local Initiatives Support Commission (LISC) program, the New Communities Program. This program helps local community development corporations improve their neighborhoods.

¹² <http://www.newcommunities.org/communities/southchicago/about.asp?communityID=11>.

¹³ <http://www.southeastchicago.org/>.

- 4) *Environmental Affairs/Economic Affairs* – This council works with community members to empower them to address local environmental concerns. Furthermore, “SCDCom encourages the growth of new industries and development while recognizing the area's environmental resources as assets rather than impediments.¹⁴”
- 5) *The Observer Newspaper* – *The Observer* newspaper, published 20 times a year, is tailored to reach the underserved population in southeast Chicago. It informs its audience about neighborhood and community development, local events and local businesses. They are also working with residents to develop a Quality of Life plan in which they will seek to find the most equally beneficial plan to redevelop the USX South Works mill site.

✦ **Contact Information:**

For more information on the Southeast Chicago Development Commission and its programs, please visit their website:

<http://www.southeastchicago.org/>

C. CEP Role:

1. **Tax Counseling Project:** The Center for Economic Progress' Tax Counseling Project currently provides free tax preparation services at the Southeast Chicago Development Commission Job Resource Center.
 - a. **Volume of Participants:** 210 (2005 tax season)
 - b. **Frequency of Participant Service:** Annual
 - c. **Duration of Service:** 45 min – 1 hour
2. **Financial and Community Education:** The Financial and Community Education department will be offering consulting and technical assistance services to SCDCom as they work to establish a direct financial services program.
 - a. **Volume of Participants:** N/A
 - b. **Frequency of Participant Service:** Weekly
 - c. **Duration of Service:** 2-3 hours per class

D. Curricula:

N/A

E. Outcome Tracking:

Currently, SCDCom uses Project Match to track its participants' progress in their agency, in all services provided by the CWF. The system is designed to capture services delivered as well as client outcomes.

¹⁴ Ibid.

F. Contact Information:

For more information about the Southeast Chicago Development Commission and the Financial and Community Education programs, please contact the following:

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III. Near West Side Community Development Corporation

A. Neighborhood Profile: Near West

✦ Racial Demographics:

Black/African-American	65.6%
Latino	14.0
White/Caucasian	18.9
Asian/Pacific Islander	5.7
Other	0.2

✦ Education Levels:

Less than 9th Grade	13.3%
High School Graduate	21.5
Associate's Degree	4.3
Bachelor's Degree	11.2
Graduate or Professional Degree	7.5

✦ Poverty Levels:

In Labor Force*	63.9%
Individuals Below Poverty Level	36.2
Families Below Poverty Level	29.9
Per Capita Income (\$)	12,746

*Age 16 and over

✦ Housing Information:

Occupied Housing Units	84.8%
Owner Occupied Housing	25.9
Renter Occupied Housing	74.1
Median Home Value (\$)	146,500

Near West is a community that, since the late 1950s, has been on the decline. In 1957, the Chicago Housing Authority razed 12 city blocks in order to build the infamous Henry Horner Homes public housing development¹⁵. Combined with riots in 1968 after the assassination of Dr. Martin Luther King, “[s]ubsequent disinvestment contributed to widespread loss of housing and commercial structures.¹⁶” Although on a continual downhill trend, over the last decade and a half, the residents have joined forces to restore the community. For example, in the 1990s, residents signed an agreement with the Chicago Bulls to aid in their revitalization process. The Bulls wanted to build United Center Stadium, and in return for building this stadium, in collaboration with the City of Chicago, the Bulls agreed to such terms as rebuilding housing and a new branch library for the neighborhood. These new developments served as a catalyst for the introduction of businesses to the area, such as a new bank branch and a Walgreens. Despite efforts to stimulate the local economy however, almost one-third of the families in this predominantly African-American community still live below the poverty level.

B. Lead Agency: Near West Side Community Development Corporation

- ✦ **Agency Genesis:** The Near West Side Community Development Corporation (NWSCDC) was established in 1987. The organization formed when neighbors initially rallied against the Chicago Cubs building a stadium in their neighborhood in 1987. They become incorporated in 1988 and have primarily concentrated their efforts in the one-square mile area of West Haven.
- ✦ **Agency Mission:** To create a viable mixed-income community without displacement¹⁷.
- ✦ **Other Programs Offered:**
 - 1) *Housing Assistance* – NWSCDC offers home ownership counseling to area residents. The Home Visitors Program works directly with residents to ease the transition associated with moving out of high-rise public housing and into mixed income communities.
 - 2) *Employment and Career Development* – NWSCDC offer job readiness skills such as resume preparation, job interview skills and training, job search assistance and education/skill training referrals.
 - 3) *Financial Literacy Services* – With trained case managers and in collaboration with the Center for Economic Progress, NWSCDC offers one-on-one financial counseling, debt management services, credit repair and free tax preparation services.
 - 4) *Social Services* – For those residents in immediate need of social supports, NWSCDC offers some direct services and referrals for family support, health and mental services as well as low-cost or free legal assistance.

¹⁵ <http://www.newcommunities.org/communities/westhaven/about.asp?communityID=13>.

¹⁶ Ibid.

¹⁷ Ibid.

- 5) *Community Connections* – NWSCDC offers support to those individuals and organizations who are seeking to get involved in their community by offering a referral network to agencies, organizations, schools and community services in West Haven.

✦ **Contact Information:**

For information about the Near West Side Community Development Corporation and its programs, please visit their website:

www.nearwestsidecdc.org

C. CEP Role:

1. **Tax Counseling Project:** The Center for Economic Progress' Tax Counseling Project offers a free tax preparation site at Malcolm X College, one of the Chicago City Colleges. In 2005, tax services were offered at Suder Elementary School, located in the West Haven neighborhood.
 - a. **Volume of Participants:** 128 (2005 tax season)
 - b. **Frequency of Participant Service:** Annually
 - c. **Duration of Service:** 45 min – 1 hour

2. **Financial and Community Education:** At NWSCDC, the Financial and Community Education department has been offering the following services since December of 2004:
 - Basic financial education
 - Staff coaching
 - Advanced budget and credit counseling
 - a. **Volume of Participants:** 201
 - b. **Frequency of Participant Service:** One-on-one counseling is offered 4 times a month
 - c. **Duration of Service:** Each counseling session can last anywhere from 1 to 3 hours

D. Curricula:

All training curricula for classes offered can be found on the Financial and Community Education training drive:

U:\Curriculum\Curriculum Inventory

U:\Centers for Working Families\Baseline Tools

Curricula can also be located in Appendices A-1, A-2 and A-3.

E. Outcome Tracking:

Staff at the NWSCDC use the web-based tracking software, Efforts to Outreach (ETO) to track their clients. Similar to the Project Match software, it allows staff to track the services their clients receive as well as their outcomes over time.

F. Contact Information:

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INDIVIDUAL DEVELOPMENT ACCOUNTS

- ✦ **Project Genesis:** In his 1993 book, *Assets and the Poor: A New American Welfare Policy*, Professor Michael Sherraden suggested that matching savings accounts be created to support the working poor. He believed that this incentive could be a way to address asset poverty, developing the personal safety net of valuable assets for the large low-to-moderate income population in the United States. He named these accounts “Individual Development Accounts (IDA).” The Federal government saw the merit in Sherraden’s idea and passed the Assets For Independence Act (or AFIA) to establish a funding source for matched savings¹⁸. Since Sherraden’s initial proposal, over 40 states have adopted Federal IDA programs, or are sponsored by numerous private and non-profit foundations¹⁹.

IDA programs typically target low to moderate income participants, who open an IDA account to save for a goal. Federally funded IDA accounts can only be used for three specific purposes – purchasing a first home, continuing post-secondary education or job training and starting a new business. Some programs leverage non-governmental funding to allow for other savings goals – such as a car or computer. These special interest bearing accounts can be sponsored by various organizations and banking institutions. Each IDA program has a unique design, but in general, most require that their clients participate in a series of financial literacy classes. A program may also stipulate eligibility based on income and residency. Finally, IDAs also have federally mandated matching ratios that can range anywhere from 2:1 to 4:1, depending on the use of the money and the availability of funds.

- ✦ **Primary Funder:** Federally and privately funded
- ✦ **Project Mission:** To enable low-income families to attain economic security by building assets.
- ✦ **Project Goals:** IDA participants are required to attend several sessions about basic financial literacy. After attending these workshops, they must then open a custodial account with a local banking institution. Once the participant has reached their savings goal, they are then able to pursue the asset, for example, a new house.
- ✦ **Locations:** All over the United States
- ✦ **Local Intermediary:** Steans Family Foundation
- ✦ **Contact Information:** For more information about Individual Development Accounts, please visit any of the following websites:

<http://www.idanetwork.org/index.php?section=home&page=home.html>

<http://www.nclabor.com/ida/ida.htm>

[www.abtassociates.com/reports/Final Eval Rpt 8-19-04.pdf](http://www.abtassociates.com/reports/Final_Eval_Rpt_8-19-04.pdf)

¹⁸See http://gwbweb.wustl.edu/csd/Areas_Work/Asset_building/IDAs/AFIA/ for more info

¹⁹<http://gwbweb.wustl.edu/people/fac/sherrade.html>.

I. Steans Family Foundation

A. Neighborhood Profile:

See *Centers for Working Families, Neighborhood Profile, North Lawndale Employment Network*, page 9

B. Lead Agency: Steans Family Foundation

- ✦ **Agency Genesis:** The Steans Family Foundation (SFF) was established in 1987, when the Steans family decided to adopt a sixth grade class for the “I Have a Dream” project. Following these children from their elementary education through high school opened the family’s eyes to the kinds of social ills – such as high poverty and unemployment rates – that many of today’s families face. As such, they decided to continue their efforts to address these concerns. They broadened their scope from one classroom to one neighborhood – North Lawndale - in order to maximize the community benefit. North Lawndale, for the Steans family, was a community of “high unmet need and local strength,²⁰” thus making it an ideal location for their work.

Since officially establishing themselves within the North Lawndale community, the SFF has worked hard to create programs that will allow the participants to not only personally benefit, but will empower them to be catalysts for change in their community. With this mission in mind, the SFF follows eight guiding principles:

- 1) Building relationships
- 2) Developing networks
- 3) Seeking community input
- 4) Being willing to take risks
- 5) Doing hands-on philanthropy
- 6) Building physical and organizational infrastructure
- 7) Stimulating policy change
- 8) Developing individual and organizational capacity²¹

The SFF has partnered with 11 community organizations, including the Center for Economic Progress, to bring an Individual Development Account (IDA)²² program, *Save Up!*, to North Lawndale. With the support and cooperation of these agencies, the SFF has been able to leverage over one million dollars in grant money for the start-up and initial sustainability of the program.

- ✦ **Agency Mission:** The Steans Family Foundation concentrates its grant making and programs in North Lawndale, a revitalizing neighborhood on Chicago's Westside. By dedicating time, money, and skills, this small family foundation works in partnership with local residents and institutions to build and enhance the North Lawndale community²³.

²⁰ <http://www.steansfamilyfoundation.org/about/strategies.html>

²¹ Ibid.

²² For more information about IDA accounts, see page 21

²³ (<http://www.steansfamilyfoundation.org/>).

✦ **Other Programs Offered:**

- 1) *Family and Community Asset Building* – This objective includes a Small Grants Initiative program which provides grants to residents that create programs which will enhance the quality of the neighborhood. It also includes the *Save-Up!* IDA project.
- 2) *Education and Youth Development* – This strategy seeks to support the overall enrichment of the educational system in North Lawndale, from students to teachers to administrators. The Steans Family Foundation also funds programs that offer additional educational services, such as tutoring and mentoring, throughout the 10 elementary and 3 high schools.
- 3) *Health and Human Services* – This program area focuses on the health and well-being of youth, from birth to age five, and their families in North Lawndale.
- 4) *Housing and Economic Development* – The Steans Family Foundation works with various organizations to revitalize the housing and business sectors of North Lawndale.
- 5) *Human and Organizational Capacity Building* – In this area, partnerships are being created that will allow select North Lawndale non-profit leaders to enhance their skills and organizational abilities. For example, currently, certain non-profit leaders are able to receive a certificate in Nonprofit Management from the University of Illinois.

✦ **Contact Information:** For more information about the Steans Family Foundation and their programs, please visit their website:

<http://www.steansfamilyfoundation.org/>

C. CEP Role:

1. Tax Counseling Project: The Center for Economic Progress' Tax Counseling Project operates a free tax preparation site at the Homan Square Community Center, with partial support from the Steans Family Foundation.

a. Volume of Participants: 682 (2005 tax season)

b. Frequency of Participant Service: Annually

c. Duration of Service: 45 min – 1 hour

2. Financial and Community Education: Since 2001, the FCE department has been able to offer classes that have been tailored to the needs of the clients who participate in the *Save Up!* IDA program who are required to participate in 12 hours of financial education workshops. The FCE department offers nine of these hours in the following classes – budgeting, credit and credit scores and financial goal setting. After completing these classes, clients select their savings goal, either home or education, and begin saving for this goal with support from Neighborhood Housing Services (NHS) or the Carol Robertson Center for Learning (CRCL) respectively.

a. Volume of Participants: 110 (in 2005)

b. Frequency of Participant Service: 3 classes

c. Duration of Service: 9 hours

D. Curricula:

All training curricula for classes offered can be found on the Financial and Community Education training drive:

U:\IDAs - Save Up\Steans IDA Workshop

Curricula can also be located in Appendices A-1, A-2 and A-3.

E. Outcome Tracking:

Save Up! uses the AFI² tracking system to monitor program clients, including their savings progress and interactions with NHS and/or CRCL. Also, a one-page evaluation is distributed by FCE staff at the end of every class. It is meant to be a primary assessment of the participant's knowledge. The SFF also has tracking mechanisms in place to follow their clients through the *Save Up!* IDA program.

F. Contact Information:

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FINANCIAL EMPOWERMENT

- ✦ **Project Genesis:** In the fall of 2003, a partnership began between the North Side Community Federal Credit Union, the Aspen Institute and the Center for Economic Progress. This new initiative, entitled the Financial Empowerment project, was designed to reach low income workers through their most common financial interaction – that with their employer. The underlying philosophy is to work with employers to help them see the benefits of having a financially healthy and stable workforce. As such, the Financial Empowerment Project, through the North Side Community Federal Credit Union, has established relationships with employers whose staffs consist significant numbers low-to-moderate income individuals. Subsequently, all partners work to provide such financial services as free tax preparation, bank accounts and financial literacy workshops. To date, with its innovative combination of banking services and financial education, the Financial Empowerment project has helped over 800 individuals since 2004²⁴.
- ✦ **Primary Funder:** Annie E. Casey Foundation, Fry Foundation, Boeing Foundation, Field Foundation
- ✦ **Project Mission:** To provide underserved working low-to-moderate income individuals access to quality financial services.
- ✦ **Project Goals:** By working with employers of low-to-moderate income individuals, the Financial Empowerment project to impact employer attitudes and practices in supporting the financial health of their employees.
- ✦ **Locations:** Weiss Memorial Hospital, Action For Children, Lakefront Supportive Housing, Advocate Illinois Masonic Hospital, Jane Addams Resource Corporation
- ✦ **Local Intermediary:** North Side Community Federal Credit Union
- ✦ **Contact Information:** For more information, please contact the following:

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Steven Neumann
Center for Economic Progress
Assistance Director of Financial and Community Education
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Chicago, IL 60602
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²⁴ North Side Community Federal Credit Union Annual Report 2004

I. North Side Community Federal Credit Union

A. Neighborhood Profile: Uptown

✦ Racial Demographics:

Black/African-American	19.5%
Latino	21.3
White/Caucasian	52.4
Asian/Pacific Islander	13.4
Other	0.7

✦ Education Levels:

Less than 9th Grade	11.7%
High School Graduate	16.9
Associate's Degree	4.3
Bachelor's Degree	23.6
Graduate or Professional Degree	14.9

✦ Poverty Levels:

In Labor Force*	63.9%
Individuals Below Poverty Level	23.6
Families Below Poverty Level	20.3
Per Capita Income (\$)	22,004

*Age 16 and over

✦ Housing Information:

Occupied Housing Units	94.0%
Owner Occupied Housing	23.3
Renter Occupied Housing	76.7
Median Home Value (\$)	267,200

Uptown is characterized by a diverse population, including many immigrants of various backgrounds. Historically, Uptown has always been a neighborhood known for its entertainment options. This was initially due to the fact that in the early part of the twentieth century, the Uptown stop was the last stop on the northbound rail line from the city. The economic boom of the 1920's brought new housing developments in the forms of high-rise apartment buildings, and consequently attracted a young, single and social population. This economic boom also attracted larger businesses, such as the Uptown Theater and the Sheridan Trust and Savings Bank, to the area. As residential development rapidly increased, the cost of living declined, and thus appealed to a more ethnically diverse population. The population of the area continued to increase until 1960, where the growth reached a plateau. During the 1970s and 1980s, Uptown began to see commercial and social disinvestment in the area, which was beginning to gain a reputation as an unsafe neighborhood. Despite urban renewal efforts on led by the city, the neighborhood continues to experience a decline in business, human and social capital.

B. Lead Agency: North Side Community Federal Credit Union

- ✦ **Agency Genesis:** North Side Community Federal Credit Union (NSCFCU) was founded in 1974, with the vision of being a community development credit union. This meant working as an organization to provide quality financial products and services to the large, local population that does not have access to mainstream financial institutions.

- ✦ **Agency Mission:** To promote the financial well-being of our diverse community by providing affordable services and expanding the availability of alternative financial resources²⁵.

- ✦ **Other Programs Offered:**
 1. *Payday Alternative Loan* – NSCFCU has developed an alternative to payday loan products for their clients – known as the Payday Alternative Loan (or PAL). It offers a much lower interest rate in comparison to predatory lenders, which are often the only option for short term loans. Unfortunately, in response to an alarming amount of delinquencies, NSCFCU redesigned their underwriting process for these loans, instituting new requirements such as mandatory financial education classes for applicants with lower credit scores. These requirements are intended to ensure a higher rate of successful paybacks of the loans.

 2. *Financial Literacy* – The credit union offers various classes to its members on-site, as well as teaching classes at the request of the employers who are also part of their network. These classes commonly focus on personal budgeting, credit and the basics of a 401(k). Training based on the University of Illinois Extension's program, *Your Money, Your Life* is also offered to credit union clients.

²⁵ North Side Community Federal Credit Union Annual Report 2003

3. *Lending Partnerships* – NSCFCU has established several partnerships with local interest groups to provide loans to communities and individuals that often lack access to quality financial products. For example, they worked with the Vietnamese Association of Illinois and the Hull House Small Development Center to create The Refugee Microenterprise Loan Program. This project has worked with refugees from around the world to start or expand their businesses in the Chicago area.
4. *Individual Development Accounts (IDA)* – The NWCFCU currently acts as the main bank for several IDA programs in the area. In 2003, there were over 50 participants at various locations who had managed to save over \$12,000 dollars.

✦ **Contact Information:** For more information, please contact the following staff at North Side Community Federal Credit Union:

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C. CEP Role:

1. Tax Counseling Project: Beginning in 2004, the North Side Community Federal Credit Union has served as a site for the Center for Economic Progress' Tax Counseling Project. This unique tax site offers appointments, and focuses primarily on serving employees of employers participating in the Financial Empowerment project.

a. Volume of Participants: 303 (2005 tax season)

b. Frequency of Participant Service: Annually

c. Duration of Service: 45 min – 1 hour

2. Financial and Community Education: The Center's FCE department currently teaches a workshop on the W-4 and Taxes for employers as a part of new employee orientation sessions. The W-4 and Taxes workshop curriculum was developed by the FCE department, and has been offered since January of 2004. The curricula for most other financial education workshops that are offered by North Side are taught from the *Your Money, Your Life* series, with the W4 and Taxes offered to complement that series.

a. Volume of Participants: 486 (2005)

b. Frequency of Participant Service: Approximately twice per month

c. Duration of Service: 1 -1.5 hours

D. Curricula:

All training curricula for classes offered can be found on the Financial and Community Education training drive:

U:\Curriculum\ABCs of W4

E. Outcome Tracking:

Client services and outcomes data is tracked using previously existing systems, including the Center's TaxWise database and North Side's financial systems. As a result, any integrated outcome reporting must be generated by cross-referencing these data sets.

During the pilot year of the Financial Empowerment project, the Aspen Institute helped to conduct a private evaluation of the financial education workshops, as well as evaluating the strength of the employer link to the program, and consequently their employees. During this evaluation, surveys were distributed to employees who had participated in the services of the project. The project has also been evaluated by private consultants and Center staff since that point. From the feedback, the partners have developed a series of participant surveys for each workshop offered, as well as for the free tax preparation services.

The partners also maintain regular contact with the employers that participate in the Financial Empowerment program. These meetings allow for the qualitative assessment of the project from the employer's perspective. Individuals who have used the project products have also been interviewed for feedback.

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CHICAGO COMMUNITY TRUST

A. Lead Agency: Chicago Community Trust

- ✦ **Agency Genesis:** In 1915 the Chicago Community Trust was founded, designed to be a grant-giving body that would make Chicago a better place to live, work and play. The Trust gives more than \$62 million annually to over 1,200 non-profit organizations throughout Chicago and the surrounding metropolitan area. In its grant-giving, the Trust primarily focuses on five areas: arts and culture, basic human needs, community development, education and health²⁶.
- ✦ **Agency Mission:** To improve the lives of the people of metropolitan Chicago, The Chicago Community Trust: 1)Provides leadership to help identify key issues and contributes to innovative approaches to address community challenges; 2)Provides grants and related services that respond to specific needs and offer the potential to measurably improve the vitality and well-being of our diverse community, and 3)Promotes philanthropy and builds Chicago's philanthropic resources by identifying, attracting, informing and engaging donors in supporting the community²⁷.
- ✦ **Primary Funder:** Corporate, private and individual donors from Chicago
- ✦ **Other Programs Offered:**
 - 1) *African-American Legacy Initiative* – This program strives to increase the involvement of the African-American community in philanthropic efforts. Furthermore, they seek to improve the quality of life in their communities by supporting local non-profits.
 - 2) *Nuestro Futuro – Nuestro Futuro*, similar to the African-American Legacy Initiative, works to improve the quality of life for the Chicago Latino community. As such, they have created the Latino Heritage Endowment Fund, which is committed to furthering the progress of the community by supporting the institutions that serve it.
 - 3) *Chicago Matters* – *Chicago Matters* is the nation's "longest running multimedia public affairs news series in the nation."²⁸ Sponsored by various public entities, such as the Chicago Public Library, *Chicago Matters* creates a forum for meaningful dialogue to be explored about broad-based community issues, such as the environment and violence.
 - 4) *Fellowship for Community Leaders* – This fellowship program, created in 1984, works to acknowledge and reward extraordinary non-profit and public sector leaders. The program allows for a 15-month sabbatical from the individual's work in the non-profit field, during which the Chicago Community Trust will offer a stipend of up to \$150,000. The hope is that during this sabbatical, these leaders will be able to explore, research, and develop innovative solutions to community issues.

²⁶ <http://www.cct.org/index.html>.

²⁷ <http://www.guidestar.org>

²⁸ <http://www.cct.org/index.html>.

- 5) *Northern Trust Charitable Giving Program* – This program is a collaborative effort among several bodies: Northern Trust, The Chicago Community Foundation and GivingCapital, Inc. It is a “donor advised fund program,²⁹” with Northern Trust acting as the investment manager for the program. The Chicago Community Foundation, a subsidiary of the Chicago Community Trust, is the sponsoring charity.
 - 6) *The Partnership for New Communities* – This initiative is a planned response to the large-scale need to address the dismal Chicago Public housing situation. The Partnership works with many sectors to secure funding to reinvest in these communities, focusing on economic development, employment-related initiatives, community building and any effort that is being made to revitalize these neighborhoods.
- ✦ **Contact Information:** For more information about the Chicago Community Trust and its initiatives, please visit their website

<http://www.cct.org/index.html>

B. CEP Role:

1. Financial and Community Education: Currently, with funding provided by the Chicago Community Trust, the Center for Economic Progress’ Financial and Community Education department offers a variety of financial education workshops across Chicago, at various locations, with a special focus on Spanish financial education. This program allows the Center to deliver financial education workshops and one-on-one counseling for clients of partner organizations who request these services throughout Chicago. For example, the department conducts financial literacy workshops in Spanish focusing on multiple topics for clients at the Association House in Humboldt Park, as well as workshops for Heartland Human Services, Chicago Public Schools, LEED Council and many others, all made possible by a grant from the Chicago Community Trust. The Chicago Community Trust has been an active supporter of FCE programs since February of 2003.

- a. **Volume of Participants:** 489 (2003-2005)
- b. **Frequency of Participant Service:** N/A
- c. **Duration of Service:** From 1 – 3 hours

C. Curricula:

The Financial and Community Education department is able to offer a variety of classes from support from the Chicago Community Trust. Please refer to the “Curricula” appendix for all curricula.

D. Outcome Tracking:

N/A

²⁹ <http://www.cct.org/index.html>.

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CENTER OUTREACH

The Community Education (Outreach) component of the Financial and Community Education department focuses on building awareness and increasing utilization of all of the major programs that the Center for Economic Progress offers. Community Education is delivered by working with a variety of partners, such as banks, community based organizations, faith based organizations, government entities and others around the state of Illinois to deliver information about our projects to the constituents of those partners. Through presentations, flyers and other customized educational tools, phone, mail and e-mail campaigns, and meetings with various community leaders, the Center seeks to establish meaningful relationships within a variety of communities. Moreover, the Center uses these methods to inform the community and community agencies about a variety of topics related to economic self sufficiency, such as the Earned Income Tax Credit, the nation's largest anti-poverty program.

Through its Community Education work, the Center has been able to establish relationships with over 2,100 community based organizations, politicians at the state and local levels, and faith-based organizations, all over the state of Illinois.

INCREASING ACCESS TO FINANCIAL PRODUCTS

An estimated 22 million U.S. families do not have a bank account. These families rely on alternative banking services for many financial transactions, paying more than \$87 billion in fees each year. The Financial and Community Education department works diligently to increase access to quality financial products to the clients of the Center for Economic Progress. As such, they have worked to develop relationships with financial institutions that have been both committed and innovative in the field of offering these products and services to our target populations.

I. First Accounts

A. Lead Agency: United States Department of the Treasury

- ✦ **Project Genesis:** The First Accounts program, founded in 2002, was an initiative of the United States Department of the Treasury, created with the intention of targeting the large “unbanked” population of the United States. This population consists mainly of low-to-moderate income households. Grants were only offered to “nonprofit organizations, insured depository institutions, insured credit unions, a community development financial institution, a faith-based organization, a local government, and a credit union foundation.³⁰” The First Account grants were created to help 15 grantees reach out to these populations by opening over 35,000 checking and savings accounts across the United States.

Starting in 2002, the Center for Economic Progress partnered with the Volunteer Accounting Service Team of Michigan to bring this financial service to residents of Chicago and Detroit. The two organizations targeted opening 1,000 bank accounts during the two year pilot period of the program.

- ✦ **Agency Mission:** [T]o develop and implement programs to expand access to financial services for low- and moderate-income individuals.³¹
- ✦ **Primary Funder:** Consolidated Appropriations Act, 2001 and the Department of Transportation and Related Agencies Appropriations Act, 2001.
- ✦ **Other Programs Offered:** N/A
- ✦ **Contact Information:** For more information about the First Accounts program, please visit the Department of the Treasury’s website:

<http://www.ustreas.gov/>

B. CEP Role:

The Center for Economic Progress partnered with the following organizations to bring these new financial services to unbanked individuals in Chicago: Volunteer Accounting Service Team of Michigan, Shorebank, the Consumer Federation of America, The National Consumer Law Center, the Chicagoland Chamber of Commerce, and the Accounting Aid Society. Through a combination of reaching out to partner organizations and having

³⁰ <http://www.treas.gov/offices/domestic-finance/financial-institution/fin-education/firstaccounts/grantssummary.shtml>

³¹ Ibid.

banks at the tax sites, the FCE department was able to open over 1,000 depository accounts during the two year pilot.

1. Financial and Community Education

- a. Volume of Participants:** 1,428 (2002-2005)
- b. Frequency of Participant Service:** N/A
- c. Duration of Service:** 5-10 minutes

C. Outcome Tracking:

Client data for First Accounts was gathered at the point of entry into the program. Each client of the First Accounts program completed an application form, including both demographic information and data on the clients' banking status and history, and an evaluation form, related to the content of financial education workshops. This data was compiled in a custom Microsoft Access database tool. ShoreBank also provided aggregate status of First Accounts account holders.

Additionally, two separate evaluations of the program were conducted by Marianne Bertrand of the University of Chicago Graduate School of Business and Dr. Lise McKean of the Center for Impact Research, using a combination of phone and face-to-face, in-depth interviews, with a total of 278 participants. Some of the key findings included:

- ✦ 87% of First Accounts were still open at the end of the program
- ✦ 88.6% of those surveyed said that opening a bank account had changed their financial behavior
- ✦ 92% of accounts had a non-zero, positive balance, 53% of which were under \$20.00³²

D. Contact Information:

For more information about the First Accounts program, please contact:

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³² Please refer to Appendix C for the full report.

II. Bank Partners at Tax Preparation Sites

A. Lead Agency: Center for Economic Progress

- ✦ **Agency Genesis:** In 1990, the Center for Law and Human Services was established as a non-profit that sought to enable low income families for financial success by increasing economic opportunities available to them. They have done so by increasing access to public, private, and non-profit services. The Center's largest program, the Tax Counseling Project, was founded in 1994 as a means to provide free tax preparation services to working families and individuals across the state of Illinois. It has also added programs that offer other direct services to clients such as financial education, and has added an advocacy department to petition to legislative bodies for sustainable change. Each year, the organization grows exponentially in capacity and programs and in 2002 changed its name to the Center for Economic Progress.

Starting with successful partnerships with Shore Bank on the Extra Credit Savings Program and First Accounts, the Center for Economic Progress has continued working diligently to increase their clients' access to banking accounts. They have done so by partnering with various, local banks and credit unions, who offer access to basic savings and checking accounts at the tax preparation sites. Having a bank account allows for one's tax refund to be directly deposited, drastically cutting down on the delivery of the tax refund.

- ✦ **Agency Mission:** The Center for Economic Progress increases economic opportunities for low-income families, children, and individuals by improving access to public, private, and non-profit programs and services. Through direct services, public education, and advocacy, the Center challenges barriers facing its constituency, thus encouraging self-sufficiency and promoting economic prosperity³³.
- ✦ **Primary Funder:** Private donors, federal and foundation grants
- ✦ **Other Programs Offered:**
 - 1) *National Community Tax Coalition* – The National Community Tax Coalition includes over 500 organizations nationwide that provide free income tax preparation services. The Coalition organizes national advocacy efforts, facilitates ongoing discussion among its membership, provides technical assistance, and annually hosts a national conference for stakeholders in the free tax preparation field. Through these channels, coalition members share knowledge and discuss issues about tax preparation for low-to-moderate income populations.
 - 2) *Tax Counseling Project* – The Tax Counseling Project, founded in 1994, offers free electronic tax preparation to those individuals and families who fall within the Earned Income Tax Credit guidelines. For 2006, that is a family of two or more who earns \$38,000 or less and individuals who earn \$15,000 or less. The project utilizes over 1,000 volunteers in order to prepare fast, free and electronic tax returns. There are over 30 sites all over the state of Illinois, located in various organizations, schools, churches and community centers.

³³ <http://centerforprogress.org/about.html>

- 3) *Financial and Community Education* – The Financial and Community Education department conducts various financial literacy workshops and services across the city of the Chicago, targeting primarily low-to-moderate income populations. The department offers a variety of services from budget and saving workshops, to one-on-one budgeting and credit counseling. Furthermore, the department also works to increase the overall access to quality financial products for their target population. The ultimate goal is increase the economic prosperity of those with whom the department works through financial education.
 - 4) *Capacity Building and Training* – This department within the Center offers quality tax training for those individuals who own a home-based child care business, as well as those who are foster and adoptive parents. They also oversee all trainings that the Center offers, such as training for the volunteer tax preparers.
 - 5) *Midwest Tax Clinic* – This tax clinic is open to any of clients who fall within the Earned Income Tax Credit guidelines. The clinic, with help from lawyers, law students, professionals and accountants, works to resolve any disputes clients may have with the Internal Revenue Service.
- ✦ **Contact Information:** For more information about the Center for Economic Progress and its programs, please visit the following website:

www.centerforprogress.org

B. CEP Role:

Through a center-wide collaborative effort, at the tax counseling project sites across the state, banks are able to offer quality financial products to their clients. Currently, for the 2006 tax season, the Financial and Community Education department has been able to partner with bank and credit union partners to send representatives to 18 tax sites across the state. Bank partnerships are targeted to tax sites that serve a high number of clients who have no savings or checking account.

1. Financial and Community Education: The participant data represents the number of clients who opened bank accounts during the tax season:

a. Volume of Participants: 262 (2005 tax season)

b. Frequency of Participant Service: Throughout tax season year

c. Duration of Service: 5 -10 minutes per client

C. Outcome Tracking:

Each year, various Center staff compile key statistics from the banks and intake sheets completed by clients at the tax preparation sites. These include numbers of accounts opened, direct deposit percentages, and percentages of clients who have accounts.

D. Contact Information:

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III. Chase Direct Benefit Card

A. Lead Agency: JPMorgan Chase

- ✦ **Agency Genesis:** Headquartered in New York City, JPMorgan Chase is one of the nation's oldest financial services institutions. In 2004, it completed a merger with Bank One, combining almost 200 years of experience in the banking world. They have contributed significantly to the economic vitality of the communities they serve, and continue to seek to expand their operations worldwide.
- ✦ **Agency Mission:** N/A
- ✦ **Primary Funder:** JPMorgan Chase
- ✦ **Other Programs Offered:** Among the varied products that JPMorgan Chase offers to its clients, the stored value card is a new and innovative family of products emerging on the market. These cards are designed to allow easy access to cash. Most stored value cards are prepaid, have a magnetic strip, and also function much like ATM, debit and credit cards. Most card providers generally charge their customers a monthly maintenance fee which will allow unlimited transactions per month. They are seen a desirable alternative to traditional bank accounts because they have less strict credit identification requirements for their potential consumers. Furthermore, since they are prepaid, clients are not likely to experience any overdraft fees. These products are being marketed heavily to a largely low-income and, by default, minority population. Since the technology of stored value cards is still relatively new, having only really taken off in development in the mid-1990s, there is a paucity of literature on the subject.

The Direct Benefit Card is a new stored value card product that is currently being pilot tested by Chase, in partnership with VITA sites across the country. Card holders can have their tax refund directly deposited onto the card. In addition, the card holder can choose to have any other federal benefits, such as social security, directly deposited on the card. Individuals can use the card to make purchases at stores, receive statements, withdraw money at any Chase, Bank One or affiliate bank ATM across the nation. With a low overall fee structure, this product appears to be a good option for clients who cannot get or do not want a traditional bank account. One serious limitation of the card is that additional deposits beyond government benefits cannot be made.
- ✦ **Contact Information:** For more information about JPMorgan Chase, their services and initiatives, please visit their website:

<http://www.chase.com>

B. CEP Role:

During the 2006 tax season the Center for Economic Progress' Tax Counseling Project, in partnership with the Financial and Community Education department, will be offering the Chase Direct Benefit Card to its clients at the following tax preparation sites: Springfield, Joilet, Uptown, Auburn Gresham and West Haven.

1. Financial and Community Education:

- a. **Volume of Participants:** 200 (estimated)
- b. **Frequency of Participant Service:** One-time service
- c. **Duration of Service:** Offered during 2006 tax season

C. Curricula:

N/A

D. Outcome Tracking:

JPMorgan Chase will be the primary organization responsible for tracking all of the participants who register for a Chase Direct Benefit Card. They will do so by looking at the number of cards opened under the authorized usernames. Furthermore, the Financial and Community Education department will retain summary sheets that are given to each client after they have enrolled with the card. The department will also be conducting a follow-up phone interview two months after tax season ends with participating clients. Finally, through the Tax Counseling Project information database that is compiled at the end of each tax season, the Financial and Community Education department will have the total number of accounts opened, as well as summary demographic information of those who opened cards.

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PROGRAMS UNDER RESEARCH AND DEVELOPMENT

GREATER CHICAGO FOOD DEPOSITORY – COMMUNITY KITCHENS

A. Lead Agency: Greater Chicago Food Depository

- ✦ **Agency Genesis:** In 1979, with a grant from the Chicago Department of Human and Health Services, and with warehouse space donated by Strube Celery and Vegetable Company, the Greater Chicago Food Depository (GCFD) was born. With the aid of new legislation protecting food donors and the opportunity to lease a larger warehouse space, the GCFD was able to increase its output exponentially over the next two decades. Due to an increased capacity in output and staff, the GCFD has been able to greatly expand their programs. To date, the GCFD has distributed over half a billion pounds of food.
- ✦ **Agency Mission:** Providing food for hungry people while striving to end hunger in our community³⁴.
- ✦ **Primary Funders :** Individual and corporate donors, foundation grants
- ✦ **Other Programs Offered:**
 - 1) *Kids Cafe* – Kids Cafe, a program of America’s Second Harvest, was established in 1993. It is an initiative that partners with after-school programs to provide hot meals to children who may not otherwise have access to food. The Greater Chicago Food Depository has been able to establish 22 cafes across Cook County, working to create learning environments where children can thrive mentally, physically and emotionally.
 - 2) *Food Rescue* – This program, established in 1987, has been rescuing prepared and perishable foods from local food providers. Using drivers who are state-certified in food handling and sanitation, refrigerated trucks collect food from such locations as restaurants, grocery stores and caterers. The food is then delivered to soup kitchens for immediate use.
 - 3) *Produce People Share* – In 1993, the Greater Chicago Food Depository created this program with the intention of increasing the access of fresh produce to residents of the Chicago Housing Authority. Food is collected from wholesale distributors and retail grocers, which allows the Depository to distribute almost 30,000 pounds of food everyday.
 - 4) *Produce Mobile* – Created as a part of the Produce People Share initiative, this project distributes produce on wheels. Operating in approximately 40 Chicago Housing Authority complexes, 29-foot long refrigerated trucks with 12 storage compartments, transform into “farmer’s markets on wheels.”³⁵
 - 5) *Chicago’s Community Kitchens* – Operating under the mission of “[e]mpowering people desiring a life change with the skills and ongoing support necessary to develop a successful career in the foodservice

³⁴ <http://www.chicagosfoodbank.org/aboutus/mission.html>

³⁵ <http://www.chicagosfoodbank.org/aboutus/programs/producemobile.html>

industry,³⁶ this innovative training program prepares individuals for entry-level positions in the foodservice industry. Twenty individuals are selected for an intense 12-week where they will gain food preparation and employment skills. Moreover, the trainees prepare food to be distributed to GCFD's local community agencies and programs, such as their Kids Cafes.

- ✦ **Contact Information:** For more information on the Greater Chicago Food Depository and its programs, please visit their website:

<http://www.chicagosfoodbank.org/>

B. CEP Role: Currently, the Center for Economic Progress' Financial and Community Education department teaches a series of workshops – budgeting, credit and credit scores, and financial goal setting – to participants in the Community Kitchens program

1. Financial and Community Education:

- a. Volume of Participants:** N/A
- b. Frequency of Participant Service:** N/A
- c. Duration of Service:** 6 hours

C. Curricula: The Financial and Community Education department employs their own budget, credit and financial goal setting curricula for these classes. The curricula can be located in at the following shared drive location:

U:\Projects\Greater Chicago Food Depository

Curricula can also be located in appendices A-1 through A-3.

D. Outcome Tracking: All workshop participants are given a pre- and post-tests to gauge financial knowledge gained. Moreover, the Greater Chicago Food Depository conducts six and twelve month evaluations of all of the Community Kitchens trainees. A copy of the test can be found in appendix A-6.

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³⁶ <http://www.chicagosfoodbank.org/aboutus/programs/kitchens.html>

SPLIT REFUNDS

A. Lead Agency: Doorways to Dreams Fund (D2D)

- ✦ **Agency Genesis:** Harvard Business School Professor Peter Tufano conducted research on the quickly growing trend of providing access to building assets for low-to-moderate income individuals. He realized that supporting the asset development among low-to-moderate income individuals and families would require a great deal of innovation, time and money. From this research, the Doorways to Dreams (D2D) Fund was born in 2000.

The staff of D2D, operating out of an office in Roxbury, Massachusetts, set out to create and support a series of programs that would help these families get out of the financial indebtedness that they are so often prone to as a result of their limited financial capacity. They seek to offer the technical support to various non-profits that are offering these direct services. They have been able to do so by developing two programs – an Online Individual Development Account and the Refunds to Assets program.

- ✦ **Agency Mission:** The mission of the D2D Fund is to expand access to financial services, especially asset building opportunities, for low-income families by creating, testing and deploying innovative financial products and services. D2D works with the financial services industry, national non-profit groups, grassroots community agencies, and public policy organizations to generate promising ideas, pilot test systems and programs, build awareness of the needs and potential of low-income communities, and advocate progressive social and economic policy³⁷.
- ✦ **Primary Funder:** Ford Foundation
- ✦ **Other Programs Offered:**

1) *Online IDA* - The *Online IDA* is a “web-based record keeping, financial transaction and product delivery system,³⁸” which was designed to catalyze the current IDA field nationwide. It seeks to not only attract the low-income individuals the program was designed to aid, but, by professionalizing the program, it hopes to attract investors and support from the for-profit sector.

2) *Refunds to Assets (R2A)* –This program attempts to make it easy for individuals to save a portion of their income tax refund by bifurcating (or splitting) tax refunds. This allows individuals to have a portion of their tax refund directly deposited into a savings account and to receive the rest of the refund by check, or have it deposited into a checking account. A pilot project was conducted in Tulsa with the collaboration of the Bank of Oklahoma and the Community Action Project of Tulsa County. Seeing success with this pilot, D2D has been working to expand this service to markets across the United States.

³⁷ <http://www.d2dfund.org/about/index.php>

³⁸ Ibid.

- ✦ **Contact Information:** For more information about the Doorways to Dreams Fund and their projects, please visit their website:

<http://www.d2dfund.org/index.php>

B. CEP Role:

Currently, the Center for Economic Progress' Tax Counseling Project, in conjunction with the Financial and Community Education department will participate in the D2D Refunds to Assets program during the 2006 tax season. This service will be offered at two sites – Lawndale and Loop – during the 2006 tax season.

1. Financial and Community Education

a. Volume of Participants: 50 (estimated)

b. Frequency of Participant Service: N/A

c. Duration of Service: Offered only during 2006 tax season

C. Curricula: N/A

D. Outcome Tracking:

The Doorways to Dream software has a administrative tool that will allow the Financial and Community Education department to maintain a record of all clients who opened an account.

E. Contact Information:

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NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS

A. Lead Agency: National Association of Personal Financial Advisors (NAPFA)

- ✦ **Agency Genesis:** At a 1982 meeting for Independent Financial Advisors, it became clear to the attendees that a shift in how services were provided was needed and forthcoming. The new movement that was emerging essentially believed that quality financial advising services should be offered without regard to the client's interest in purchasing a financial product. As such, in 1983, those interested in starting a "fee-only" advising organization reconvened. From this meeting the National Association of Personal Financial Advisors (NAPFA) was born. As such, NAPFA is an organization where clients can find the highest quality of trained professional financial advisors.
- ✦ **Agency Mission:** To promote the public interest by advancing the profession of financial planning based upon all of our core values, thereby improving the quality of clients' lives³⁹.
- ✦ **Primary Funder:** N/A
- ✦ **Other Programs Offered:** N/A
- ✦ **Contact Information:** For more information at the National Association of Personal Financial Advisors, please visit their website at:

<http://www.napfa.org/index.html>

B. CEP Role: In 2005, the Center for Economic Progress' Financial and Community Education department, in collaboration with the University of Illinois Extension Service, began partnering with NAPFA to offer quality financial planning resources to our clients. The targeted populations are selected clients from the Centers for Working Families and those who currently have Individual Development Accounts through the Steans Family Foundation.

1. Financial and Community Education

- a. **Volume of Participants:** N/A
- b. **Frequency of Participant Service:** N/A
- c. **Duration of Service:** N/A

C. Outcome Tracking: N/A

D. Contact Information:

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³⁹ <http://www.napfa.org/index.html>

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FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

A. Lead Agency: Grand Victoria Foundation

- ✦ **Agency Genesis:** Founded in 1996, the Grand Victoria Foundation seeks to revitalize the communities they inhabit, supporting initiatives that are working to create a healthier, more livable environment. As such, 20% of the income from the Grand Victoria Casino is allocated to the foundation. Partnering with various, local, county and state-wide organizations, the foundation focuses their grant donations in the following areas: education, economic development and the environment.
- ✦ **Agency Mission:** To assist communities in their efforts to pursue systemic solutions to problems in specific areas of education, economic development and the environment⁴⁰.
- ✦ **Primary Funder:** Grand Victoria Foundation
- ✦ **Other Programs Offered:**
 - 1) *Elgin Grantworks:* Launched in 2001, through “general operating grants, a unique capacity-building initiative, a semi-annual newsletter, and a variety of tools and learning opportunities,⁴¹” Elgin Grantworks seeks to specifically enhance the quality of life in the Elgin community by working with local non-profits.
- ✦ **Contact Information:** For more information about the Grand Victoria Foundation and their programs, please visit their website at:
<http://www.grandvictoriafdn.org/>

B. CEP Role: The Financial and Community Education department has committed to teaching classes about the Free Application for Federal Student Aid (FAFSA) to at least 120 individuals in the Elgin area during 2006. Furthermore, they have agreed to concentrate on at least 50 of those individuals by helping them with the actual application. Trained staff will offer workshops to help parents and their children with the application process. Information about the FAFSA process and assistance will be made available to tax preparation clients, and students of the area high schools and community colleges.

1. Financial and Community Education:

- a. **Volume of Participants:** 170 (estimated)
- b. **Frequency of Participant Service:** N/A
- c. **Duration of Service:** 2 to 3 hours

C. Curricula: The Financial and Community Education department employs their own budget, credit and financial goal setting curricula for these classes. Curricula can be located on the shared drive at:

U:\Curriculum\FAFSA

⁴⁰ <http://www.grandvictoriafdn.org/>

⁴¹ Ibid.

D. Outcome Tracking: N/A

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SUBSIDIARY PROJECTS

The Financial and Community Education department has played and continues to play a vital role in the following projects and programs:

- ✦ *National Community Tax Coalition - Asset Building Working Group; Technical Assistance:* The National Community Tax Coalition (the Coalition) organizes its members into a number of working groups, targeting a particular set of issues in the free tax preparation arena. The Asset Building Working Group focuses on topics including credit, debt, the financial services industry, and financial education for clients of Coalition members. The Asset Building Working Group seeks to raise awareness of these topics, to encourage innovation, and to collect and disseminate best practices with Coalition members.
- ✦ *Financial Links for Low-Income People:* “Financial Links for Low-Income People (FLLIP) is a statewide coalition of banks, credit unions, advocates, government agencies, bank regulators, adult educators, private industry, and sponsors of Individual Development Account (IDA) programs. Our mission is to expand financial education and asset-building opportunities for low-income people in Illinois.⁴²” Key members of the Center for Economic Progress staff, as well as of the Financial and Community Education department, have been a part of this coalition since its inception in 1999.
- ✦ *Chicago Community Reinvestment Act (CRA) Coalition:* The CRA Coalition, founded in the 1970s, serves as an “umbrella” organization for several Chicago-based agencies and non-profits that work to combat “redlining, restrictive racial covenants, and contract buying fraud.⁴³” The coalition serves as a liaison to bring together the non-profit sector with those private agencies that have the capability and interests of funding their initiatives. Various staff members of the Center for Economic Progress, including those within the Financial and Community Education department, have played several roles on the CRA Coalition. For example, Center staff have sat on the steering committee for the coalition as well as the Financial Forces Taskforce, providing a perspective of a non-profit that offers direct services to the a diverse population in the city.
- ✦ *Money Smart Week:* Since 2002, the Federal Reserve Bank of Chicago has led an innovative campaign entitled “Money Smart Week.” This project gathers hundreds of resources from agencies around the city, such as the Neighborhood Housing Services of Chicago, the Economic Awareness Council, Marquette Bank and the Illinois State Treasurer’s Office, to offer different financial literacy workshops and programs across the city. In addition to sitting on the planning committee for this week, the FCE department also conducts several workshops throughout the week. For example, for Money Smart Week 2005, the FCE department conducted a full one-day workshop series, with clients also having an opportunity to discuss several other financial services.

⁴² <http://66.99.232.243/advocacy/flip/flip.cfm>

⁴³ http://www.woodstockinst.org/chicago_cra_coalition/

- ✦ *Employer-Based Asset Development:* The Employer-Based Asset Development (EBAD) project is a collaborative initiative between the Financial and Community Education department, the Jane Addams Resource Corporation (JARC) and the North Side Community Federal Credit Union (NSCFCU) to foster relationships with employers of largely low-to-moderate income (LMI) employees. This employer-employee relationship has been recognized that the most consistent financial interaction that this population has is through their employer. Operating under the Financial Empowerment Project⁴⁴, the abovementioned organizations are seeking to increase the access to quality financial services, such as banking services, for the LMI population of Chicago. This project, begun early in 2005, is currently in the process of creating and disseminating a survey to gauge employer interest in partnering to offer these services to their employees.
- ✦ *Egan Campaign:* The Monsignor John Egan Campaign was founded in 1999. The late Monsignor dedicated the last years of his life to stop the predatory lending practices to which low-income individuals often fall victim. The campaign involves religious leaders, public interest organizations, social service groups and consumer advocates. A recent accomplishment of the group has been to work with Illinois Governor Rod Blagojevich to pass the Payday Loan Reform Act into law. The FCE department has been collaborating with the campaign on several efforts, such as distributing leaflets concerning the new predatory lending laws.

⁴⁴ For more information about the Financial Empowerment Project, see page 25

APPENDIX

1. Appendix A: Sample Instructor Notes

A-1: Budget

Steans Family Foundation IDA – Class A (Budget) Instructor Notes

Instructor checklist

- a. **“Finding Paths to Prosperity”** – booklets (1 for each client)
- b. **Sign-In / Sign-Out sheet** – clients sign sheet first day, and initial each class they attend
- c. **Blue Registration sheet** – from SFF, client fills out
- d. **Credit Report Disclosure** – from SFF, client fills out
- e. **Credit Resources** - one page handout
- f. **Save Up brochure** – from SFF
- g. **Outreach materials** - Center for Economic Progress or other related

Key	Time	Description
Question for Discussion	10-15	<p>Q: What is this program? Why are you here?</p> <p>A: Add to what the clients say:</p> <ul style="list-style-type: none"> • “Program is designed to help change the face of the community” • “this program NEEDS YOU to help change the face of the community” • “this program needs your time and your time is valuable” • “program needs you to put in the time, commit to it, make it work” • “supporting education and homeownership builds the assets of the community” • “this program takes your motivation plus a little money to get to a goal” • “to acquire an asset that will have value over time” <ul style="list-style-type: none"> ○ Adding to your education is the greatest way for you to increase your income over time ○ Putting your money toward a mortgage instead of rent builds a valuable asset for you, over time <p>Q: What does it cost you to be here?</p> <p>A: Your time!!!</p>
Lecture / Discussion	5	<p><u>Center for Economic Progress – Who we are</u></p> <ol style="list-style-type: none"> 1. Tax Counseling Project – free tax sites all over, including Homan Square Community Center 2. EITC – describe it 3. Midwest Tax Clinic 4. Our role in this program – to provide you the tools to help in making this program a success – Budget, Credit, and Goal Planning
Question for Discussion	5	<p>Q: What can you do without a credit report</p> <p>A: Add to what the clients say</p> <p><i>You need a credit report to:</i></p> <ul style="list-style-type: none"> • Get an apartment

		<ul style="list-style-type: none"> • Get a house • Get a job • Get a phone • Get a loan • Qualify for insurance... <p>“We let other people see our credit report, and we’ve never seen it”</p>
Homework - Order individual credit report	15	<u>Ordering the Credit Report</u> <ol style="list-style-type: none"> 1. 1-pager with credit bureaus and numbers 2. www.annualcreditreport.com 3. Order your credit reports – try website, try phone numbers 4. SFF will order tri-merge for you, we’ll have it next class 5. Credit reporting bureau people makes mistakes – there can be problems on your report that affect you 6. IT’S YOUR RESPONSIBILITY TO PULL THAT REPORT AND MAKE SURE THAT REPORT IS ACCURATE 7. Even if you can’t get one of the reports, try all three bureaus 8. It’s frustrating – but it’s a process, we need to try to work with the system.
Lecture / Discussion Homework (Read chapters 1-4)	5	<u>Introduce the Book</u> <ul style="list-style-type: none"> • This is your guide, your roadmap to learning about budgeting, credit etc. • This book would cost \$50 if you had to buy it • Mark it up, use it, make notes, THINK IN INK!
Lecture / Discussion	10	<u>Budgeting – Spending Plan</u> <ol style="list-style-type: none"> 1. Chapter 5 in the Book – “Record Keeping” 2. Budgets run everything – the government, the company you work for, your home 3. What does it do? <ol style="list-style-type: none"> a. Lists money that comes in (Income) – pg 32 b. Lists where your money goes out (Expenses) – pg 35 <ol style="list-style-type: none"> i. Lists expenses - what you really need to pay – home, food, heat... ii. Lists bills – things we do to ourselves that we don’t necessarily need - credit cards, etc iii. Needs vs wants
Question for Discussion	5	<p>Q: How long will it take to get to your IDA savings goal?</p> <p>A: Add to what the clients say</p> <ul style="list-style-type: none"> • Education track - \$1000 is your goal, so divide \$1000 by the number of months you’re going to be saving <ul style="list-style-type: none"> ○ If 18 months, need to save roughly \$55.50 per month • Housing track - \$2000 is your goal, so divide \$2000 by number of months <ul style="list-style-type: none"> ○ If 18 months, need to save roughly \$110 per month

		<ul style="list-style-type: none"> • Program rules are important – once you open that account you need to keep saving every month in that account
<p>Lecture / Discussion</p> <p>Homework (track your spending every day for a week)</p>	30-45	<p><u>Savings and Budget</u></p> <ol style="list-style-type: none"> 1. Saving a little bit over time – consistently. Accumulating wealth over time. 2. Pay yourself first – saving a little every month <ol style="list-style-type: none"> a. Saving for YOUR GOALS b. Saving an extra 6 months of mortgage payments before buying a house 3. We throw away our money the same way we throw away our time 4. Halftime – motivate the team, looking at what we did so far and re-planning, use it as your secret weapon, re-committing 5. Most financial stress is self induced – we live beyond our means 6. Most relationships end because of money problems 7. You have to know how much it takes to get through the month 8. Coach has to lead the team, lead the family to get to the goals <ol style="list-style-type: none"> a. Coach had better have the budget – it’s your tool b. Remember to take care of the coach (yourself) too – if you don’t take care of yourself, you won’t be able to take care of your family 9. Commit to the goals of the program 10. Goals vs dreams – put a timeline on the dream, put a plan in place to get you there
<p>Class Exercise</p> <p>Homework - (Finish your Budget on pp 32, 35)</p>	15-20	<p><u>Create a budget as a class</u></p> <ol style="list-style-type: none"> 1. Ask class what are some expenses / things they spend money on? 2. How much do these things cost per month? 3. Write up a sample expense worksheet on Flip Chart 4. Have clients take 10 minutes to start their own budget individually (p 35)
Discussion	10	<p><u>Talk about how to save a little on each item in the budget</u></p> <ol style="list-style-type: none"> 1. Participants share tips and tricks on each one 2. Saving a little on: Housing, Heat, Transportation, Phone Bills, etc 3. Personal decision what you want to focus on
More budget points...	20	<ol style="list-style-type: none"> 1. Need the budget to figure out how much we can save every month for the IDA and other goals <ol style="list-style-type: none"> a. Make it realistic – what you’re going to cut out b. Keep the goal in mind – keep it a priority c. Food is a very flexible expense d. Shop carefully – find the deals e. Shop for what’s in your budget 2. It’s your budget – designed to take care of you <ol style="list-style-type: none"> a. Take your time – your time is valuable, but this budget is the key tool b. If you don’t do it now, when will you do it?

		<ul style="list-style-type: none"> c. Everybody has different priorities – make cuts based on your values d. Hardest part is starting that budget e. Re-visit the budget, fine tune it, track the expenses, get it right f. Emergencies are a judgment call – depend on your values g. Loaning money – what can you afford to loan? Don't loan money you can't give away. h. Put the “extra stuff” in the budget – what you give to the church, the baby showers, the dentist, what it'll cost to fix things, replacing clothes, going out money <ol style="list-style-type: none"> 3. Insurance – put it in your budget, it protects what's valuable – your health, your kids, your home, your car 4. The budget is a tool – not your enemy. Don't be stressed out by it, don't be afraid of it. 5. Income – track that too 6. Comparing Income and Expenses– money you can save – p37 7. Tool you can use for the rest of your life <ul style="list-style-type: none"> a. Credit report – make sure it's accurate, because it will tell your story for the rest of your life 8. Budget – if you're frustrated, you're on the right track, if it's easy you've been at it for awhile 9. Think in ink – if it's important, get it in writing

A-2: Credit and Credit Reports

Steans Family Foundation IDA – Class B (Credit) Instructor Notes

Instructor checklist

- h. **“Finding Paths to Prosperity”** – booklets (1 for each client)
- i. **Sign-In / Sign-Out sheet** – clients sign sheet first day, and initial each class they attend
- j. **Tri-Merge Credit Report** – ordered by SFF, hand each person in class their report
- k. **Sample tri-merge**
- l. **Establishing and Maintaining a Positive Credit History** – 20-page handout
- m. **Other SFF Handouts for Instructor’s Reference** – Process Sheet, FAQ, Savings Agreement, Disclosure Form, etc.

Key	Time	Description
Question for Discussion	10	<p>Review class 1</p> <ul style="list-style-type: none"> • Re-emphasize the budget <ol style="list-style-type: none"> 1. It’s your baseline 2. Fixed and variable expenses <p>Go through some parts of the homework</p> <ul style="list-style-type: none"> • Any problems with the budget homework? • Did everybody get a credit report? Or at least try to order it? • Any questions from the homework?
Lecture and Discussion Handout (Establishing and Maintaining a Positive Credit History)		<p><u>Credit Report Notes</u></p> <ol style="list-style-type: none"> 1. Why does credit matter? <ol style="list-style-type: none"> a. Having the ability to get credit when you really need it is very important b. Credit is crucial – to get a job, apartment or house, cell phone, auto loan, insurance, bank account... all these require your credit report c. If your credit is “bad” – you may have to pay more for these things d. Credit reports have all of your financial history e. Mistakes on credit reports are common – and they can hurt you f. Credit reports can alert you to Identity Theft g. The higher the score, the less you’ll pay for everything 2. Understanding Credit Scoring <ol style="list-style-type: none"> a. Three C’s <ol style="list-style-type: none"> i. Character – are you reliable? ii. Capacity – even if your score is great, be

		<p>aware of your capacity to pay the mortgage</p> <ul style="list-style-type: none"> iii. Capital – yours assets count <ul style="list-style-type: none"> b. Focus on Credit Report, not the Credit Score <ul style="list-style-type: none"> i. Score is driven by what’s on the report ii. Making the report more accurate will improve your score over time iii. Time is key – it takes a while to establish a history, takes a while to improve a score <p>3. Credit Report Score Breakdown</p> <ul style="list-style-type: none"> a. Payment history is the biggest component – paying all bills on time regularly b. Amount of Debt Owed c. Length of Credit History – keep an old card open even if you don’t use it d. Pattern of credit used e. Scores <ul style="list-style-type: none"> i. 640-650 and up is where you may be able to get mortgage <p>4. How long info can remain on your credit report</p> <ul style="list-style-type: none"> a. Civil judgments – most come from breach of contract, take forever to get off of your credit report b. Tax lien – state and federal. Feds will file a return for you if you don’t file. They’re not file with your kids, they’re going to file a simple return with you as single and no deductions. c. Closed accounts – *** <ul style="list-style-type: none"> i. Debt gets bought and sold all the time. I owe Harlem Furniture \$100 – 30,60,90 days pass. Add fees and interest – now you owe \$150. They sell the debt for \$50. Now you owe Joe’s Collections \$200 – 30,60,90 days. Add fees and interest – now you owe \$250. They sell to someone else... eventually, judgment. ii. Resolving the debt <ul style="list-style-type: none"> 1. Cut a deal – settle a \$1000 debt for \$500, creditor will be happy to get anything. 2. Flip the script – creditors will often take less to get something rather than nothing 3. Settlement – if they accept the terms (cash your check with “paid in full” in the memo – then they’ve accepted it) 4. Work out a plan to make small payments – something is better than
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		<p style="text-align: center;">nothing</p> <p>d. Bankruptcy</p> <ol style="list-style-type: none"> i. Legal process – you go in front of the judge and make your case – I make \$20k and owe \$50k, I can't pay. Most times creditor won't show. They can write off that bad debt. ii. Chapter 7 – wipes out all Unsecured Debt (debt that is not tied to an asset). Consumer debt (credit card, medical bills, judgment) iii. Chapter 13 – People file to protect a house. It stops the overdue mortgage – the \$6k that you're behind on the mortgage. But it doesn't cover the \$1k per month that you owe every month on the mortgage. Plus you now have to pay \$2500+ in legal fees. iv. Chapter 20 - A strategy frequently used is to file Chapter 7 to discharge those debts that are dischargeable, and file a subsequent Chapter 13 to repay those debts that were not discharged in Chapter 7. This sequence is sometimes called a "Chapter 20", a 7 plus 13. In fact there is no Chapter 20 of the Bankruptcy Code. v. Voluntary payment plan – always look at this as an option before a bankruptcy.
Question for Discussion	5	<p>Q: Why do inquiries drop your credit score</p> <p>A: Example –</p> <ul style="list-style-type: none"> • I ask person A for \$50, they turn me down... • I ask person B for \$50, they turn me down... • What happens when I get to C and D? • They were my last choice to ask, and they know it.
Lecture and Discussion		<p>5. Credit Resources page</p> <ol style="list-style-type: none"> a. Stress www.annualcreditreport.com b. Order your credit reports – try website, try phone numbers c. SFF ordered tri-merge for you, individual reports are needed to dispute because they have file #'s (tri-merge often don't) d. Credit reporting bureau people makes mistakes – data entry errors, etc. So there can be problems on your report that affect you e. IT'S YOUR RESPONSIBILITY TO PULL THAT REPORT AND MAKE SURE THAT REPORT IS ACCURATE f. Even if you can't get one of the reports, try all three bureaus

		<ul style="list-style-type: none"> g. It's frustrating – but it's a process, we need to try to work with the system.
<p>Lecture and Discussion</p> <p>Credit Reports and Disputing</p>	15	<ul style="list-style-type: none"> 6. Trans Union sample report – walk through it <ul style="list-style-type: none"> a. Ask class to tell you what they see on the report, walk through it line by line. b. EXAMPLE: D&B Fin'l – CONFUSING, ISN'T IT? Don't know when the original account was opened, but we do know it became a collection account in 02/95, and that in 2000 it was verified as a collection account c. Goodyear/HSB – Revolving (Credit Account – possibly a credit card) 7. Equifax sample – walk through it <ul style="list-style-type: none"> a. Americredit example <ul style="list-style-type: none"> i. Installment, or closed-end loan (x number of payments) – car loans, furniture, etc ii. Example of a small car lot w/ a financier (Americredit) b. Wells Fargo (bottom of page) <ul style="list-style-type: none"> i. Looks funky, doesn't it? ii. Wells Fargo reported “PAYS AS AGREED” but there's also \$4058 past due. 8. Strategy/process for disputing <ul style="list-style-type: none"> a. Always dispute w/ credit bureau, not the credit grantor. Why? Because if you just talk to the creditor, they might not necessarily fix that credit report. b. Dispute for ACCURACY – if there's not anything inaccurate, you can't do much. c. Be patient, persevere d. Don't dispute 10 things at once – some may get lost. e. First, dispute the ones that are most likely to be disputable. f. Dispute medical bills when you had insurance. g. Dispute anything that is old that should no longer be there 9. Experian report – walk through it <ul style="list-style-type: none"> a. Note the report # - use this number to dispute b. First section are potentially negative records c. Each of these reports are different – notice that these could go positive in 5 years (2005) d. Address history – look for addresses that you know nothing about. Especially if they're showing up regularly – there could be fraud. 10. Tri-merge – walk through it <ul style="list-style-type: none"> a. Three scores – each different, three different scoring

		<p>modules</p> <ul style="list-style-type: none"> b. Trade Information <ul style="list-style-type: none"> i. All accounts from all three bureaus c. Some items will show up on separate lines even though it's the same account because it's been reported to the bureaus a little differently
Lecture and Activity – Debt to Income Ratio (pp 49-50)	5-10 minutes	<ul style="list-style-type: none"> 11. Debt to Income ratio (p 49) <ul style="list-style-type: none"> a. Used to see how much debt you can afford b. Divide your gross (total) monthly income by your monthly debt payments c. Lower number is better – if your ratio is more than 36% it will be very hard to get a loan 12. Calculate your debt to income ratio
Lecture and Activity – Reducing Debt (pp53-54)	5-10 minutes	<ul style="list-style-type: none"> 13. Ways to rehabilitate credit / reduce debt on p 53 14. Debt Reduction Worksheet on p54 <ul style="list-style-type: none"> a. Can help organize your debts – one page per creditor/debt b. Track monthly progress to see debts go down c. Pay off highest interest rate debts first
Lecture and Discussion – Making More than Minimum Payments	5-10 minutes	<ul style="list-style-type: none"> 15. Chart on p 56 shows How Much it Costs to pay off debts <ul style="list-style-type: none"> a. Minimum payment is typically 2% (on credit cards, etc) b. If you just pay the minimum, it can take YEARS to pay off a debt c. Creditor wants that – they're making money off of you in interest payments d. Paying just \$10 more than the minimum every month can cut years and hundreds of dollars off of what you pay

A-3: Financial Goal Setting

Steans Family Foundation IDA – Class C (Goals) Instructor Notes

Instructor checklist

- n. **“Finding Paths to Prosperity”** – booklets (1 for each client)
- o. **Sign-In / Sign-Out sheet** – clients sign sheet first day, and initial each class they attend
- p. **IDA program guidelines, application and Bank Day Handout** – from SFF
- q. **Case Study: Identifying and Overcoming Obstacles Handout** –one page from last page of outline.

Education is our passport to the future, for tomorrow belongs to people who prepare for it today.

— *Malcolm X*

Key	Time	Description
Chapter 2, p 13 Activity p 13 Discussion	10	<ul style="list-style-type: none"> • Goals of chapter are learning what your goals and dreams are and acting on them • Dreams--Have students do activity on page 13 and write out answers in book (take 4 to 5 minutes) <ul style="list-style-type: none"> ○ Then ask students what their responses were, writing on board or flip chart ○ Discuss how goals are related to your values.
Values (p 14)	10 min	<ul style="list-style-type: none"> ○ Values are the guideposts to your path ○ Help you manage money ○ Have students do activity on page 14 and discuss <ul style="list-style-type: none"> ○ Ask what are values? ○ Ask if you have ever done something financially against your values? ○ Example: I value thrift, but I bought a five CD changer this weekend for \$200 even though I really can't afford it. ○ Always bring discussion back to how values can help you achieve your goals ○ Ask why they are participating in IDA program Saving for IDA must be based on values or will harder to achieve
Introduction to Life Goals and Daily Goals (p 15)	5 min	<ul style="list-style-type: none"> ○ Your goals are how you want to live your life. Goals can be as simple as the goal of showing up to work on time, or respecting other people throughout the day or as enduring as long term

		<p>retirement or business plans.</p> <ul style="list-style-type: none"> ○ Goals are intimidating at first, but form a necessary building block in a successful life. ○ Having a budget and goals is empowering. ○ Goals are powerful because you are taking your future in your own hands. ○ Goals help you overcome daily obstacles
Explain SMART goals p 13	10 min	<p>Have class fill out activity on page 15, Creating your SMART goals, and discuss.</p> <ul style="list-style-type: none"> ○ Ask for a goal that has been achieved and discuss how it was achieved. ○ Discuss a future goal and how it will be achieved using SMART.
	10 min	<p>An important part of achieving goals is taking risks and expanding your comfort zone.</p> <ul style="list-style-type: none"> ○ Have class list the risks that they have taken in the past week, the past month, the past year and write on flip chart. <p>Stress importance of education as risk taking</p> <ul style="list-style-type: none"> ○ You must improve yourself constantly in today’s environment ○ Education has direct correlation with income ○ Education leads directly to larger network ○ Push people towards education as asset ○ Investing money in yourself is your best return on investment ○ You can have a 60% or higher return on your investment ○ College grads make over 300% more than HS dropouts ○ Professionals make over 600% more than HS dropouts <p>SEE Page 70 of book: Investing in Yourself</p> <ul style="list-style-type: none"> ○
	20 min	<p>Sticking to the plan using “Half-time”</p> <ul style="list-style-type: none"> ○ Half-time is a sports analogy of a time to reflect on your life up to this point

		<ul style="list-style-type: none"> ○ Look back on your life up to this point ○ Look at your credit report and develop a plan to correct any errors ○ Look at or develop a budget to get you to where you want to be. ○ What works does not work in your life ○ Importance of networking ○ How time is money and both are spent the same way ○ Learning is a process of receiving an idea, processing that idea, and then applying that idea. ○ Successful people do things that unsuccessful people don't.
Chapter 2 Plan for Life Events (p 16-17)	20 min	<ul style="list-style-type: none"> ○ Stress IDA program is not a savings account ○ They need a separate savings account for rainy days ○ Stress they are legally obligated not to withdraw the money ○ Discuss real life examples of life events and how people overcame them. <ul style="list-style-type: none"> ○ Ask people to describe life events that they were not ready for financially ○ Discuss with class what could have been done differently ○ What are the changes made to deal with future events? ○ What did you learn from this experience ○ Plan for losing a job, also discuss how someone that lost a job dealt with it and what lessons can be learned. The people in the room are the greatest resource since they know how to survive with a little amount of cash. ○ Budgeting and planning for life after IDA
Chapter 3 Obstacles (p 19) Hand out handout	30 min	<ol style="list-style-type: none"> 1. Think about specific obstacles that can prevent you from saving for your IDA 2. Create a list of things that don't work. 3. Ask what a resource is and give three or more examples <ul style="list-style-type: none"> ○ A resource is something that you can use to fill your needs or reach your goals 4. Demonstrate how resources can be used to overcome obstacles <ol style="list-style-type: none"> a. Thinking about resources can determine

		<p>we need to go to get more support</p> <ol style="list-style-type: none"> b. Draw a support diagram of your resources c. Talk about the circles of influence <p>Stress importance of community and networking.</p> <ol style="list-style-type: none"> 5. Talk about networking resources the Center, NHS, CRCL, NLEN, etc. 6. Successful people ask for help. Everyone has a network of people they have, people they know through work, school, church, the street, the grocery store, whatever or wherever. These people that you know are resources of information and contacts. Suppose you want to buy a car cheap, who do you know that would know where to start looking? Successful people use their contact to save money and get them out of financial situations. <ol style="list-style-type: none"> a. 7. Define obstacles as internal or external and how they can be anticipated and mitigated <ol style="list-style-type: none"> a. Write in workbook obstacles you currently have p 19 b. Discuss these obstacles c. Capitalize on your strengths and strengthen your weaknesses. d. Never make the same mistake twice. Learn from every mistake. e. Discuss case study if needed
Wrap Up	10 min	<ul style="list-style-type: none"> ○ Life after the class, the responsibility of saving ○ The next step in the IDA process <ul style="list-style-type: none"> ○ Hand out NHS flyer ○ Hand out CRCL flyer <p>Hand out Center evaluation</p> <p>Hand out sign in sheet and congratulate them for completing class work up to this point</p>

CASE STUDY: Identifying and Overcoming Obstacles

Lou plans to start a bookkeeping business with her IDA money. She is a part-time student at a community college and is scheduled to graduate at the end of the next semester after she completes one more class. She has done the bookkeeping for her neighborhood association as a volunteer for the past year and a half. She has contacted several new businesses in her neighborhood that are interested in her services once she graduates.

Lou works 25 hours a week at a local department store. This is a minimum wage job, and Lou has decided to go on public assistance to support herself and her two children (ages 6 and 8). She usually takes the bus to work during the day because her car is not always dependable.

While Lou's ex-husband thinks her idea to start a business is ridiculous, her parents are fairly supportive. Her mother is in poor health, however, and is often not available to help Lou out with childcare or other needs. Lou's only other relative in town is a brother whom she hasn't seen in 2 years. She is active in her place of worship and belongs to a support group for recently divorced individuals.

- What existing and potential obstacles do you see for Lou?
- What potential and existing strengths and supports do you see for Lou?
- Using the following worksheet, determine whether her obstacles are chosen or imposed, internal or external.

A-4: Greater Chicago Food Depository



Financial Education Workshop Series Pre/Post Evaluation

Please complete all required information in the box below.

<p>Required Date: ___/___/___ Trainer: _____</p> <p>Optional Last Name: _____ First Name: _____</p>
--

Following are 12 questions that will help the Center for Economic Progress develop and improve training opportunities for the greater community. Please take a moment to answer the following questions, related to personal budgeting, credit and credit reports, and saving for the future.

True or False: (Circle the appropriate answer)

1. Making late payments on your bills can make it more difficult to get a loan later.
T F
2. You can receive 1 free credit report from each of the three major credit reporting bureaus per year.
T F
3. You are responsible for resolving errors on your credit report that are not your fault.
T F

Multiple Choice: (Circle one answer per question)

4. What is the difference between a dream and a goal?
 - a. A goal is something you hope to do, a dream you will never do
 - b. Dreams are very general, but with goals you create a specific plan and set a date to accomplish them
 - c. Dreams you just think about, goals you try for
 - d. There is no difference
5. Which of the following **DOES NOT** affect your credit score?
 - a. Payment history
 - b. How much money you owe

- c. Receiving public benefits
 - d. Filing for bankruptcy
6. How long does your payment history remain on your credit report?
- a. 6 months
 - b. 9 months
 - c. 1 year
 - d. 2 years
7. Debra lives with her two children. Their total expenses are \$1,100 per month for fixed expenses, plus an average of \$800 per month for variable expenses. Her average income is \$1,400 per month from one job, plus \$400 per month from another job. How much does Debra need to cut from her expenses to balance her budget?
- a. Nothing – her budget is balanced
 - b. Needs to cut \$100 from her expenses
 - c. Needs to cut \$200 from her expenses
8. What is the difference between fixed and variable expenses?
- a. Fixed expenses are paid when you have the money while a variable expense are paid when you feel like it.
 - b. Fixed expenses is a set amount you pay every month while a variable expense can change from month to month.
 - c. An example of a fixed expenses is food while an example of a variable expenses is rent.
 - d. There is no difference

Fill in the Blank

9. Name three ways to keep track of your budget.
1. _____
 2. _____
 3. _____
10. Name three ways to request your credit report from the three major credit reporting agencies.
1. _____
 2. _____
 3. _____
11. Name three examples of resources you can use to reach your financial goals.
1. _____
 2. _____
 3. _____

Essay Questions (please print)

12. Why is education an important part of your financial goals? (How does education help you earn more money?)

Thank you for taking the time to complete this session evaluation!

2. Appendix B: Glossary of Workshops and Fee Schedule

CENTER FOR ECONOMIC PROGRESS FINANCIAL EDUCATION SERVICES

In response to a growing demand for financial literacy services, the Center now offers a range of services that agencies can purchase on behalf of their clients. Services include financial education workshops, one on one financial management and credit counseling, train the trainer workshops for agency employees and follow-up services to help employees integrate financial management skills into their day to day work. More detailed descriptions are provided below.

Agencies choose the types and amounts of services they want. Both parties then sign an agreement outlining the schedule of services and payments.

Standard Financial Education Workshops **\$735 per Workshop**

The Center offers a full suite of workshops designed to complement each other as a progressive learning tool for basic financial literacy. The workshops are geared to audiences ranging from those who are just beginning to manage their finances (such as teens or people who are newly employed) to those who want to achieve a better understanding of how to manage their money.

Each presentation is 3 hours long, with an additional half hour at the end to answer individual questions not covered during the workshop.

Workshop A, “The ABC’s of W-4’s,” helps participants to understand how they can adjust their tax withholding at their place of employment, and integrate tax and financial planning.

Workshop B, “Budgeting and Household Expenditures,” assists participants in completing a spending plan and teaches them how to use it as a tool to determine and track their household’s monthly expenses.

Workshop C, “Credit Reports and Debt,” assists participants to obtain their credit report, analyze and interpret it, and dispute inaccurate information in their credit file. They also learn how to identify any potential debt, threats of identity theft, and discuss strategies for rebuilding their credit history.

Workshop D, “Saving for the Future,” teaches the importance of establishing a savings goal and a plan to reach those goals to increase savings and build assets, using a savings account or other vehicles.

- Each workshop costs \$735 for up to 25 participants (about \$30 per person).

Customized Financial Education Workshops Up to \$1500 per workshop

The Center can offer more condensed versions of the above workshops by combining topics or providing an introduction to all of the topics. The Center will also design workshops on new topics by special request. Workshops can also be shorter or longer. The Center will provide an estimate to you for unique situations.

Each 3 hour workshop is designed to address 25 participants (\$60 per person).

- The development and delivery of customized workshops are billed at an hourly rate which will generally not exceed \$1500 for 3 hours. The Center will provide an estimate based on specific requests, with a maximum fee for the service.

Basic Budget & Credit Counseling

During one on one meetings, the Center's specially trained staff help clients develop individual budgets, identify money management goals, and identify basic strategies and resources for handling financial issues. Initial sessions require at least one hour, including securing a credit report. Follow-up sessions are available as needed. A certified credit counselor reviews all cases.

- The agency may choose to secure the credit report themselves, thereby reducing the total cost.
- Counseling sessions are billed at the rate of \$100 per hour. Agencies are encouraged to schedule sessions in blocks of a minimum of 4 hours so that multiple clients can be seen.

Advanced Budget & Credit Counseling

The complexity of problems a client is facing can be determined during the initial intake. The Center's certified credit counselor is brought in to work directly with a client in difficult and urgent situations, such as clients considering bankruptcy, serious tax problems, or identity theft.

- Advanced credit counseling costs \$130 per hour.

Train the Trainer Workshops Up to \$1200 per workshop

Training agency staff is often a cost-effective way for agencies to ensure their clients receive on-going financial literacy and budget counseling services. The Center will work with the Agency director to establish learning goals and meet with agency staff to determine their level of training skills and financial literacy. Specially designed workshops are provided to your staff to enable them to deliver these services to their clients.

- The development and delivery of each 3 hour workshop is billed at an hourly rate with total costs not to exceed \$1200.

Employee Coaching Services

The Center can provide on-going help to agency staff as they integrate the new information and skills necessary to provide effective financial management assistance to clients. The Center will be available by phone and in person to coach employees one on one. Progress will be assessed through review of files and participating in sessions with clients.

- Coaching services cost \$100 to \$130 per hour and may be purchased in blocks of time.

Glossary of terms

Basic Budget and Credit Counseling includes topics such as developing a budget, how to open and manage a bank account, initial assistance in obtaining and reviewing a credit report, and identifying basic resources.

Qualified Center staff have received training in financial management counseling and are supervised by a certified credit counselor.

Credit Counseling is a distinct term used to describe services that will help a client find avenues to resolve outstanding debt, identity theft, and poor credit ratings. Only certified credit counselors may provide this type of counseling, including negotiations with a creditor. Through training and years of credit counseling, this counselor has developed expertise in handling complex financial issues.

Certified Credit Counselors have been trained and tested by an accrediting body.

3. Appendix C: First Accounts Report

The First Accounts Savings Program:

A US Treasury Department Program to help Families Become Bank Users

Program Study by the Center for Impact Research, Graduate School of Business, University of Chicago, the Center for Economic Progress and Shore Bank

“I’m just grateful for the First Accounts for teaching me about banking which has saved me money from cashing my checks at the currency exchange.” ---new account holder

“Before I had a checking account, I would spend more freely. It’s easier to spend it when you have it at hand than when it’s there in the bank.” ---new account holder

Introduction:

The Center for Economic Progress is dedicated to increasing economic opportunities for low-income families, children, and individuals by improving access to public, private, and non-profit programs and services. Through direct services, public education, and advocacy, the Center challenges barriers facing its constituency, thus encouraging self-sufficiency and promoting economic prosperity.

The Center for Economic Progress seeks to dramatically increase economic opportunities for low income families, children and individuals. It is in this spirit that the Center participated in the First Accounts Program.

The First Accounts Model - A strategy to introduce banking services to the “unbanked”

In 2002, there were at least 22 million families (22 to 56 million individuals) in the U.S. that did not have either a savings or checking account at banks or other

traditional financial institutions.⁴⁵ These families use alternative banking services: using an expanding array of currency exchanges, check cashers and other non-traditional financial institutions and networks to perform basic financial functions such as cashing payroll checks and paying bills. Non-traditional financial institutions provide convenient service, but at a high cost that prevents asset building. A 2004 report estimated that alternative financial services (check cashing, rent to own, pawnshops, payday lenders, RALs, auto title lenders) handled 280 million transactions representing \$78 billion in revenues.⁴⁶

Poor access and under-utilization of traditional financial services is a significant issue for working families. Over 83% of families who don't have a bank account earn under \$25,000,⁴⁷ and not having an account makes basic financial transactions expensive. Unbanked low income workers pay more to convert their checks into cash, for credit, for banking services, for health care, for auto loans, and for home mortgages.⁴⁸ It is estimated that around 10 million individuals do not currently have a bank account because of credit problems.⁴⁹ About half of the currently "unbanked" had an account in the past. Having a bank account *may* also make it easier to save: 36% of households that earn \$15,000 or less with a bank account saved regularly, while only 9% of the unbanked earning \$15,000 or less do so.⁵⁰

About one third of Chicago residents do not have a transaction account and do not have a structural vehicle to encourage and facilitate savings. The Center for Economic Progress, as part of a pilot initiative with the U. S. Department of Treasury, was one of fifteen organizations nationwide given a grant to participate in the First Accounts program beginning in May 2002 and lasting until September 2004. The First Accounts

⁴⁵ General Accounting Office, "Electronic Transfers: Use by the Federal Payment Recipients Has Increased but Obstacles to Great Participation Remain," 2002; and Boshara, Ray, et al. "Policy Options to Encourage Savings and Asset Building by Low Income Americans" *New America Foundation*, Asset Building Program, Discussion Draft, January 28, 2004.

⁴⁶ Kenneth Temkin and Noah Sawyer, "Analysis of Alternative Financial Service Providers," Fannie Mae Foundation and the Urban Institute, September 2004.

⁴⁷ Michael S. Barr, "Banking the Poor: Policies to Bring Low Income Americans into the Financial Mainstream," *The Brookings Institution Research Brief*, September 2004.

⁴⁸ See "Double Jeopardy: Advocasey Explores the High Cost of Being Poor" Volume 7, Number 1 Winter 2005, for further details.

⁴⁹ The Center for Financial Services Innovation, February 2005.

⁵⁰ *Survey of Financial Activities and Attitudes*, Constance R. Durham "The Role of Banks and Nonbanks in Serving Low- and Moderate- Income Communities" Office of the Comptroller of the Currency.

program was designed to expand access to financial institutions for the “unbanked.” This was achieved by partnering with community organizations and financial institutions to provide low or no cost bank accounts coupled with financial education. The Center partnered with Volunteer Accounting Service Team of Michigan (VAST-MI) and ShoreBank in Chicago, the nation’s largest and oldest community development bank, to develop savings and checking accounts with low or no monthly fees or minimum balances. During the period beginning in May 2002 to September 2004, the First Accounts program helped low income consumers open over 1400 banking accounts with ShoreBank, exceeding the goals set by the Treasury, of 1000 new accounts, by over 143%. Over 87% of these accounts were still open as of September 2004.

Despite targeting mostly low income households who previously did not have bank accounts, the average initial deposit in First Accounts was surprisingly high. The First Accounts program resulted in approximately \$657,000 dollars in opening deposits over a two year period. The Center for Economic Progress used free tax preparation services and direct deposit of the federal income tax refund as a strategy to introduce the opportunities of the First Accounts program. Roughly 26% of First Accounts were opened through this channel, with significantly higher average opening deposits than clients who opened accounts in conjunction with financial education workshops. Over 1470 individuals participated in a total of 183 workshops⁵¹. Just over half of them opened one or more accounts after participating in the workshop.

The backbone of the First Accounts approach was a commitment to use financial education to provide individuals with the knowledge base to effectively use checking and savings accounts. Developed in conjunction with the National Consumer Law Center and ShoreBank, the curricula focused on the mechanics of using accounts effectively, personal budgeting and financial goal setting. This emphasis on financial education was based on studies showing the importance of providing financial skills to the participants to make sound decisions based on their financial circumstances.⁵² For example, the 2002

⁵¹ From unpublished data at the Center for Economic Progress, Chicago, Illinois.

⁵² Lyons, Angela C. and Erik Scherpf, “Moving from Unbanked to Banked: Evidence from the Money Smart Program” Financial Service Review, volume 13/3, pp215-231, Bernheim, B.D., Garret, D.M. and Maki, D.M. “Education and Saving: The long term effects of high school financial curriculum mandates,” Journal of Public Economics, 80. 435-465, Hogarth, Jeanne M, Beverly, Sondra G. and Marianne Hilgert,

American Dream Demonstration (ADD) project, which evaluated 14 IDA programs, revealed that financial education had a very significant impact on the savings rates of program participants, and that the more education participants received (up to eight hours), the better their savings rate. The Average Monthly Net Deposit of participants consistently rose from roughly \$2 per month for those who had no financial education, to over \$12 per month for those who attended eight hours of financial education workshops.⁵³

“I was better able to control the money. I tend to have loose fingers with money available to me, that way I knew where the money was and I knew that it wasn’t spent.”---new account holder

“When you have money in the bank you don’t spend it quite as fast as if you have it at home. When money is in the bank, you don’t run through it quite as quickly. I have more money at the end of the month than I would otherwise, cause I can pace my money”---new account holder

Four Major Findings of the First Accounts Research Studies

Three studies have been commissioned about this First Account program. On the national level, ABT Associates, Inc. has completed a survey of the U.S. Treasury First Account grantees, with an emphasis on program design and actual implementation. Dr. Marianne Bertrand, an economist at the University of Chicago in the Graduate School of Business has completed both a general phone survey of 201 program participants and a research survey of 91 participants to determine if the presence or absence of a banking representative affected account openings. The Center for Impact Research, led by Dr. Lise McKean, conducted extensive in-depth in person interviews with 77 program participants to determine specific attitudes toward banking and financial habits. The Center for Impact Research specializes in qualitative data.

The participants of the First Account program were nearly 70% female, with an average age of 37. The average household size was 3.3 individuals. This population is

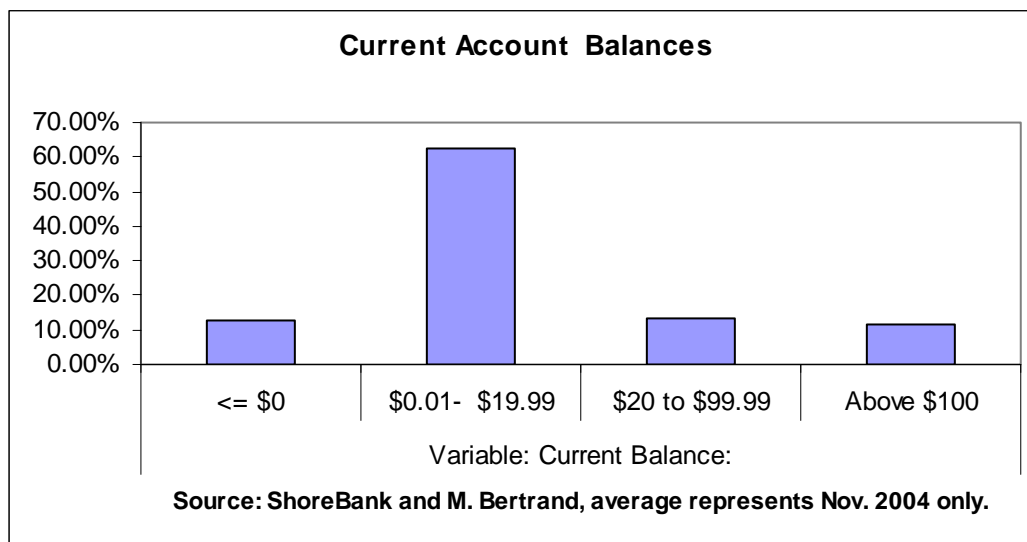
“Patterns of Financial Behaviors: Implications for Community Educators and Policy Makers,” Discussion Draft, February 2003, Federal Reserve System Community Affairs Research Conference.

⁵³ From the CFED website: <http://add.cfed.org/training.html> accessed July 13, 2005.

underemployed: 70% have a HS education or less, with 43% of those survey unemployed at the time of the workshop, and only 33% employed full time at time of workshop. 39% reported income of less than \$1000 per month.⁵⁴

1. Low-income people want to and can save money

Low-income persons want to save money, as demonstrated by the strong response to the program, with over 1,400 savings and checking accounts opened for people who currently had no bank account. 65% of the accounts opened are savings accounts. Clients also maintained their accounts - 87% of the First Accounts were still open at the end of the program, and over 89% of savings accounts had money in the account, with the average account balance at the time of the survey of \$134.92.⁵⁵ Although a majority of the accounts had low balances, these clients still enjoyed the benefits of having a savings account: direct deposit, a means to convert checks into cash for free, ease of saving, FDIC insured deposits, the ability to build their credit history and maintain a relationship with a bank.



Because both VAST-MI and the Center for Economic Progress used their free tax preparation programs to attract interest in the program there was a concern that some participants would use the account solely to get their tax refunds quicker. Among all the

⁵⁴ Marianne Bertrand, Sendhil Mullainathan and Eldar Shafir, “Evaluation of the First Account Program: Final Report,” University of Chicago Graduate School of Business, February 20, 2005, Table 1.

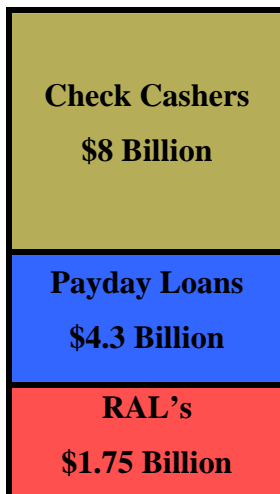
⁵⁵ This number is self reported data from the participants interviewed and is confirmed by the preliminary data from ShoreBank given to Marianne Bertrand. Marianne Bertrand, Sendhil Mullainathan and Eldar Shafir, “Evaluation of the First Account Program: Final Report,” University of Chicago Graduate School of Business, February 20, 2005, Table 7.

First Account holders who opened accounts, just 85 or approximately 9% of the accounts opened during the tax seasons of January 1 to April 15 of 2003 and 2004 were closed within 90 days. Surprisingly, of the tax season accounts still open at the end of the grant period, 16% had existing balances higher than the initial deposit. The numbers of accounts still open are higher than a similar program that Shore Bank had previously participated in, the Extra Credit Savings Program which did not have the emphasis on financial literacy. In that program, 46% of the unbanked families who used an income tax refund to open a bank account, spent down their accounts within a month to less than 15% of their balances and had little activity afterwards.⁵⁶ Both Shorebank staff and the Center for Economic staff speculate that the differences seen in the First Accounts Program is because of the emphasis on financial education that specifically stressed the value of a bank transaction account in money management and savings.

“I got away from currency exchange fees. The direct deposit makes my life easier. I was able to save money better.”---new account holder

“Helping me save, I have never done that before; [it was] harder to save before direct deposit. I never see it. So you can’t spend what you don’t have.”---new account holder

2. First Accounts Program resulted in a dramatic reduction in reliance on check-cashers.



⁵⁶ Footnote 17, page 13 ABT Associates Inc. Report on First Accounts Program for the Center for Economic Progress. This is data as reported by Shorebank to ABT. Cf. “Money in the Bank”, p. 7-9.

Remittances
\$3 Billion

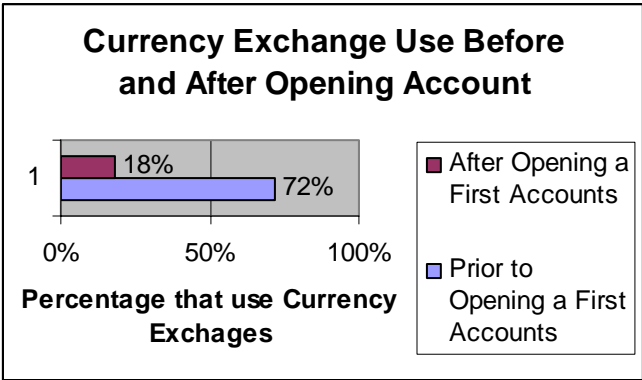
Check cashing outlets (locally known as currency exchanges) are a growing phenomenon in Chicago and across the nation along with other alternative financial service stores. The

industry's growth has been phenomenal, from a handful of payday lending stores in the

\$17
Billion
in
Total

mid 1990s to over 10,000 in 2002 and a similar growth in the number of check cashers over the same period to over 6000.⁵⁷ A growing number of families and individuals are unable to save for the future or establish a credit history because of their reliance on alternative financial services.⁵⁸ The number of individuals

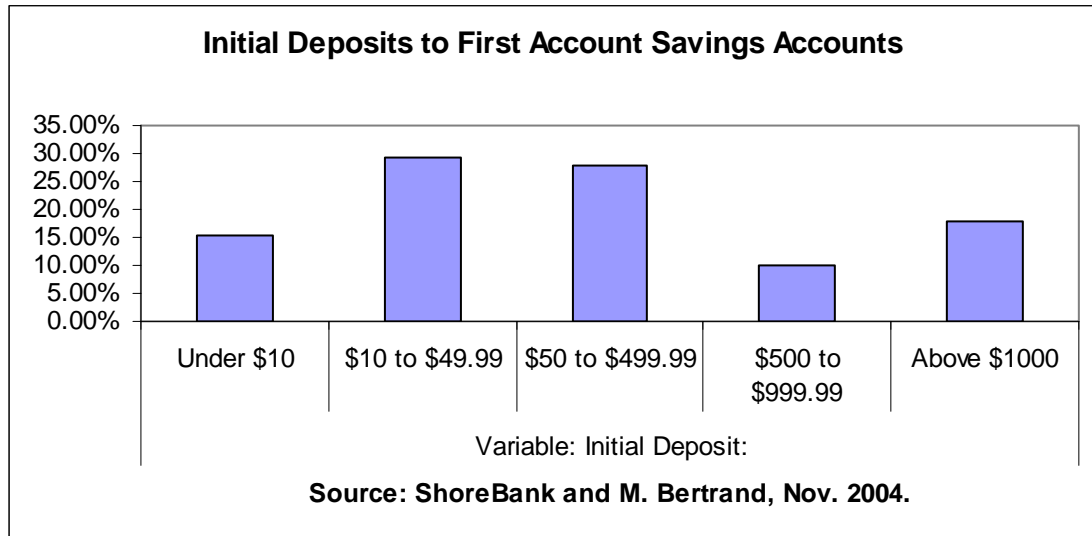
that use check cashers is now estimated at around 10 million per year.⁵⁹ The typical fees charged in Illinois to cash a check are 1.4% to 1.85% the face value of the check plus \$.90 per check.⁶⁰



In surveys of the First Accounts participants, about 70% used check cashers an average of 3.8 times a month prior to the financial education workshops and prior to opening their accounts. Only 18% of those surveyed who opened an account are still using check cashers for their financial needs.⁶¹ There was also a drop for those that

⁵⁷ Kenneth Temkin and Noah Sawyer, "Analysis of Alternative Financial Service Providers," Fannie Mae Foundation and the Urban Institute, September 2004
⁵⁸ See "Double Jeopardy: Advocasey Explores the High Cost of Being Poor" Volume 7, Number 1 Winter 2005, for full details.
⁵⁹ "A Survey of Check Cashers in the San Fernando Valley", December 2004, *Valley Economic Development Center*.
⁶⁰ Sherrie L.W. Rhine, et al. "The Role of Alternative Financial Service Providers in Serving LMI Neighborhoods", *Consumer Issues Research Series*, Federal Reserve Bank of Chicago, April 2001.
⁶¹ Marianne Bertrand, Sendhil Mullainathan and Eldar Shafir, "Evaluation of the First Accounts Program: Final Report," University of Chicago Graduate School of Business, February 20, 2005, p14.

attended the workshop but did open an account with around half still using check cashers. The participants that continue to use check cashers do so because of the convenient hours, the services available, not having to wait for checks to clear, and the convenience of combining finance related tasks in one trip.⁶²



“Don’t have to cash checks at the currency exchange. Direct deposit is very good, it’s a safe haven for your money, if you have it on your hands you can find something to spend it on.”---new account holder

3. First Accounts program participants reported great value in the financial education and access to financial services.

A large majority of those surveyed by the Center for Impact Research (CIR) (88.6%) said that having a checking account *changed* the way they managed their finances.⁶³ They stated that having a checking account helped them to:

- become more aware of their money and their expenses
- keep money in the bank, i.e. they saved more
- track their money better
- reduce impulse buying
- pay bills more conveniently

⁶² Lise McKean, Sarah Lessem and Elizabeth Bax, “Money Management by Low Income Households: Earning, Spending, and Accessing Financial Services,” Center For Impact Research, February 2005, p 45-47.

⁶³Ibid, p 47.

- reduce the need for money orders

More than ninety percent of those surveyed stated that the trainer of the financial education workshop was very helpful, patient in answering questions, and friendly. They reported that they learned something “useful” at the workshop. When asked to specify, two answers were most common: first, learning about the mechanics of how bank accounts and bank cards work and second, specifics on how to save and manage money better.⁶⁴

“It’s pretty good to know I have an account. I look at the First Account as baby food; it’s a limited account with limited benefits and services. I’m just using it to hone myself for when I can play along with the big boys. [When] they wouldn’t give me a VISA [card] logo debit, I felt slighted. The First Account was to give an individual a new beginning with a bank.”---new account holder

“Money’s not at my fingertips so it’s easier to save.”---new account holder

4. First Accounts made significant impact in long term money management.

The opening of a First Account correlates with an increased interest in money management in general, as reflected in the following types of activities:

24% of First Account holders use direct deposit in conjunction with their account

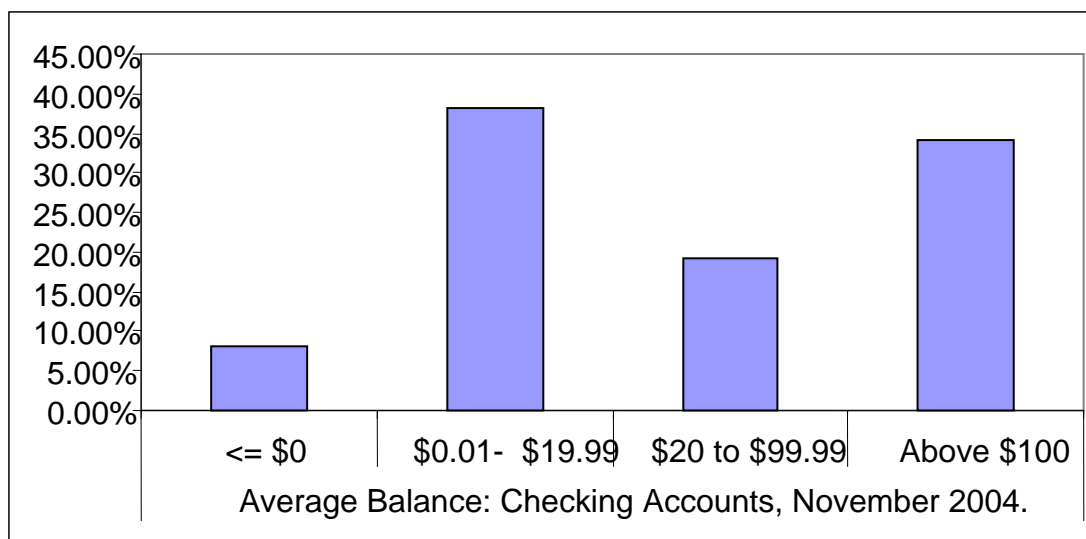
78% of First Account holders have an ATM card

18% of First Account holders use EFT (electronic fund transfers)

61% of First Account holders saved at least \$10 the previous month⁶⁵

⁶⁴ Marianne Bertrand, Sendhil Mullainathan and Eldar Shafir, “Evaluation of the First Account Program: Final Report,” University of Chicago Graduate School of Business, February 20, 2005, p 8.

⁶⁵As compared with 45% of non First Account holders who saved at least \$10. Marianne Bertrand, Sendhil Mullainathan and Eldar Shafir, “Evaluation of the First Account Program: Final Report,” University of Chicago Graduate School of Business, February 20, 2005, p15.



Of the 1428 bank accounts opened from May 2002 to September 2004, 1,056 are saving accounts and 372 are checking accounts. Around 92% of current checking accounts have balances, with over 53% having at least \$20, and 34% having over \$100 on average over a two week period.⁶⁶ Checking accounts are used to write checks for paying bills, for debit card shopping and ATM withdrawals. Over 51% of those with a checking account wrote at least one check with 27.6% writing at least 3 per month.⁶⁷ Checking accounts serve different purposes for different types of consumers. For a certain segment of the population, checking accounts impose a heavy fee structure if the accounts are overdrawn. 17% of First Account Checking Accounts had fees over \$50 per month probably as a result of insufficient funds in the account with 35.7% of all checking account holders having at least one returned check.⁶⁸ Because of the underemployed realities of the underbanked population, not having enough money left over at the end of the month makes balancing a checkbook very important and the possibility of overdrafts of checking accounts more likely.

All account holders averaged 2.4 visits to the bank each month, making 2.2 deposits monthly with an average monthly deposit of \$743.98. 37.2% of checking account holders had a least one direct deposit per month. ATM cards were used an

⁶⁶ Unpublished documents from M. Bertrand. This data is incomplete since it is based on a single month, November 2004, which ShoreBank was able to provide to the research team. Actual check usage may vary from this data.

⁶⁷ Ibid.

⁶⁸ Ibid.

average 6.3 times a month as a debit card and 3.1 times a month at ATM machines.⁶⁹

Also there was an increase in the amount of reported savings as a result of not dealing in cash. In the year prior, 58% of those surveyed reported saving nothing prior to opening a First Accounts and attending the workshop while 61% of those with First Accounts reported saving at least \$10 in the previous month.⁷⁰

“Since I got a bank account it helps me. I don’t like going [to the currency exchange] no more. Because they charge you too much now. You can look at how much you’re saving by just putting it in direct deposit”---new account holder

“[Currency exchanges] helped me when they helped me, they serve no purpose anymore, the only purpose was to cash a check. I have direct deposit now.” ---new account holder

5. Recommendations

The First Account Program, like other recent research⁷¹, shows that lower income households can and are willing to save if they have the same mechanisms for saving that higher income households have and are given the same financial tools. The majority of those who completed the financial education workshops opened one or more accounts. Savings accounts with such mechanisms and their usage in this study is encouraging, but the current trends of increased reliance on and proliferation of alternative financial services suggests that this part of society will not be able to save using account based systems found in the traditional financial market. This study furthers an increased understanding and awareness of the unbanked and should inform and be used as a jumping off point for future programs and efforts by financial institutions. These findings suggest that the account banking products developed by ShoreBank and the Center for Economic Progress did not sufficiently deal with all the issues facing this vulnerable population. The goal of First Accounts was to provide financial training and open low cost checking and savings accounts. Future programs should be nuanced enough in their

⁶⁹ From self reported data. Marianne Bertrand, Sendhil Mullainathan and Eldar Shafir, “Evaluation of the First Account Program: Final Report,” University of Chicago Graduate School of Business, February 20, 2005, Table 7.

⁷⁰ As compared with 45% of non First Account holders who saved at least \$10, *ibid*, p 15.

⁷¹ Ellen Seidman, Moez Hababou and Jennifer Kramer “A Financial Services Survey of Low and Moderate Income Households,” MetroEdge, The survey considered savings, credit and the asset building in low and moderate income households. Savers are more likely to have access to “better” credit and thus are able to build assets. Also the Survey of Financial Activities and Attitudes mentioned above, footnote 6.

approach to identify those participants who should open a traditional checking account and those that are not financially able to do so and should be steered towards a checkless or savings account only.

There is some overlap in the use of traditional banking services and alternative banking services based on a rational cost analysis of owning an account and the ability to cash checks at little or no cost. Many recent studies have noted that there is not a clear dichotomy between banked and unbanked.⁷² Checking accounts serve different purposes for different types of consumers. For a certain segment of the lower income population, it is not enough to have the financial education required to maintain a healthy account, while at the same time being in a financially precarious position. 17% of First Account Checking Accounts had fees over \$50 per month probably as a result of insufficient funds in the account with 35.7% of all checking account holders having at least one returned check⁷³. Over half of the participants with accounts have had overdraft problems and were in ChexSystems. ChexSystems and other credit issues are becoming a tremendous barrier to this community and banks that wish to enter this market need a way to deal with this issue. ShoreBank was willing to “bypass ChexSystems” because the clients completed financial education that specifically addressed the management of the account. ChexSystems is a credit reporting agency for financial institutions that tracks account previous overdrafts and account closings. If a person is in the ChexSystem system, they usually will be denied another account with a different bank.

The results we found were similar in nature to other recent studies:⁷⁴

- Concepts of banked and unbanked are more complicated and there is significant overlap of traditional and alternative financial services along a continuum from unbanked to banked
- Using a check casher is a rational decision for most people

⁷² Christopher Berry, “To Bank or Not To Bank? A Survey of Low-Income Households,” Shorebank Advisory Services, <http://www.shorebankadvisory.com>

⁷³ Unpublished data from M. Bertrand. This data is incomplete since it is based on a single month, November 2004, which ShoreBank was able to provide to the research team. Actual check usage may vary from this data.

⁷⁴ Our findings are similar to MetroEdge’s survey of 2003 and 2004 as reported in the “A Financial Services Survey of Low- and Moderate- Income Households” by Ellen Seidman, Moez Hababou and Jennifer Kramer, pages 1-2; also the findings of Christopher Berry “To bank or not to bank? A Survey of Low Income Households” Joint Center for Housing Studies Working Paper Series, Joint Center for Housing Studies, February 2004.

- If the consumer did not have the minimum balance needed for free checking, check cashing is actually cheaper.
- Currency exchanges offer an attractive set of services for low income households

Because of the financial strains and underemployment facing part of the population that makes up the unbanked, financial institutions should not only think about what products they can offer but their entire relationship with this population in order to develop a long term relationship that builds assets for all concerned. Check cashing, bill payment systems and low cost money orders are the needs faced and provided for by alternative financial services. Financial literacy combined with the products that make sense can build assets for both financial institutions and individuals. Such a product should be designed to allow for the building of assets, it should not allow more money withdrawn than is in the account.

6. Resources

Research papers on this First Account Program

- Center for Impact Research
- Marianne Bertrand, University of Chicago, Graduate School of Business

Report on First Account Program

- ABT Associates, Inc.

Papers/studies dealing with the unbanked

- Christopher Berry, "To Bank or Not To Bank? A Survey of Low-Income Households," Shorebank Advisory Services, <http://www.shorebankadvisory.com>