

LESSONS FROM THE FIELD:

Connecting School-Based Financial Education and Account Access in Amarillo, TX



Prepared by the Corporation for Enterprise Development (CFED) and OpportunityTexas for the U.S. Department of the Treasury

The Great Recession has demonstrated the significant need for Americans to have strong financial management skills. However, too many young adults have a lack of understanding of financial concepts. Schools are one platform through which financial education can be delivered at scale, helping students build skills that are important for being financially secure in their futures. Schools can also help students acquire hands-on money management experience by partnering with a financial institution to offer an in-school banking program.

With support from the U.S. Department of the Treasury, the Corporation for Enterprise Development (CFED), the Center for Financial Security at the University of Wisconsin-Madison (CFS) and OpportunityTexas, a joint initiative of the Center for Public Policy Priorities and RAISE Texas, partnered with local school districts and financial institutions to explore the impact of financial education and financial access on elementary-age children. The Assessing Financial Capability Outcomes (AFCO) project consisted of field studies with 4th- and 5th-grade students in two school districts—Eau Claire, Wisconsin, and Amarillo, Texas—during the 2011-2012 and 2012-2013 academic years. This study offers the first rigorous test of the impact of approximately five hours of classroom-based financial education and access to a bank or credit union branch in school, both alone and in combination, on students' financial knowledge, financial behavior (i.e., opening and using savings accounts), and attitudes towards saving and financial institutions.

Key findings from this study include that:

- Financial education significantly improved student financial knowledge and the effects of the education persisted up to a year later.
- Both the financial education and access to in-school banking were each found to improve students' attitudes toward saving and financial institutions.
- Students with access to banking in schools were also more likely to have a savings account and actively use that account than students who did not.

This brief documents observations from the implementation of the pilot conducted in the 4th-grade classrooms in Amarillo, called Smarter Texans Save. It offers insights from launching and operating an in-school banking program and connecting such a program to a school-based financial education curriculum for those who may be interested in replicating elements of the pilot. For more information on the results of the study, see the full report at <http://www.treasury.gov/resource-center/financial-education/Pages/default.aspx>.

¹ Research has demonstrated that children may learn more when financial education lessons are experiential, include applications of lessons learned and take advantage of teachable moments. For a review of the literature, see Sherraden et al. (2011). Financial Capability in Children: Effects of Participation in a School-based Financial Education and Savings Program. *Journal of Family & Economic Issues*, 32(3), 385-399.

² This brief focuses on the implementation in Amarillo rather than the first AFCO site in Eau Claire because the Amarillo pilot included the implementation of both new financial education lessons and new bank-in-school programs. The bank-in-school program tested in Eau Claire was a long-standing program and no adjustments were made to its operations for the AFCO pilot.

Background

Amarillo, Texas, was selected as the second site for AFCO because it is a relatively large and diverse school district in which interventions could be tested: Amarillo Independent School District (ISD) students are economically disadvantaged (67% qualify for free and reduced price lunch) and racially diverse (38% are White, 10% are African-American and 44% are Latino).³ Amarillo ISD also worked with a local financial institution, Happy State Bank (HSB), to offer an in-school banking program called Kids' Bank in a small number of its elementary schools. Working in Amarillo also provided a great opportunity to test and get feedback on Texas' new K-8 math personal financial curriculum standards, passed in 2011, and understand how to best connect the new curriculum to an in-school banking program before the new curriculum goes into effect in the 2014-2015 school year. Texas' new K-8 personal financial education math standards, which emphasize saving, financial decision-making and developing an economic way of thinking, were developed using the JumpStart Coalition's K-12 personal finance education national standards, Texas Essential Knowledge and Skills math standards, and national lesson models that demonstrated grade-appropriate financial literacy content and skills.⁴ Texas chose to integrate its financial education standards into its math curriculum in part because math is a subject that is tested through end-of-course exams, which holds schools accountable to teach the curriculum and because using math enhances the understanding of the financial literacy concepts and skills.

Financial Education Curriculum

All 4th-grade students in Amarillo received six weekly, 45-minute financial education lessons delivered by the students' regular classroom math teachers over a five-week period. The *Smarter Texans Save* curriculum was adapted from the Council on Economic Education's Financial Fitness for Life curriculum with an additional lesson developed by the Texas Council on Economic Education (TCEE). A few adjustments were made to the curriculum so that it covered four of Texas' five new personal financial education curriculum standards for 4th-grade math. The curriculum included a variety of savings concepts, including identifying reasons to save, how interest serves as an incentive to save, and how to allocate a weekly allowance between spending, saving and sharing. Lessons also taught students financial decision-making and budgeting skills and how to read a bank statement. To prepare teachers to teach the curriculum to students, teachers attended a six-hour training session provided by TCEE, at which they received all of the materials and handouts necessary to teach the lessons. Feed-

Financial Education Instructional Resources

The financial education lessons in the AFCO pilot were based on Lessons 4 and 5 from Council on Economic Education's *Financial Fitness for Life* curriculum for grades 3-5, which can be purchased at <http://store.councilforeconed.org/>.

Below are other resources for financial education curriculum for elementary-age students, many of which are free.

Money as You Learn (All Grade Levels)

Provides teachers with Common Core Aligned texts, lessons and tasks that connect the Common Core to real-life applications, while also equipping students with the knowledge needed to make smart financial decisions.

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

Hands on Banking (All Grade Levels)

Includes an age-appropriate video and supporting worksheets for opening a bank account, where money comes from, savings and checking, and understanding credit for each grade.

<http://www.handsonbanking.org/en/>

Econ Lowdown (All Grade Levels)

Provides access to classroom resources for educators to teach about money and banking, economics, personal finance and the Federal Reserve.

http://www.stlouisfed.org/education_resources/

EconEdLink (All Grade Levels)

Provides access to online economic and personal finance lessons and resources for educators and students, which can be searched by grade level, concept, state standards or alignment with Common Core Standards.

<http://www.econedlink.org/resource-finder.php>

How Banks Work (Grades K-5)

Informational website for kids that includes an interest calculator.

<http://www.themint.org/kids/how-banks-work.html>

Texas Council on Economic Education (Grades 4-8, Grades 2-3 in development)

Provides lessons to teach students how to manage financial resources effectively using math concepts. These lessons can be used to teach Texas' K-8 PFL math curriculum and include correlations to common core math skills.

http://economicstexas.org/?page_id=5497

³ Texas Education Agency, Performance Reporting for the 2011-2012 school year.

⁴ For more information, see http://www.jumpstart.org/assets/files/standard_book-ALL.pdf.

back from teachers on the training indicated that they felt the training on the curriculum was very helpful. They appreciated that each lesson was taught to teachers during the teacher training, allowing them to experience each lesson through the eyes of their students.

Teachers participating in the study provided feedback after teaching each lesson. Teachers reported that they generally were very pleased with the lessons, felt that their students enjoyed them and were happy to be teaching students real-world skills. However, teachers found that students' initial level of understanding of the curriculum was limited. One teacher reported that a reason for this was that some of the material may not have been relevant for students of all income levels and suggested that topics discussed in the lessons should take students' income levels into consideration. For example, one teacher said it didn't seem appropriate to talk about saving for a vacation to Disneyland with her students who may not have ever taken a vacation. Another said her students would have done better on a particular lesson if "more of their parents had checking accounts. Several of [her students'] parents cash their checks at a local store, not a bank."

Happy State Bank's Kids' Bank Program

HSB, a Texas-based community bank with 31 locations and \$2 billion in assets, started its Kids' Bank program in 1997 and has expanded its program to 30 schools in nine communities in the Texas Panhandle region. HSB does not view its Kids' Bank program as a profit-making venture, but rather as a way to give back to the community and generate positive publicity. While there is no formal agreement between HSB and Amarillo ISD, HSB operated Kids' Banks in three of Amarillo's 36 elementary schools prior to the *Smarter Texans Save* pilot. As part of the study, the Kids' Bank program was expanded to 15 additional elementary schools within Amarillo ISD, with selected schools chosen at random. To encourage students to open accounts during the study period, half of students in schools with Kids' Banks were randomly selected to receive a \$25 "seed" deposit if they opened an account.⁵

HSB's Kids' Bank offers students interest-bearing savings accounts with no monthly fees,⁶ no minimum balance and no minimum opening deposit. The accounts are jointly owned by the student and a parent or responsible party. However, for the AFCO pilot, HSB allowed students to open accounts in their name only without the signature of their parent(s) or responsible party if the parent(s) or responsible party lacked the forms of identification HSB required to open the account.⁷ Accounts could be opened online or parents could fill out a paper application and return it to the Kids' Bank branch at their child's school. Once the bank processed the paperwork to open the account, the family received a signature card in the mail which, once signed by the parent and the student (or the student only in the case of child-only accounts), was returned to HSB through the mail in a postage-paid envelope. Through that process, families could open an account without visiting an HSB branch.

The Kids' Bank branch, which is a mock branch made out of wood, is set up in a public area of the school, generally in the cafeteria or library. Typically, bank days at the participating schools occur every two to three weeks, but the Kids' Banks were open weekly during the pilot. The branches are open either before school, at lunch or after school, but most bank days occur at the end



Image 1: Mock-up of a Kids' Bank branch

⁵ Drawings held in classrooms were used to distribute the incentive so that the process of selecting incentive offer recipients was transparent to students and their families. The \$25 "seed" deposit was not funded by the U.S. Department of the Treasury but was provided through private funds raised by OpportunityTexas through the Amarillo Area Community Foundation.

⁶ The only fee that can be charged on the account is a \$2 service charge per withdrawal if the student makes more than 6 withdrawals in a quarter.

⁷ HSB requires a social security number (SSN) to open an account, so if there was not a parent or responsible party with an SSN, the child was able to open an account in his or her name only. Approximately 26% of the accounts opened through this pilot were child-only accounts.

of the school day, which HSB believes to work best for parents who are often less rushed at that time and more likely to accompany their child to make his or her deposits. HSB relies on students to staff the Kids' Bank and one HSB bank employee to oversee operations at each school.⁸ Students apply for a variety of positions at the Kids' Bank (tellers, marketing positions, etc.) and all students who apply are selected. This experience allows students to practice real-world skills, such as applying for a job and math skills.

To encourage saving, students can only make deposits at the Kids' Bank but can also go to any HSB location to make withdrawals. Students receive a small prize out of a treasure chest each time they make a deposit, which generates excitement and encourages students to save. As these are accounts primarily used solely by the students, depositing funds that may come from allowance or other small amounts of money provided by parents or other family members, the savings levels are low: the average weekly net deposit for the 4th-grade students in Amarillo who provided data for the study was \$.80.⁹ Deposits are recorded using deposit slips and brought back to the bank branch for deposit.¹⁰

HSB encourages school administrators to promote the Kids' Bank to their students in a variety of ways including:

- Using the PA system to remind students about bank days.
- Hanging posters throughout the school (posters made by student Kids' Bank employees and HSB Kids' Bank posters).
- Inviting HSB to present about the Kids' Bank at PTA meetings.
- Promoting Kids' Bank in the school's weekly newsletter.
- Including a link to the Kids' Bank website on the school's website.
- Including a sticker in the students' take-home folder that lists bank days.
- Placing a large yard sign in front of the school to remind families about upcoming bank days.



Image 2: HSB Kids' Bank posters



Image 3: Sign in front of school to remind families about bank day

⁸ Due to the rapid expansion of the in-school banking program for AFCO, the Kids' Banks were not staffed by students during the study period because there wasn't sufficient time to hire and train students.

⁹ Average weekly deposits in Eau Claire, where the in-school banking program was a well-established program and many students were banked prior to the AFCO pilot, were \$6.90.

¹⁰ HSB estimates that deposits total no more than \$100 on a normal bank day and does not consider staff carrying this amount of cash from the school to the branch to be a security risk. One step bank employees take to ensure security is to take a new list of account numbers to the schools for each bank day and shred it at the end of the day.

Participation in School Banking

Amarillo ISD 4th-graders, who on average are more economically disadvantaged than the average Texas student,¹¹ participated in the Kids' Bank program at relatively high rates during the study. Overall, 38% of students in schools with Kids' Banks opened an account, with the offer of the \$25 seed deposit increasing the likelihood a student opened an account by 18%. While overall participation rates exceeded our initial expectations, they varied from a low of 20% to a high of 60% across the 18 campuses with Kids' Banks. Schools with more economically disadvantaged students had the same or higher Kids' Bank participation rates over the study period than schools with fewer economically disadvantaged students, despite concerns from some principals that lower-income families would not participate in the program. One school principal of a campus with a high percentage of economically disadvantaged Hispanic students reported that her students' parents seemed proud that their students had access to this program and many accompanied their students to make deposits after school. School administration and staff's support of the program, as evidenced by actively marketing the program to students and parents through things such as regular reminders of the accounts and when bank days occurred, seemed to play a significant role in schools' Kids' Bank participation rates.

Following the completion of the AFCO pilot, the elementary schools that were selected to participate in the Kids' Bank program through the pilot were given the option to discontinue the program. Almost all (15 of 18) decided to continue with the program in the next school year.

| In-School Banking Participation Results | |
|---|----------|
| Total Accounts Opened (all grades) | 615 |
| Account Take-up (4 th grade) | 38% |
| <u>With</u> \$25 Seed Deposit Offer | 43% |
| <u>Without</u> \$25 Seed Deposit Offer | 32% |
| Average Weekly Net Deposits [†] | \$.80 |
| Seed Deposits Distributed | 254 |
| Value of Seed Deposits Distributed | \$6,350 |
| Schools Continuing Kids' Bank in 2013-14 | 15 (83%) |
| Source: Administrative data from HSB and OpportunityTexas | |
| † HSB account transaction data from January – June 2013 for 166 students with accounts enrolled in the AFCO study | |

Insights and Successful Practices for Operating an In-school Banking Program

- **Campus administration and staff support is critical to the program's success.** Getting the buy-in of the Superintendent and the school district administration was an important step in gaining campus support for the program. We also found it helpful to give a presentation on the program to campus administrators, giving them an opportunity to ask questions about the program and what was required of them and their staff. Communications to teachers, whether in materials or during the training process, included messages about why the program was important to their students.
- **Bank employee support and buy-in is important.** HSB employees' level of enthusiasm and commitment to the Kids' Bank seemed to affect Kids' Bank participation rates. Two of the schools with the highest Kids' Bank participation rates had bank employees assigned to those campuses which were especially enthusiastic

¹¹ Of students in banked schools, 79% were economically disadvantaged in the 2011-2012 school year and 55% of fourth graders in banked schools were Hispanic during the 2012-2013 school year. Source: OpportunityTexas analysis of Texas Education Agency, Performance Reporting.

about the program and used creative strategies to boost Kids' Bank participation in their school, such as creating a mural about the Kids' Bank in the school's entryway.

- Marketing is key to participation, but keep materials simple.** In addition to the marketing practices mentioned previously, HSB and Amarillo ISD used a variety of marketing strategies to promote the launch of the program to parents and students, which seemed to be a key factor in boosting Kids' Bank participation. Some effective strategies used in Amarillo included hosting a press conference and bank ribbon cutting at the launch of program, which generated substantial publicity, including local television coverage.¹² When communicating with parents about the program, it's important to keep materials short and simple and provide materials in languages spoken by families.



Image 4: Mural about the Kids' Bank in the school's entryway

- Involve the school district in marketing to parents.** We heard anecdotally that parents, and particularly recent immigrants, have a high level of trust in their children's schools, look to their school to connect them to a variety of resources and would be more likely to enroll their child in the Kids' Bank if the district supported the program. During the study, schools sent home all Kids' Bank materials, including a brochure about *Smarter Texans Save*, which presented the financial education curriculum and Kids' Bank as one program, emphasizing the educational value of the program instead of highlighting or endorsing the Kids' Bank program.¹³ Some school districts may have concerns about referring students to a particular financial institution. One strategy to address this concern is for the district to be transparent with administrators and staff about how the financial institution was selected and emphasize the program's educational value to students. Generally, districts do not have a lot of choices in a financial institution partner for their in-school banking program because few financial institutions offer them in a given community, which was the case in Amarillo.
- Offer accounts that meet the needs of all families in the district.** When selecting a financial institution, it's important that the district makes sure the fees and requirements of the youth account are reasonable and that all families can meet the account opening requirements. For example, some financial institutions only accept certain forms of identification to verify an individual's identity, which could prevent some families from opening accounts. More broadly, schools should consider providing financial institutions with guidance on the account features and requirements they would like offered through the program. The field of children's savings initiatives is growing rapidly and many programs are offering savings accounts with particular features to help students save and automatically open accounts for all students. Some features to consider include whether account access should be restricted for a certain time period to encourage students to develop long-term saving habits or save for a particular goal and whether a third party (e.g., school or nonprofit) could open accounts on behalf of children so they could be automatically opened instead of students having to "opt in" to participate.

¹² Video footage from the local news coverage, including interviews with students participating in Kids' Banks, can be viewed at <https://www.facebook.com/photo.php?v=556317757736261&set=vb.178074368893937&type=3&theater>.

¹³ To view the Smarter Texans Save brochure and other program materials, visit <http://www.opportunitytexas.org/about-us/current-initiatives/smarter-texans-save>.

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- **Even a modest incentive can boost account ownership.** The results from providing students with a \$25 incentive to open an account suggest that even a modest incentive can be effective in encouraging account enrollment. A modest initial deposit has also proven helpful in other child savings programs as a way to generate excitement and interest in the accounts among students and parents, as have other types of incentives, such as matches on deposits and behavioral rewards.
- **Develop success measures.** Financial institutions and school districts should consider developing success measures for their in-school banking program and communicate these success measures to all program stakeholders before the start of the program so that everyone is working toward them. HSB gauges the success of its program based on the number of accounts opened and the positive publicity Kids' Bank generates within the community, but school districts could also develop measures that tie the program and financial education lessons back to student academic performance.

Connect In-School Banking to Financial Education Curriculum

The AFCO study found that financial education in schools, even in small amounts, does appear to increase financial knowledge and capability. It also provides some evidence that students do learn more when given an opportunity to apply their learning through an in-school banking program, finding that in-school banking resulted in more students with bank accounts, students more actively using their accounts, and improved attitudes towards saving and financial institutions. Teacher feedback was nearly all positive about the in-school banking program and its interaction with the financial education lessons. Some teachers reported that students with bank accounts were more engaged in the lessons as the account brought what the students were learning to life and were excited about saving in the Kids' Bank.

Offering an in-school banking program in combination with financial education appears to be a promising strategy to teach financial skills to children early in life. Doing so may also lead to greater participation in an in-school banking program as parents may be more likely to allow their students to participate in the program if they know that it compliments their child's curriculum. Anecdotally, we heard that connecting the in-school banking program to the financial education curriculum generated more support for the Kids' Bank program from parents and we believe helped increase Kids' Bank participation rates.

Promising Ways Schools Can Connect Financial Education Curriculum to an In-School Banking Program

- Include savings and other grade-appropriate concepts relevant to the in-school banking program in your financial education curriculum (see list of financial education instructional resources on Page 2 for ideas).
- Present the financial education curriculum and in-school banking program to students and parents as one program.
- Take students on a field trip to a bank branch and visit an in-school branch on a bank day.
- Teach students how to interpret a savings account statement using a sample savings account statement from the in-school banking program.
- Teach students about short- and long-term savings goals and have students identify savings goals for their savings account. If possible, work with the financial institution to incorporate the savings goal into the student's account statement.
- Teach students about different places to keep their money safe, including in banks and credit unions, and talk about how the in-school banking program is one option for a place where students can keep their money safe.
- Teach students about the costs and features associated with checking and savings accounts, using the costs and features of the in-school banking program's savings account as an example.