

Colorado River Individual Development Accounts (CRIDA)

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Abstract

As post-secondary education fees continue to rise, more young individuals are finding it difficult to obtain the resources to further their education. Educational attainment may be a contributing factor in lower income levels. An individual development account program, such as the Colorado River Individual Development Account (CRIDA), could contribute to alleviating the problem. The CRIDA program focuses on matching funds saved for post-secondary education by the youth of the target community of Lake Havasu City, Arizona and the surrounding Mohave County communities known as the Colorado River region.

Asset and income poverty percentages are higher in the county than the state and national average. Educational attainment is far below that of the state and national percentages, as well. Studies indicate college graduates earn significantly more than those with only a high school diploma. Arizona's four public universities have posted the highest tuition increases in the nation over the past five years. Most families in Mohave County have little hope of sending their children to college without taking on substantial debt. CRIDA will help young individuals establish a savings goal and earnings plan, strengthen their money management skills, and obtain matched donor savings. These outcomes will lead to enrollment into a post-secondary educational institution and eventually lead to economic independence and decreased need for income assistance.

Colorado River Individual Development Accounts (CRIDA)

Community Context

Mohave County was one of the original four Arizona counties created by the First Territorial Legislature in 1864. The borders went through several changes until 1883 when the boundaries were set as they are today. Located in northwest Arizona, the county follows the Colorado River bordering Utah, Nevada, and California. Mohave County includes 8,486,400 acres, 13,312 square miles of land and 158 square miles of water, making it the second largest county in Arizona and one of the largest in the United States. Most of the land area is desert and small mountain ranges owned by the U.S. Bureau of Land Management. There are three Indian Reservations within Mohave County: Hualapai, Kaibab-Paiute, and Fort Mojave, and numerous federal lands including a large portion of Grand Canyon National Park.

The primary economic drivers of Mohave County have historically been tourism and construction-related industries, both in significant decline since 2007. According to the 2010 census, 9.6% of county residents are in a construction related industry and 19.2% are in tourist related industries. State and national percentages are 8.9% and 7.1% construction, and 8.9% and 10.3% tourism-related. With those statistics, it's not surprising county unemployment is 14.9% compared to 11.8% in Arizona and 10.8% in the United States among people 16 years and older.

In general, the county is sparsely settled with an average of only 15 persons per square mile, and a total population of 200,186 according to the 2010 U.S. census. The state of Arizona grew over 24% between the 2000 and 2010 Census, compared to 9.7% for the United States during that time. Mohave County grew at an even faster pace of 29%, primarily due to the appealing climate and lower cost of living compared to California. Of the people living in this area, 79.6% are White, 14.8% are Hispanic or Latino, and 2.2% are American Indian. The

median age of residents is 42.9, with 22% of the population under the age of 18, 56% between 18 and 64 years of age, and 22% 65 and older.

Poverty levels are higher in Mohave County than the state and national average in every age category except 65 years and older. It is widespread among all ages, especially in families with children under 18. The percentage skyrockets to 54.4% in families with female householders and no husband present. The Mohave County family median income is \$40,573, compared to \$50,752 and \$52,762 for Arizona and the United States respectively. The official definition of poverty uses monetary income before taxes as the only statistical measurement. This definition doesn't include the number of households who have insufficient resources to meet longer-term needs, otherwise known as "asset poor." This is often an overlooked poverty statistic.

A household is considered asset poor if it doesn't have sufficient net worth to live at the poverty level for three months without income, currently \$4,632 for a family of three. According to Brooks and Wiedrich in the 2012 Assets and Opportunity Scorecard, 27% of Americans are living in asset poverty and 43% are living in liquid asset poverty (insufficient cash accounts to live for three months without income). One in three (33.9%) Arizona residents are living in asset poverty, and two in five (44.4%) are living in liquid asset poverty. The average net worth of an Arizona resident is \$38,618, compared to \$70,600 nationally. Mohave County asset numbers are elusive, further confirming assets are often overlooked as an important poverty indicator.

As one of the largest counties in the United States, and with 20% faster growth rate than the national average, Mohave County has not kept pace with the needs of its asset poor residents. Assets are essential in creating financial security and opportunity. Arizona ranks 45th in the United States in asset building programs (Brooks & Wiedrich, 2012), yet has had the 8th largest

gain in asset poverty since 1996. Though the scorecard doesn't further break down figures to individual counties in the State, an educated guess could be made that Mohave County likely exceeds the state and national percentages of asset poor residents due to the higher percentages of income poverty and unemployment, and lower percentages of educational attainment and median earnings. Poverty's effects can include social, civic, and community exclusion, welfare dependencies, residential instability, and an increased likelihood of generational poverty. While lack of income may begin the cycle of poverty, the inability to accumulate assets perpetuates the cycle as low-income individuals are unable to better themselves.

Educational attainment of those over 25 years of age is far below the state and national average. According to the U.S. Census bureau, those with a bachelor's degree or higher in the 25 year and older category in Mohave County is only 12% compared to 26.3% in Arizona and 27.9% in the United States. The distinct difference in educational attainment may be a contributing factor in the lower income levels of the county. As post-secondary education fees continue to rise, more young individuals are finding it difficult to obtain the resources to overcome this problem. According to the National Center for Education Statistics, the percentage of low-income high school graduates enrolled in college is nearly 29% less than high-income graduates.

The percentage of households in Mohave County below the poverty level is higher than the state and national percentages, making higher education often unattainable as immediate needs are of the utmost concern. Zhan and Schreiner state, "Low-income people may often be forced to make short-term decisions about investment in their own human capital, and it is important for social policy to help them save and invest for their future education" (Center for Social Development, 2004, p. 1). An individual development account program, such as the

Colorado River Individual Development Account (CRIDA), could contribute to alleviating the problem. The CRIDA program focuses on matching funds saved for post-secondary education by the youth of the target community of Lake Havasu City and the surrounding Mohave County communities known as the Colorado River region.

An individual development account (IDA) is a matched savings account designed for individuals or families to aid in saving money for a particular financial goal. IDA's are a stepping stone towards accumulating assets, which not only has an economical and financial benefit, but a psychological one as well. "When people accumulate something, it has more than economic benefits. People saving for their future tend to take better care of what they have," says Dr. Sherraden of Washington University (Assets for Arizona Alliance, 2003, p. 2). Sherraden, considered the pioneer of the IDA movement, goes on to explain how people with societal involvement will act like citizens, putting more effort into their homes, neighborhoods, communities, and themselves.

The target community for this program is high school students in Mohave County. CRIDA will pilot in Lake Havasu City, Mohave County's largest city. Students will enter the program in 9th and 10th grade and remain as participants until they achieve their high school diploma and are ready to enter a post-secondary educational institution.

Problem Analysis

According to the College Board, a moderate annual college budget for an in-state public college for the 2012-2013 academic year averaged \$22,261. The College Board is a non-profit membership organization whose mission is to serve students and their families through programs and services in college readiness, college admission, guidance, assessment, financial aid and enrollment. They further state the average moderate budget at a private college increases to

\$43,289, which includes tuition, fees, housing and meals, books and school supplies, and transportation and personal expenses. With an annual median income of less than \$41,000, most families in the Colorado River communities have little hope of sending their kids to college without taking on substantial debt. The choice for many high school students is limited, leaving many to wonder if higher education is worth the cost.

Current figures from the US Bureau of Labor Statistics indicate adults with a bachelor's degree earn on average \$62,036 annually. High school graduates earn on average \$33,644 annually, or 84% less than their college graduate counterparts. These estimates further suggest college graduates are able to recoup the cost of college roughly five years after obtaining their degree and increase their lifetime earning potential substantially. Long-term increased income provides the means to accumulate assets and break the cycle of poverty. While the costs of a college education are overwhelming, the benefits are quite evident.

According to the Federal Reserve Bank of San Francisco, the gap between the rich and poor in the United States is the widest in 75 years. One and four families have zero or negative financial assets, and one in five owe more than they own. Assets play a vital role in poverty alleviation through economic security and psychological focus to encourage low-income families to save and plan for the future. A majority of the welfare systems and organizations developed to aid the poverty stricken, focus on the short-term income portion of an individual's finances. While short-term income is necessary, it doesn't break poverty's cycle. Education provides the ability to accumulate the assets needed to gain a foothold in climbing out of the cycle. Individual Development Accounts (IDA's) appear to be a good program to help alleviate this issue.

An IDA is a type of savings account opened for an intended purpose, such as saving for the purchase of a home or secondary education, and combines participant contributions, typically some amount of matched funds from a non-profit or government grant, and financial education. The account design and program features are important in the level of success. Low opening balance requirements and the potential for matching funds encourage the participants from the beginning. Incentives for direct deposit and benchmark earnings continue supporting their efforts. Withdrawal restrictions and matched funds kept in a parallel account until enough money is saved for the intended purpose, help to ensure the participant's success. Two major challenges with developing this type of program are finding a financial institution willing to create a product that is unlikely to produce revenue, and finding a partner willing to match the savings. Community banks or larger financial institutions with a strong presence in smaller communities are good potential partners in this program. Local non-profit organizations, private corporations, or government grant programs such as Assets for Independence, are potential partners to match funds.

The proposed Colorado River Independent Development Account, or CRIDA, is a savings program to assist high school students in Mohave County in western Arizona. The program will pilot in Lake Havasu City, one of the largest cities in the county. The program will help the area youth stabilize their financial future by designing a savings plan they can afford, partnering with organizations in the community, and providing education to help develop beneficial and sustainable financial habits. The IDA is a financial tool to help students save for post-secondary education, decreasing the likelihood they will need future income assistance, and resulting in higher salaries. When successfully implemented, CRIDA will follow the tenants of community economic development.

ANALYSIS CHART

EFFECTS	<p>Lifetime decreased income.</p> <p>Inability to accumulate assets or save for long-term needs and emergencies.</p> <p>Social, civic, and community exclusion.</p> <p>Need for income assistance and welfare dependencies.</p> <p>Residential instability.</p> <p>Generational poverty.</p>
PROBLEM STATEMENT	<p>Educational attainment of Mohave County residents over the age of 25 is below the state and national average, contributing to the lower income levels of the county.</p>
CAUSES	<p>Cost of post-secondary education.</p> <p>Lack of understanding of financial resources available for post-secondary education.</p> <p>Inability to save or lack of a saving's goal.</p> <p>Parents/family did not obtain post-secondary educational degree.</p> <p>Generational poverty.</p>

The effects of no post-secondary education include decreased lifetime income, social, civic, and community exclusion, welfare dependencies, residential instability, generational poverty, and the inability to accumulate assets or save for long-term needs and emergencies.

Causes of not obtaining a post-secondary education include the high cost of post-secondary

education, lack of understanding of financial resources available for post-secondary education, and the inability to save or lack of a saving's goal. In addition, there often is a lack of family support due to the parents and other family members not obtaining a post-secondary educational degree. Generational poverty is a difficult cycle to break and can be both a cause and effect of financial hardship. While the CRIDA program looks to lessen the effects of all those listed, assisting the participants in obtaining a post-secondary educational degree is the long-term outcome.

A stakeholder analysis was performed in order to develop potential partners in the project. The team was comprised of three bankers, a school superintendent, and one philanthropist. Additional stakeholders were identified through the process and an assessment of impact and potential strategies for support were outlined. The following table identifies the stakeholders and their level of impact on the project.

STAKEHOLDER ANALYSIS

Team Member Name	Affiliation and/or Relationship to Planned Project
Brian Riley	CEO, Mohave State Bank / IDA bank partner
Lisa Van Ella	Program Manager
Jean VanderWal	VP Compliance, Mohave State Bank / bank product compliance
Gail Malay	Lake Havasu High School Superintendent
Lisa Fuhrman	Rotarian & Philanthropist / non-profit liaison

A = Critically Important B = Less Important C = Informational Resource

Stakeholder	Stakeholder Interest(s) in the Project	Assessment of Impact	Potential Strategies for Obtaining Support or Reducing Obstacles
Assets for Independence	No contact made	B	Potential grants for IDA programs
Mohave County Community Services	Coalition Youth Team, Youth Employment and Training Program	C	Potential high risk youth participants (age 14-21)
Brian Riley	CEO of partner bank	A	Supports administering IDA's if compliance issues are addressed
Jean VanderWal	Bank compliance expert	A	Willing to manage IDA account compliance issues
Lisa Fuhrman	Raises money, mobilizes non-profits and wealthy humanitarians	A	Supports project
Gail Malay	Assists in identifying potential high school students for the program	A	Will utilize high school academic counselors
Lisa Van Ella	Program Coordinator	A	Program design and implementation

An analysis was performed to determine the strength and weaknesses, opportunities and threats of the program. A summary chart of the results follows.

CRIDA SWOT ANALYSIS

<p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none"> • Matched savings maximizes participant investment; • Encourages saving for long term goals; • Promotes attainment of post-secondary educational degree; • Strengthens money management skills; • CRA credit with FDIC for partnering bank 	<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • Funding sustainability; • Maintaining participant motivation; • Maintaining ongoing relationship with bank partner
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • Stabilizes community by increasing educational attainment; • Partnership with non-profits interested in community 	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"> • FDIC penalties for non-compliance with regulations; • Depletion of funding; • Loss of partner financial institution; • Matched savings

The CRIDA program has both an economic element and economic intervention. The CRIDA program focuses on assisting the participants in reaching their educational goals by providing a matched savings through partnership with a funding donor, most likely an area non-profit organization. The match increases the participant's likelihood to enroll in a post-secondary educational program. In addition, the participant's money management skills are strengthened through financial literacy education and counseling.

The community will benefit from the CRIDA program as the future outcome of higher educational attainment of the area youth is realized. Higher educational attainment will

create a stronger labor force, drive economic spending, and produce community-minded individuals. The program encourages productive members of society that will contribute to the economic base by purchasing goods and paying taxes.

Another potential benefit of the program will be a reduction in the costs associated with crime including enforcement, prosecution, incarceration, and probation resulting from attainment of higher education. According to Weinberg and Grabmeier (2002), research indicates a 20% fall in the wages of non-college-educated men accounts for a 10.8% increase in property crime and a 21.6% increase in violent crime. "Wage declines are responsible for more than half of the long term increase in both property and violent crime," said Weinberg (Ohio State Research, 2002, p.1).

Literature Review

If you ask most individuals their definition of poverty, you would likely get similar answers of someone not having enough money or insufficient income to cover basic necessities. Merriam-Webster Dictionary defines poverty as "the state of one who lacks a usual or socially acceptable amount of money or material possessions" and Dictionary.com as "the state or condition of having little or no money, goods, or means of support". It's the latter part of the definition that is often overlooked. Poverty goes far beyond inadequate cash flow and trying to pay for the day-to-day expenses from paycheck to paycheck. Poverty penetrates the asset base, or the "material possessions" and "goods" portion of the definition of those in need. Asset poverty is more prevalent than income poverty, yet there are fewer prevention programs to manage the issue. While there are a number of factors that contribute to financial security, asset building has historically been overlooked in public policy and many poverty-reduction programs.

Prior to the 1990's, income-based policies dominated anti-poverty research. It wasn't until 1991, when Dr. Michael Sherraden of the Center for Social Development at Washington University in St. Louis Missouri, challenged traditional poverty programs and asset-based ideas began to emerge. In his book, *Assets and the Poor* (1991), Sherraden contended that focusing on income-based policy was a short-term solution and ignored the long-term need to accumulate assets. Accumulating assets, such as contributing to a savings account or buying a home, over a longer period of time creates a financial cushion for emergencies, in turn generating social, behavioral, and psychological benefits. Sherraden introduced the concept of Individual Development Accounts (IDA's), a matched savings account for long-term needs, as a powerful anti-poverty tool. In 2010, he was listed on the Time 100 most influential people in the world, and in the last two decades, Sherraden has written numerous publications that can be accessed for IDA information.

The Federal Deposit Insurance Corporation (FDIC), an independent agency created by Congress to maintain stability and instill confidence in the United States financial system, is a proponent of IDA programs as an asset building tool. The FDIC is the banking industry's law enforcement and considered the ultimate authority in allowable financial transactions. They provide training and workshops for bankers and financial institutions supporting IDA programs. Many resources and references are available regarding the benefits, and in support of, IDA's on the FDIC website, www.fdic.gov.

Articles by Burhouse, Miller, and Reynolds (2008) and by Miller (2007) indicate the FDIC's support of asset building and IDA programs. *Building Assets, Building Relationships: Bank Strategies for Encouraging Lower-Income Households to Save* (2008) lists several bank strategies to promote asset building. Strategies include offering reasonably priced products and

services, encouraging direct deposit, providing financial education, reaching out to low-income consumers to leverage their tax refunds, linking credit products to savings accounts, and finally, IDA's. Miller's *Individual Development Accounts and Banks: A Solid Match* (2007) explores the potential benefits to banks with IDA programs. Miller, author of both aforementioned articles, has served the FDIC in several capacities since 1989, currently acting as Special Advisor, working primarily on issues related to the underserved and lower income consumers, alternative financial services, and consumer protection. The FDIC's support is imperative to the future of IDA programs as an asset-building measure in alleviating poverty.

The handbook, *Individual Development Accounts: An Introduction to IDA's*, produced by Entrepreneurial Development Services, is a detailed informational tool for IDA participants. Instructions are given for every step in the process, providing excellent information for those looking to develop this type of account. The suggested business plan worksheet is a useful resource to pass along to participants, and the frequently asked questions will aid in preparation for IDA coordinators.

The U.S. Census Bureau, www.census.gov, is a resource for statistical research on the United States population and population-related issues. The information is compiled by the government and considered reliable for specific data. The Mohave County Economic Development website, www.mohavedevelopment.org, is not only a statistical resource for Mohave County related information, but a good historical reference as well.

Brooks and Wiedrich (2010) provide a comprehensive review of American's financial security in the 50 states and the District of Columbia. Their evaluation of financial assets, income, businesses, jobs, housing, homeownership, health care, and education supplies essential information on asset poverty in the U.S. It also ranks the states on the relationship between their

policies and outcomes in these areas. IDA's are one instrument used to combat asset poverty, and understanding the outcomes of existing policies is important in researching new products.

The history of matched savings accounts in the United States is explored in *Promoting Savings as a Tool for International Development* (2009), in addition to international program results. The document also provides funders for the various programs listed, but most importantly, outlines innovative new ways to attract funding. Social media is discussed as a vehicle to raise funds for matched savings, much like fundraising for micro-credit organizations.

Ng, Schreiner, and Sherraden (2010) explore the costs associated with IDA accounts and how to reduce costs without sacrificing quality. Efficiency is critical in attracting funders and maintaining the integrity of an IDA program. Ng, Schreiner, & Sherraden provide insight on what they consider the seven aspects of cost-effectiveness in IDA programs. The information is beneficial to organizers in set-up and maintenance of the programs, in addition to satisfying funder requirements.

The Assets for Arizona Alliance (2003) produced a comprehensive document about the benefits of IDA's accounts in the state of Arizona. Statistical information is provided specifically on the working poor, in addition to historical funders, non-profits, and supporters of IDA programs in Arizona. Similarly, The Assets Alliance webpage, www.assetsalliance.org, provides similar information on a national basis.

Assets for Independence (AFI) enables community-based nonprofits and government agencies to implement and demonstrate an assets-based approach for assisting low-income families out of poverty with the use of IDA programs. In a report titled, *Back to School: Best Practices for Developing Successful Educational IDA Programming* (2012), AFI discusses the benefits of saving for education and identifies several successful programs. Zhan and Schreiner

(2004) explore the relationship between savings and post-secondary education in low-income households in the working paper *Saving for Post-Secondary Education in Individual Development Accounts*. Grinstein, et al (2013) present evidence of positive impact from a study of a matched savings programs in the article *Long-term Effects of Individual Development Accounts on Post-Secondary Education: Follow-up Evidence from a Randomized Experiment*.

CRIDA Logic Model

Outcomes

Long-term Outcome	Attainment of post-secondary educational degree that leads to economic independence and decreases the need for income assistance.		
Intermediate Outcomes	Matched savings goal met.	Enrollment in post-secondary education.	
Short-term Outcomes	Participants establish savings goal for post-secondary education.	Strengthen money management skills through financial literacy education.	Participants develop an earnings plan.

Short-Term Outputs and Activities

Short-term Outcomes	Participants establish savings goal for post-secondary education.	Strengthen money management skills through financial literacy education.	Participants develop an earnings plan.
Outputs	Savings contract established; regular monthly deposits are made	Making necessary adjustments to stay within budget; ability to demonstrate increased knowledge in cash management skills	Written earnings plan is formulated and reviewed bi-annually
Activities	Entrance interview; anticipated educational expenses calculated; savings account opened	Pre-program and post-program testing; establish a budget	Explore ways to earn income and reduce spending

Short-Term Indicators

Short-term Outcomes	Indicators	Data Gathering Techniques	Data Sources
Participants establish savings goal for post-secondary education.	Clear goal outlined; saving account established; deposits being made towards meeting the goal	Written goal identified and agreed upon by participants and partners; partner bank core processing software	Completed contract between participant and partners; savings account documentation
Strengthen money management skills through financial literacy education.	Increased post-program test scores; budget maintained per contract	Standardized tests; budget worksheet; number of financial literacy classes attended	Test scores; account balances; class attendance
Participants develop an earnings plan.	Participants continually earn income throughout the program	Earnings worksheets	Paystubs; direct deposit; partner bank customer relationship software

Intermediate Outputs and Activities

Intermediate Outcomes	Matched savings goal met.	Enrollment in post-secondary education.
Outputs	Savings disbursed	Acceptance to post-secondary educational program
Activities	Deposits made per contract; funding partner match granted; completion of financial literacy classes	Completion of program; application to post-secondary educational program

Intermediate Indicators

Intermediate Outcomes	Indicators	Data Gathering Techniques	Data Sources
Matched savings goal met.	Deposits are made per contract. Additional savings deposits made	Savings account documentation	Partnering bank core processing software
Enrollment in post-secondary education.	Acceptance into a post-secondary educational institution	Communication with students and high school	Acceptance letter

Methodology & Implementation Plan

Participants

Participants will be high school students from the Mohave County Arizona area, with the program piloting in Lake Havasu City. Ideal participants will be 9th and 10th grade students with some form of income producing capabilities.

During the implementation period, it's expected the number of participants will be around 5 students, depending on the level of matched funding available. Participants will be referred by the Lake Havasu High School academic advisors. Participants will complete an application and provide a short resume, which will be reviewed by the program manager, partnering bank, and potential funding partner. Interviews will be performed by the program manager and non-profit liaison.

Community Role**Stakeholders.**

Team Member Name	Affiliation and/or Relationship to Planned Project
Brian Riley	CEO, Mohave State Bank / IDA bank partner
Lisa Van Ella	Program Manager
Jean VanderWal	VP Compliance, Mohave State Bank / bank product compliance
Gail Malay	Lake Havasu High School Superintendent
Lisa Fuhrman	Rotarian & Philanthropist / non-profit liaison

Partnering Bank.

Mohave State Bank will be the partnering bank for the CRIDA program. MSB is a local community bank with offices along the Colorado River region and further south to Yuma along the Mexico border. The bank is known for developing programs to benefit the community. Several local non-profit organizations have interest in diverting their scholarship funds to the program, including the London Bridge Rotary Club who has expressed the most interest in partnering with the program.

Program Roles and Staffing.

Lisa Van Ella will be the primary staff member and Program Manager for the IDA program within the bank, with compliance handled by Jean VanderWal. Lisa Fuhrman will assist as the non-profit liaison. Refer to Appendix A for further discussion on staffing roles for the program.

Budget

Expense Category <i>Line Item</i>	Program Year 1	Program Year 2	Program Year 3	Program Year 4	Category Subtotal Line Item Total
Staffing					\$0
<i>Program Manager</i>	\$0	\$0	\$0	\$0	\$0
Consulting					\$250
<i>Economic Literacy</i>	\$250	\$0			\$250
Occupancy					\$0
<i>Rent</i>	\$0	\$0	\$0	\$0	\$0
Systems					\$0
<i>Software</i>	\$0	\$0	\$0	\$0	\$0
Supplies & Materials					\$2,575
<i>Participant Workbooks</i>	\$250	\$500	\$500	\$500	\$1,750
<i>Office Supplies</i>	\$100	\$125	\$125	\$125	\$475
<i>New Account Kits</i>	\$50	\$100	\$100	\$100	\$350
Services					\$880
<i>Postage</i>	\$30	\$90	\$150	\$210	\$480
<i>Photocopying</i>	\$25	\$75	\$125	\$175	\$400
Travel					\$700
<i>Staff Mileage</i>	\$100	\$150	\$200	\$250	\$700
Other					\$1,000
<i>Workshop Refreshments</i>	\$100	\$200	\$300	\$400	\$1,000
Totals	\$905	\$1,240	\$1,500	\$1760	\$5,405

Refer to Appendix B for further budget narrative. As the CRIDA program expands, the need for additional funding will expand as well. It's estimated the annual program expense at full

capacity without donations would be \$15,000-\$18,000. At that level, CRIDA would need to explore others sources of income, as further discussed in the sustainability section of the report.

Monitoring & Communication

In collaboration with the partnering bank, a detailed tracking system will be implemented to monitor major indicators. The following reports are generated monthly:

1. Individual Accounts Statement Report
2. Matched Accounts Statement Report
3. Class Attendance Report
4. Participant Performance Report
5. Earnings Record Report

These reports are also linked to minor indicators such as the average number of regular savings deposits, the number of missed deposit reminders, and eventually number of participants completing the program.

The impact of the program will be quantified through the number of participants who achieve their matched savings goal and ultimately enroll in a post-secondary educational institution. The outcomes will provide the base line for continuing improvement of the project and whether or not the overall objectives were met.

Understanding how to communicate with funders, participants, and the community is necessary and may be crucial to continued financial support. Creating a viable communication plan will help to ensure the sustainability of the program.

Funders - The main communication objective is to keep the funders updated with the results of the program in order for them to see the progress of their donations. Regular communication will be performed via email, as it's the preferred method of the group members. Routine communication is to set meeting times, update the status of tasks, and to communicate any normal functioning of the project. Routine communication will remain professional and information driven. Meetings will be held in an informal setting when there are problems or significant issues to discuss. These types of meetings will remain serious in order to work towards solutions. To celebrate successes, participants will be invited to communication with funders at group meetings (i.e. Rotary club) to share their story. When participants reach a goal, funders will be sent a note or letter. A meet and greet can take place to introduce funders to participants.

Participants - The main communication objective is to encourage the participants to attain their goal, educate on financial literacy, and guide them through the program process. Educational communication will be in the form of classroom settings, one on one meetings, and email communication. The rules will be communicated in a similar setting, as well as in writing. Encouragement will encompass many forms of communication. Regular email blasts, cards, phone calls, and time provided during the financial literacy classes for participants to have the opportunity to encourage each other.

Community - The main communication objective is to inform the public about the program. Press releases as project milestones are met will be the primary form of communication with the public. A feature article in the newspaper would be the ideal communication to inform the community about the overall program objectives.

Evaluation

The CRIDA program will measure both short-term and intermediate outputs and activities to determine summative outcomes. Quantifiable outputs such as tracking account balances will be measured by comparing the starting balance with the actual account activity on the partnering bank's core operating system. Other outputs such as participation in financial literacy classes will be measured by attendance records.

Three primary questions to be answered by evaluating the program are, 1.) How many participants have reached their savings goals and completed the program? 2.) Have the participants' competencies increased in the focus areas covered in the financial literacy classes? 3.) How much did the program contribute to the participant's ability to pursue post-secondary education?

The independent evaluation method will predominantly be used for program measurements. The evaluations aim to explain how accomplishing short-term outcomes lead to intermediate and long-term success. Connecting the purpose and reason for the program will be important to secure continued grant funding. The ability to tie savings activity and increased financial competencies to the intermediate outcomes will be the responsibility of the program manager.

The overall objective of the CRIDA program is to assist high school students in saving money to pursue post-secondary educational goals, making the third question the most essential in determining the program's overall effectiveness. This intermediate outcome is best measured by comparing the account balance, including both the participant's savings and the savings match, to the out-of-pocket expenses at the time of the participant's entrance into post-secondary education. The percentage savings will establish a baseline for the program, provide measurable

results to the stakeholders, and confirm the purpose of the program. The program manager will be responsible to manage the evaluation process and disseminate the information.

CRIDA Logic Model

Outcomes

Long-term Outcome	Attainment of post-secondary educational degree that leads to economic independence and decreases the need for income assistance.		
Intermediate Outcomes	Matched savings goal met.	Enrollment in post-secondary education.	
Short-term Outcomes	Participants establish savings goal for post-secondary education.	Strengthen money management skills through financial literacy education.	Participants develop an earnings plan.

Short-Term Outcomes

Establish a Savings Goal

The first step in the savings process is to establish a goal. Many college bound students and their parents don't have a realistic idea of the overall out-of-pocket costs involved, what their financial aid options may be, and the best way to begin saving. It's easy to become overwhelmed and do nothing at all. Assisting the CRIDA participants in establishing a savings goal is an important short-term outcome.

In order to establish a savings goal, the participant's anticipated post-secondary educational expenses need to be calculated. What type of college do they plan to attend and for how long? Once the amount of need is determined, the current savings situation needs to be assessed. Do they have an established savings plan? How much time is remaining before entering post-secondary schooling? What amount can realistically be saved per month in order to reach the savings goal? An entrance interview will reveal much of the information in which to

evaluate this outcome. CRIDA participants and their parents will establish a savings contract with the program manager, which will provide the data source to measure this outcome.

When it comes to saving for post-secondary education, according to Chaney (2011), “The most important thing is to begin saving something as early as possible as regularly as possible” (p. 16). Establishing regular savings habits can be used to measure this outcome. How many participants established a regular savings pattern? What is the average annual increase in account balances? What are the average number of deposits per month? How many missed deposit reminders were needed program-wide?

Regular savings patterns can be measured through the partnering bank core processing software. In addition, the number and amount of deposits made compared to the participant contracts can be reviewed. Savings patterns are a fairly simple quantitative measurement.

Strengthen Money Management Skills

Strengthening money management skills through financial literacy is a short-term outcome of the program with long-term benefits. According to the Financial Educators Council, almost one-third of college students, when reflecting back on their freshman year, admit that they were not very well prepared for personal money management on campus. Three out of four admit to having made mistakes with their money when they arrived on campus. CRIDA’s core curriculum includes creating and maintaining a budget, education on cash management products, and an introduction to credit and credit management skills.

To determine the outcome of the financial literacy classes, the level of pre-program and post-program knowledge of the participants will be evaluated. How many participants attended the financial literacy classes? How many classroom hours were offered? What is the

participant's current level of understanding in the main areas of focus? Did the participant's competencies increase as a result of the core curriculum?

Evaluating the increase in money management skills can be measured through pre-program and post-program testing, and through regular attendance records and successful completion of the classes. Participants will be required to establish and maintain a budget throughout the program. The ability to make necessary adjustments and stay within the budget will be measured.

Develop an Earnings Plan

In order to successfully save, participants must have a plan to earn money. Developing an earnings plan will involve exploring and outlining ways to earn income. The program is designed to start participants in their early teenage years, ideally around 9th and 10th grade. Young adults in this age range are typically preparing to enter the job force, or have begun to earn some sort of income. Forming a plan will involve exploring traditional ways to earn, such as part-time employment, allowance, and odd jobs. Program materials will be provided to assist the participants in developing a plan. Earnings will be tracked and discussed with the program manager bi-annually.

Evaluation Plan

Establishing the savings goal is a required first step in the CRIDA program in which other steps build upon, and regular savings deposits create the basis for the intermediate outcomes of the program. While strengthening money management skills is crucial to a participant's long-term success, it is both a short, intermediate, and long-term outcome of the program as the participant builds knowledge and experience. Concentrating on the savings goals and regular savings patterns is where CRIDA will focus its evaluation efforts.

Sustainability

The CRIDA program is designed to be fully funded by donations and grants. There is no income-producing element where it will eventually support itself, and the program will continually need to rely on outside funding. To overcome the challenge of financial sustainability, CRIDA will concentrate its efforts in attracting funders who have a similar goal in assisting high school students with college scholarships. CRIDA will strive to ingrain the program into the budget of local organizations who already provide scholarships to high school students seeking post-secondary education. Over \$100,000 in scholarships were given to Lake Havasu City graduating seniors by local non-profit organizations in 2013. Many of these organizations go through an extensive list of scholarship applicants and an exhaustive process to determine the recipients of their funds. This all takes place within a frenzied short-period of time and with very little pre-determined criteria in some cases. The CRIDA program offers an element of simplicity and early selection of the scholarship recipients. It allows the funders to look at investing in a student that has invested in themselves, a criteria that most non-profit organizations covet when directing donor funds.

CRIDA's tactic is to be the first to submit a request for funding each budget year to these organizations. Determining and submitting a request prior to each potential funder creating their annual budget will increase the likelihood of CRIDA being placed as a line item in the budget for funding. An organized request and well-defined program will gain favor over other programs seeking similar funding, and continually communicating the results will keep the organizations engaged in the program. Funders want to know their money is making a difference.

CRIDA is looking for those organizations most likely to make funding the program part of their tradition. A good example is all three Lake Havasu City Rotary Clubs set aside

scholarships funds for high school seniors in their budget every year. One club, the London Bridge Rotary, has been providing scholarships since the 1970's. Ingraining the program as part of their tradition will instill a longer-term commitment, helping to stabilize future funding of the program.

The ability to receive grants will be a continual effort in order to increase the financial sustainability of the program. Assets for Independence (AFI) is the most notable governmental grant program for IDA's. Administered by the U.S. Department of Health and Human Services Administration of Children and Families in the Office of Community Services, AFI's main initiatives include awarding grants to non-profit organizations and government agencies that provide IDA's. Since 1999, AFI programs have served more than 81,000 low-income families nationwide, who have collectively saved more than \$76 million. The grant program has strict income guidelines and CRIDA will pursue funding through this program.

The legislative environment for IDA's can be helpful in delivering incentives to savers, but budget cuts continue to erode the programs. In 2012, 16 states funded IDAs, down from 18 states in 2011, 20 states in 2010 and 22 states in 2009. Arizona currently does not have a state funded IDA program. Outside the legislative body, there are other potential IDA supporters, including educational and financial institutions. Policymakers should be looking for opportunities to increase the benefits of the "529" college savings structure when combined with an IDA program by offering additional tax benefits to participants. Incentives should be given to financial institutions sponsoring IDA programs with reduced regulatory burden. There is potential for the political environment to strengthen IDA programs, but the present legislative body has made very little effort to do so. CRIDA will not be able to count on political circumstances improving to ensure the program is sustainable.

The ongoing support of the participating bank is an additional consideration for sustainability. The program must maintain a lost-cost delivery and is dependent on the partnering bank's ability to manage the accounts and assist with the financial literacy classes. The bank will receive needed credit for community investment from their regulatory agency, which will be helpful. To further strengthen the relationship, CRIDA will create opportunities for the bank to be recognized in the community for their efforts.

The fluctuation in available grants and contracts during periods of economic downturn need to be considered when looking at consistent funding. The program can establish an Advisory Board consisting of key community leaders who will volunteer their expertise in the form of advice, council and fund raising along with community awareness of the program. Examples of Advisory Board representation in Mohave County could be Arizona State University, Mohave Community College, K-12 Foundation (responsible for raising funds for the school district), High School Administrators, High School Career Center, and the School District.

As the program grows, CRIDA will consider aligning itself with a foundation or endowment that can provide consistent funding. Two examples in Mohave County would be the Mohave Community College Foundation and the Mohave County Community Foundation. Both foundations specialize in supporting youth education.

Results

The results section aims to yield the effects of the outlined actions and events, particularly in regard to the identified short-term outcomes. As the program is still in its initial phase, however, this project has not yielded many substantial results. There is benefit, however, in using this section to reflect on the ability of the program to affect short-term change.

Short-term Outcome One

Participants establish a savings goal for post-secondary education. As previously stated, formulating a savings goal is not only the first step in the IDA process, but is often the first step in the college planning process. Results of this outcome will be realized in increments throughout the program. Researching the estimated cost of post-secondary education, calculating the anticipated need, and formulating the savings plan will yield the first measurable result. This benchmark will occur at the beginning of the program and each participant must successfully establish the savings contract prior to continuing the program. Further results will bear out as regular savings deposits are made and account balances increase over the following years. Successful results, reviewed bi-annually, will indicate a regular savings pattern made in accordance with the contract.

Failure to meet the prescribed savings amount shouldn't be considered a complete failure of the outcome, however. A 10% variance is considered acceptable as young adults are especially susceptible to interruptions in earnings, as further discussed in outcome three. Emergency withdrawals as outlined in the contract may influence the savings amount over time. While these potential decreases in the savings amount affect the overall outcome of the program, the setting of the goal and exercise of regular savings do yield a measure of success alone.

Short-term Outcome Two

Strengthen money management skills through financial literacy education. Possibly the most difficult outcome to measure is the results of participants gaining money management skills throughout the course of the program. Long-term results are expected but only short-term outcomes will be discussed for the purpose of this thesis. Increased knowledge in areas of cash management products and credit products are best measured through pre and post testing, with

successful results indicating increased test scores in these areas. Proper use of these products is more difficult to measure as some of the skills are behavioral and changes over a longer term are needed to fully realize the actual results.

Increasing budgeting skills is the primary focus of this outcome. Participants must prepare and maintain a budget throughout the program, with results being measured by the ability to control saving and spending within the defined budgetary amounts. Anticipated results will yield budgets within the 10% variance as defined in the program contract. While negative outputs such as reduced savings will affect the overall outcome of the program, not staying within a budget isn't considered a complete failure. The participant's ability to prepare and adjust for the unexpected is an important result in itself.

Short-term Outcome Three

Develop an earnings plan. Anticipated results of this outcome will yield several plan revisions as the earning capacity for the participants change. Ideally participants will enter the program as young teenagers in the 9th and 10th grade of high school, which may be prior to obtaining a part-time job. As young adults reach the age to drive, the earnings possibilities increase substantially resulting in the need to revise the earnings plans. The outcome success will see an earnings plan developed for each participant and revised at the bi-annual review as needed. This short-term outcome is purposely more vague in nature to allow the participants the flexibility to be creative in their earnings plan. Participants will be encouraged to explore various ways to earn money and change their plans as needed. Success will be measured in the participant's ability to maintain steady earnings as reviewed in the bi-annual review of the plan.

Conclusions and Recommendations

The rising costs of college and the decline of social investment in higher education have made post-secondary education less affordable for students seeking to obtain a degree. Evidence shows that completing some level of post-secondary education is associated with an increase in labor market earnings, yet despite the substantial economic impact, many young adults are unable to afford to pursue additional education. The CRIDA program is the only educational IDA program designed to assist high school students in the Colorado River region. A majority of IDA programs in the country are geared toward homeownership and small businesses, and therefore focus on adults. Based on research of the known and publicized IDA programs, CRIDA is the only program of its kind in the state of Arizona.

In examining the initial intentions and anticipated short-term outcomes of establishing a savings goal for post-secondary education, strengthening money management skills, and developing an earnings plan, the program will enhance the wellbeing of the participants short-term and increases the viability of long-term achievement of economic independence. IDA programs such as CRIDA, create opportunities for larger numbers of high-school students to access higher education, build their money management skills, and eventually succeed in today's labor market. Furthermore, looking at the relationship of account ownership to educational outcomes, Elliott, Destin, and Friedline (2011, p. 2318) proposed that children's "college-bound" identities are made relevant when they hold college savings, and such identities are therefore likely to motivate educational effort. The CRIDA program recognizes the power of starting participants within the first two years of high school to instill the behaviors and college-bound thought process early on.

Prospects of Attaining Intermediate and Long-Term Outcomes

The forthcoming accomplishment of the short-term results will prepare the way for the CRIDA program to reach its intermediate and long-term outcomes. As the participants reach their short-term benchmark goals, they will gain encouragement to continue to reach the intermediate goals of attaining the matched savings and enroll in a post-secondary educational program. At this point in the program, participants have invested three to four years earning and saving their own funds to reach their goal, increasing the likelihood they will continue to pursue the longer term objectives. The aforementioned outcomes lead to the prospect and expectation that via participant enrollment into a post-secondary educational program, the attainment of a degree will ensue leading to economic independence and decreasing the need for income assistance. As the project continues to move toward its intermediate and long-range outcomes, continued collaboration with key partnerships and access to funding opportunities should encourage continued achievement.

As the CRIDA program further develops, three final recommendations to increase viability are noted at this stage of progress. First, collaboration with the high school staff will be fundamental in building strong partnerships needed for the future viability of the program. The principal and academic advisors are in the best position to identify participants for the program. Second, selecting students within the first two years of high school will allow time to make a more significant monetary impact towards their savings goal. Participants who feel vested in the program will be more likely to reach the intermediate and long-term goals. Third, properly time the requests for funding. As previously noted in the report, CRIDA seeks to divert scholarship funds from various non-profit sources. Timing the request to coincide with budget preparation is

important, so much so, it has held up the current progress of the program to wait until the appropriate time.

Personal Thoughts

Though this proposal is an attempt to assist high school students in the local community, it is not the definitive answer to the majority of students facing the serious problem of rising costs of post-secondary education. The CRIDA program will only be able to help the number of students in proportion to the amount of funding secured. The author is a career banker and well positioned to manage the program and create the partnerships needed for it to succeed. It's noted, however, the crucial partnerships are of utmost importance to the success of the program and must be nurtured accordingly. Much research as to the design, implementation, sustainability, and future of the CRIDA program has been put into the preparation of this proposal. As a CED practitioner, the author realizes the future of the program rests on the necessity for others to replicate the outcomes.

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Appendix A

Program Roles and Staffing

Program Orientation – Lisa Van Ella

- Can be completed as a group session or individually
- Both participants and parents are required to attend
- Main purpose—to communicate program features and benefits with a focus on expectations and eligibility
- Sets the tone and relationship that can carry through the whole program

The Accounts – Lisa Van Ella, MSB Operations Dept

- The financial product; there are 2 accounts with IDAs—one into which the participant deposits his/her savings on a regular basis and one which holds the matching funds. The funding partner owns the latter account. The matching occurs on paper until the participant is ready to withdraw funds. This prevents the match funds from being used for non-allowable purchases and keeps the match from being a tax liability to the participant.
- Participants earn interest on their savings and the match is earned through program completion

Financial Education – Lisa Van Ella

- Training to provide participants with the skills and knowledge to make informed judgments and to make effective decisions regarding the use and management of money with an emphasis on budgeting skills
- Topics include: budgeting, goal setting, cutting expenses, finding money to save, spending plan development, credit building and management, cash management products, avoiding predatory lending, and knowing consumer rights.

Case Management – Lisa Van Ella

- Coaching: Problem solving and motivation (saving, attendance at workshops, asset acquisition)
- Financial planning to assist in saving for post-secondary educational attainment
- Participant and account monitoring

Recruitment – High School Academic Advisors

- Marketing and outreach to potential accountholders

Enrollment – Lisa Van Ella

- IDA program application
- Eligibility determination and communication of expectations
- Sign participation and savings agreement
- Assessments of literacy, numeracy, financial literacy

Savings and Participation – Lisa Van Ella, MSB Operations Dept

- Open the savings accounts
- Make monthly deposits

Emergency Withdrawal – Lisa Van Ella, Jean VanderWal

- Withdrawals for emergency situations as allowed by contract

Program Completion – Lisa Van Ella

- Verify all steps in program have been completed and funding match has been authorized

Follow-up – Lisa Van Ella

- Exit interview
- Longer term outcome measurement

Data Collection, Management and Evaluation – Lisa Van Ella

- Data collected for program management, reporting and evaluation including participant outcomes
- Developing collection instruments and procedures - intake, attendance, account monitoring, case notes, surveys, exit interviews, financial data, etc.

Appendix B

Budget Narrative

The CRIDA program will begin and likely remain primarily volunteer run and donation funded. As a result, the operating budget reflects fewer expenses than one may typically find in an IDA program.

Staffing: Financial literacy and counseling, along with program coordination will be absorbed by existing staff at the partnering bank. Volunteers will help recruit participants and secure donor funds.

Occupancy: The partnering bank will absorb overhead expenses for office space and utilities. Occupancy expenses are a large part of a program budget, and the CRIDA program intends to have this space absorbed by an existing organization, or donated.

Systems: The partnering bank will provide use of all monitoring systems.

Supplies and Materials: Participant workbooks, office supplies, and new account kits will consume a large portion of the budget. Workbook expenses may need to be adjusted based on the number of participants and whether or not the workbooks can be reused.

Services: Annual postage and photocopy expenses are expected to be fairly consistent.

Travel: Mohave County has a large footprint and mileage will be an expense as the program expands outside the pilot city. Partnering with a participant bank with branches throughout the county will be important in keeping the travel expenses to a minimum.

Other: Workshop refreshments are included in the preliminary budget.