

Enduring Assets

The Financial Lives of Young People Transitioning from Foster Care

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Introduction

Each year, almost 28,000 young people transition from foster care to adulthood without being reunified with their biological parents, placed in legal guardianship, or adopted by another family (Collins, 2001; U.S. Department of Health and Human Services, 2011). Most leave care around age 18, although many states offer at least some continued support up to age 21 (Propp, Ortega, & NewHeart, 2003; Bullock, Courtney, Parker, Sinclair, & Thoburn, 2006; Peters, forthcoming). As young people transition from foster care, they often lack the guidance and support that traditional or adoptive families provide. And they face elevated risks of homelessness, poverty, early pregnancy, and victimization (Barth, 1990; Courtney, Dworsky, Cusick, Keller, Havlicek & Bost, 2005; Courtney, Piliavin, Grogan-Kaylor, & Nesmith, 1998; English, Kouidou-Giles, & Plocke, 1994).

One of the challenges young people face as they transition from foster care to adulthood is the lack of financial resources. In addition to low incomes, a lack of financial assets adds to the already difficult challenges of achieving residential stability and postsecondary education (Dworsky & Courtney, 2010a; Dworsky & Courtney, 2010b; Hook & Courtney, 2010). U.S. domestic policy has long supported asset accumulation in middle- and high-income households through such policies such as the mortgage interest tax deduction and retirement savings (Seidman, 2001; Howard, 1999). Researchers and policy makers increasingly recognize that asset building also holds promise for low-income households and individuals (Sherraden, 1991; Shapiro & Wolfe, 2001; McKernan & Sherraden, 2008). Lifelong asset development has been proposed as a strategy for social development (Sherraden, 1991), but most current policies focus on specific life stages, such as education, homeownership, or retirement. Few programs target asset accumulation in children and young adults (Sherraden, Peters, Wagner, Clancy, & Guo, 2012), and even fewer target highly vulnerable young people such as those involved in the child welfare system.

This report examines the experiences of young people in the Opportunity Passport™ program. The Jim Casey Youth Opportunities Initiative developed the Opportunity Passport™ as a component of a broad set of strategies to improve outcomes for young people transitioning from foster care (Jim Casey Youth Opportunities Initiative, 2009). In an era when most young people receive considerable support from their parents well into their twenties, the program takes a step toward helping the state fulfill its role as a “corporate parent” to young people transitioning from foster care to adulthood (Courtney, 2009; Schoeni & Ross, 2005; Swartz, Kim, Uno, Mortimer, & O'Brien, 2011).

Organization of the Report

The primary goal of this study was to understand the perspectives of young people who had left foster care on their financial lives and experiences saving through the Opportunity Passport™. This report begins with a brief overview of the relevant literature and a description of the Opportunity Passport™. It then provides a sketch of the life circumstances of the young people who are a part of this study. Next, the report covers key findings in three sections: (1) how young people manage their financial lives to make ends meet, which includes a discussion of young people’s experiences with financial services, (2) saving in the Opportunity Passport™, which addresses the key features of the program and the individual factors that seem to affect success in saving, and (3) the effects that the Opportunity Passport™ seems to have on participants. The report concludes with a discussion of implications for the program and research needs for expanding our understanding of the lives of these young people in the future.

Review of the Literature on Asset Building and Financial Capability among Young People Transitioning from Foster Care

Most young people in foster care struggle financially as they transition to adulthood. Compounding the difficulties presented by the abuse, neglect, or dependency that led them to enter foster care, these young people's families tend to face economic disadvantage (Courtney, Hook, & Lee, 2010). Studies indicate that children from low socioeconomic strata have reduced access to information regarding finances and saving. They also don't have the same expectations regarding saving as middle and upper-class children, and they face institutional barriers to accessing financial services (Elliott, 2012). Few studies have examined the savings behavior of young people in foster care, and none have involved Individual Development Accounts (IDAs). This brief review synthesizes the literature on young people transitioning from foster care and asset accumulation to illuminate young people's experiences in the Opportunity Passport™.

Theories of asset building and financial capability

Asset theory draws upon human development and sociological frameworks to understand how young people gain the ability to manage money and save as they transition to adult roles and responsibilities. Children grasp increasingly complex economic and financial concepts as they progress through successive biological, psychological, and cognitive stages (Berti & Bombi, 1988; Strauss, 1952; Webley, Burgoyne, Lea, & Young, 2001). Typically, families are the earliest agents of socialization, providing guidance through modeling, allowances, and teaching self-control (Moschis 1985; Kourilsky, 1977; Rettig & Mortenson, 1986; Webley & Nyhus, 2012). Asset theory suggests that savings and assets have positive outcomes for children beyond those predicted by income alone. Assets may increase an orientation toward the future, stimulate development of other assets, enable focus and specialization, provide a foundation for positive risk taking, encourage postsecondary educational attainment, and increase personal efficacy (Sherraden, 1991; Elliott, Choi, Destin, & Kim, 2011; Elliott & Beverly 2011a).

Much of our information about young people transitioning from foster care to adulthood draws from the Midwest Evaluation of the Adult Functioning of Former Foster Youth ("Midwest Study"). The longitudinal study began in 2002 and involves 732 young people who have been interviewed roughly every two years since they were in care at age 17. The study makes clear that achieving financial independence is difficult for young people who have left foster care; they are more likely than their peers in the general population to experience periods of underemployment and unemployment, earn less than full-time minimum wage, become parents, and to live in poverty (Courtney, 2008; Dworsky, 2005; Hook & Courtney, 2010). Young people are also more likely to suffer from mental health problems and be involved with the criminal justice system after transitioning out of foster care (Courtney, 2009). Young people who fail to graduate high school, have histories of drug or alcohol use, and suffer from mental illness show significantly lower yearly earnings (Naccarato, Brophy, & Courtney, 2010). The Midwest Study found that at age 21, only about half the participants were working, and making significantly less per hour than their peers (Courtney, Dworsky, Cusick, Havlicek, Perez, & Keller, 2007).

In recent decades, federal initiatives have addressed some of the concerns of young people transitioning from foster care. The John H. Chafee Foster Care Independence Program (Chafee Act) provides grants to states to support young people aging out of care in a number of areas, including education, employment, housing, and financial capability. Another federal law, the Fostering Connections to Success and Increasing Adoptions Act (Fostering Connections), includes a number of child welfare provisions, including aid to states that extend foster care beyond the age of 18.

One component of the Chafee Act is the Education Training Voucher (ETV) program, which provides up to \$5000/year for postsecondary education to young people who were formerly in foster care. In addition, many states have special programs that waive tuition at public universities for young people who are or were in foster care. Nevertheless, research indicates that current national policy is ill suited to the postsecondary needs of young people in foster care (Okpych, 2012), resulting in continued struggles for those young people. The Midwest Study found that a quarter of the young people in the sample lacked a high school diploma or a GED. Very few have received a college degree, though almost one-third of the sample had completed a year of postsecondary education by age 24. Staying in foster care into early adulthood—beyond age 18—seems to help young people at least begin postsecondary programs, though they often struggle to finish their programs (Hook & Courtney, 2010; Courtney, 2009). These young people’s lack of educational achievement has enduring consequences; evidence suggests that it may contribute to their difficulty in obtaining and retaining employment (Hook & Courtney, 2010).

Largely as a consequence of the struggle to maintain employment, many young people who have transitioned from foster care face challenges in finding stable housing (Dworsky & Courtney, 2010). Research indicates that while many young people are able to establish their own households, reside with partners, or live with family or friends, many face periods of “couch surfing” and homelessness (Courtney et al. 2010). By age 24, almost a third of the young people in the Midwest Study report they have been without a home for at least one night since leaving care. Such residential instability is a large obstacle to maintaining employment and educational progress (Dworsky & Courtney, 2010a).

In addition, young people who have transitioned from foster care, especially young women, are at an elevated risk of becoming parents, compared to their peers in the general population. Most of the young women in the Midwest Study sample had become mothers by the age of 24 (Courtney, Hook, & Lee, 2010). Not surprisingly, young mothers struggle to maintain employment or progress in postsecondary educational programs (Courtney et al., 2010). One contributing factor is the lack of affordable child care (Hook & Courtney, 2010).

The Opportunity Passport™

The Jim Casey Youth Opportunities Initiative developed the Opportunity Passport™ as a component of a broad set of strategies to improve outcomes for young people transitioning from foster care. In each Jim Casey Initiative site, the organization works with a local private or public agency partner to improve policies and practices, promote youth engagement, apply evaluation and research, and create community partnerships.

Although the Opportunity Passport™ has evolved over time and varies somewhat by site, during the period of this study participants needed to be between the ages of 14 and 24 and to have spent some time in foster care after they turned 14 years old. The partners provided each participant with training in financial literacy; and, after they completed the training, young people received two accounts: a checking account and an individual development account (IDA) with an initial balance of \$100. When participants withdrew money from the IDA to purchase an identified asset, the Opportunity Passport™ matched it dollar-for-dollar, up to \$1000 each year. Approved assets included education expenses, including books, computers, and required software; housing costs, including apartment security deposits; vehicles; microenterprise costs; and health care expenses. By not limiting assets to housing and education purchases—as many IDA or matched savings programs do—the Opportunity Passport™ includes developmentally appropriate assets for young people age 14 to 24, a time period when families

typically help adolescents purchase cars for school and work or co-sign for their first apartment: assets that help them launch into adulthood.

In addition to implementing the Opportunity Passport™, each Jim Casey Initiative site develops ties to the community that provide additional support to young people, creating what the program calls “door openers,” people or community organizations that provide special opportunities, such as discounted rent or auto sales or expedited employment training. Each agency provides occasional supplemental financial education.

Participants in the Opportunity Passport™ agree to complete surveys twice a year. The surveys ask about their lives and provide data about their life experiences. Local youth boards and adult partners use these data to set policy improvement agendas and advocate for change. This practice links participants in the Opportunity Passport™ to the broader reform effort and gives them a voice. Young people receive a \$40 stipend for each survey. The stipends are typically split, with half deposited in the young person’s personal debit account or provided in cash and the other half deposited in his or her OP account. Young people may also receive stipends for participating in other activities and events related to the local initiative. The stipends are meant to incentivize their involvement, but also to provide young people—many of whom have never received an allowance or had a part time job—with an opportunity to practice earning, spending, and saving.

Coordination with ongoing state child welfare services

States vary greatly in the level of services available to young people as they enter adulthood, and staff reported that they seek to coordinate Opportunity Passport™ efforts with the services that young people receive. One staff member pointed out that while she might see a participant twice a year for the biannual survey, the young person’s caseworker may see her or him monthly or more often:

To me that is the key to success. If we didn’t have Independent Living [staff] I think we would have a much different outcome . . . And even if they don’t see them every month... they have the connection with their case managers. They know these kids.

Child welfare agencies play an especially important role in recruiting participants; most respondents identified their caseworkers as encouraging them to participate in the Opportunity Passport™.

Young people’s lives in context

The young people interviewed as part of this study, who generously provided their time and insights, are on a path to adulthood that is distinct from their peers in the general population. As young people who are leaving foster care, they are transitioning to independent living with complicated and often fraught family lives. They are renegotiating their identity, their values, and adjusting to neurological growth that primes them to engage in risk-taking behavior (Jim Casey Youth Opportunities Initiative, 2011). They have a very small margin of error for managing their financial lives successfully, and as participants in the Opportunity Passport™, they receive some support that helps them face financial challenges.

As these young people grow, they develop skills, gain experience, and grow increasingly sophisticated in understanding the financial world. Our interviews indicate that the pace of this development is different for each young person. It depends on the nature of their encounters with financial services, their own characteristics, their family lives, and their experiences with the Opportunity Passport™. Participants in

Opportunity Passport™ are young adults who are still in the process of maturing, developing social and financial sophistication, and learning the intricacies of often-complex contemporary financial life.

Participants in the study were between 18 and 24 years old, averaging just over 21. Most (79 percent) were female. About half (47 percent) were black, with another 16 percent identifying as multiracial. (See Appendix A: Respondent Guide, page 64 for more detailed information on respondents.)

Seventeen of the respondents interviewed for this study were mothers. (None of the male study participants had yet become a father). Eleven had one child, but several young women had multiple children: Melissa, Emily, and Jessica each had two, Jade had three, and Yolanda and Cara had four children. Allison and Hannah would be new mothers soon. About half of the Opportunity Passport™ participants who were mothers were currently employed, while others were looking for work. Some were focusing on attending school, or they balanced school and work with family life.

Most young people identified family members as one of their most important source of social support, although some relied on other adults and peers. In program survey responses, a large majority of the study participants reported that they had “enough people to count on” for help, although some expressed that they had “too few.” Echoing research in the field, we found that family ties remained important. Three quarters of respondents reported that they had a family member they could always turn to for support. More than half said they relied on a foster parent or caseworker for help. Each participant mentioned at least one person they considered a source of support. Several participants expressed definite career plans. Jessica wanted to be a school principal. Christopher planned to work for a few years before returning for a nursing degree. Jade was completing an associate’s degree in nursing and planned to become an RN. Beth wanted to open her own restaurant. Tasha planned to draw on her experience in the child welfare system and become a social worker.

State programs serving adolescents in foster care tend to emphasize educational achievement, and most of the young people in this study were seeking postsecondary schooling. Many took advantage of ETVs and tuition waivers discussed above, as well as a few opportunities available locally, such as scholarships and application assistance. Due to economic disadvantage, most young people transitioning from foster care qualified for federal assistance, and the majority attending postsecondary education received federal and state financial aid. Participants were aware that, unlike many other college students, they did not have parents who could help them with expenses. Samantha, for example, said, “So basically, I don’t have Mommy, Daddy to help me with college.” Maintaining educational progress was often a struggle, as young people balanced other priorities. For example, Darla suspended her education in order to save to purchase a house.

Experience in foster care

Study participants had long histories and mixed experiences in the child welfare system. It is not uncommon for young people in foster care to experience multiple placements while in foster care, although many respondents indicated they had experienced relative stability while in care. Sixteen study participants reported that they experienced fewer than four placements, while four reported between 11 and 20 placements. Two reported experiencing more than 20 placements. More than half spent time in congregate care placements, such as group homes. About a third were out of foster care at the time they completed their first program survey, soon after they began participating in the Opportunity Passport™; most remained in foster care during the first years in the program.

Although the interview protocol of this study did not focus on exploring the experiences young people have in care, or what necessitated state intervention, participants often revealed stories about their childhood and relationships with family and care providers. Many had very positive experiences. Many also disclosed painful stories of maltreatment in their families or in care. Opportunity Passport™ staff members speculated that the challenge of engaging young people is made all the more difficult by the consequences of young people's family circumstances and experiences in the child welfare system. Staff interviews suggest that some young people struggle at times with controlling impulses, managing anger, avoiding risky behavior, and building trust in others. Although the goal of this study is to illuminate the financial lives of young people and their experiences with the Opportunity Passport™, it is important to be mindful of the often exceedingly challenging lives these young people face. Some have experienced abuse, neglect, and trauma, factors that undoubtedly affect them as they face adult financial responsibilities.

How young people manage their financial lives

Young people are financially capable when they have the ability and opportunity to act in their best financial interests (Johnson & Sherraden, 2007). In other words, they not only must possess financial knowledge and skills, but they also must have genuine access to quality financial products and services. Together, knowledge and skills (ability) and access to financial services (opportunity) contribute to financial functioning in ways that lead to financial capability and improved financial well-being and life chances (Sherraden, forthcoming).

Financial capability sets the stage for saving; it defines whether and how young people can set aside surpluses. This section discusses how early experiences in foster care affect young people's financial capability, how they currently make ends meet (including how they maximize income and try to control spending), their use of mainstream and alternative financial services, how they borrow, and how they save.

Learning from experience: Financial capability in foster care

Generally, participants' financial knowledge and skills, like those of other young people their age, were relatively low. Like their peers, young people who have transitioned from foster care learn about managing their financial lives from observing others and from personal experience. The key difference is that young people in foster care are less likely to have consistent and positive role models who help prepare them for adult financial responsibilities. Despite concerns about the shortcomings of financial socialization among young people in the United States (U.S. Department of the Treasury, 2011), a typical child may have received an allowance, earned some money doing chores, visited the bank with a parent, been given a piggy bank or savings account, and listened to discussions around the dinner table about making ends meet and saving and investing. Thus, children raised in conventional families typically receive far more financial socialization and guidance than young people in foster care. Moreover, because young people often transition from the foster care system at age 18, they assume adult financial responsibilities earlier and more abruptly than most other young people.

In addition to facing deficits in good financial management, young people transitioning from foster care had relatively little access to mainstream financial services. Moreover, many had troublesome interactions with mainstream financial services. As a result, they frequently turned to alternative financial services. Although some alternative financial services provided sensible options (like inexpensive check cashing), others were ill-advised (for example, rent-to-own purchases).

In a minority of cases, young people were exposed to financial management opportunities in foster care. A few foster families provided young people with an allowance and a chance to handle money. Jessica reported: “We got allowances for every little thing we did. If we did the dishes, we got a dollar. If we swept and mopped, we got another dollar.” Beth received a small allowance and money for completing household chores, although she said, “it was really hard to save up to get what I wanted.” Prior to finding work, Thomas saved money from his allowance as well as the income he earned from doing odd jobs: “I never [liked] doing nothing, so I was always working or helping somebody to do something for something like cutting grass.”

When he was young, Mike received an allowance, but nonetheless, did not feel confident handling money when he left foster care. It wasn’t until he exceeded the limit on a credit card that he took responsibility for his finances. He says, “that big mess up actually opened my eyes a little bit, so I’m going to manage it a lot better.”

Other respondents decided on their own that they should pay more attention to their finances. Jasmine, for example, reported that she learned early to be careful with money: “I guess I had to grow up real fast to know how to save. I didn’t really have time to just be able to work and just blow my money and have fun with it.”

A few other young people talked about early experiences handling money that gave them some financial knowledge. Some held after-school jobs that helped them learn to manage money. Louise worked part time at a Boys and Girls Club starting at age 14. Jasmine was a camp counselor at 15 and started cleaning houses at age 16. Shondra started work at a restaurant at 14. A few others made some money doing chores for family members, friends, and neighbors. Mike, for example, made money by shoveling snow in the winter.

Despite these examples, most young people reported they had few opportunities to practice handling money and to make financial decisions. Hannah, for instance, said, “We actually had to fight to get allowance.” Cara said she never had any money to manage while in foster care: “You get a clothing order from the system twice a year for winter and summertime. And every time my clothing orders came around, even though I was in a foster home or a group home, I never saw any of it.” Unfortunately, she began to manage money when she earned it on her own, through less-than-desirable activities: “And I didn’t start getting stuff until I kept running away, doing stuff to get money, selling drugs,” she said.

One staff member explained the young people’s lack of financial socialization in this way:

A lot of basic skills that you kind of take for granted—that someone’s parents would teach you—you wouldn’t necessarily have. Skills like how to find an apartment, how to talk to a landlord, how to check and sign a lease, how to balance a checkbook, how to open a bank account, how to register to vote, how to get an ID, how to find a psychiatrist, how to refill your medications.

Making ends meet

In interviews, we asked young people how they make ends meet. Although many of the challenges discussed below are present for all young people with low incomes, it is important to remember that the young people in this study confronted these challenges without the benefit of families that could provide reliable support. We begin this section by describing how respondents said they maximized their income by patching together income sources and tracking their finances. Then we discuss their efforts to control spending and how they used borrowing to fill the gap between income and expenses. Finally, we

consider how they protected themselves from risk. This sets the stage for an examination of how successful they were in saving in their OP accounts.

Maximizing income

A good job is critical for earning enough income to make ends meet. Although some young people had early work experience, finding a regular job and keeping it is a challenge for anyone, especially in difficult economic times. Young people who are transitioning from foster care lack advantages that many others have in a job search: higher education and training, as well as connections to obtain better-paying jobs. As a result, young people who have left foster care tend to hold low-wage and tenuous jobs. Very few participants appeared to have received much assistance with job training and placement. Only a few indicated experience with the Job Corps, and none indicated they had joined the military or AmeriCorps.

Of the young people interviewed, approximately half were employed (at the time of the interview), although all but one worked at some time. Some of those held full time positions in formal sector employment, but many held only part time and seasonal jobs. Some also earned money doing odd jobs or cleaning houses. They often worked more than one job, including Christopher, who worked three jobs. Even formal sector jobs tended to be minimum-wage service sector jobs in fast food restaurants, retail establishments, and “temp” agencies. Most participants who worked received minimum wage (which varies somewhat by state). A few, including one who is employed in education and another in the banking sector, received considerably more. The lowest hourly wage was \$4.35 an hour for work as a server in a restaurant, whereas the highest was \$14.20 an hour for work in a bank.

Some participants said they had to forego employment because of a new child or to pursue postsecondary education. Other reasons for being out of work varied. Beth became unemployed after being terminated because of medical reasons; she had filed for disability. For others, transportation, child care, medical issues, and school schedules prevented employment. For a while, for example, Amber had to quit a job she liked in a restaurant because the employer only provided 25 hours of work per week. She needed three more hours in order to qualify for state-supported child care: “I really don’t have anybody to watch my son, so that’s been an issue. That’s been a kind of hassle, but he’s going to be starting early Head Start, so hopefully I can find a job.”

Irregular hours and ways that some young people are paid for work create challenges for managing finances. Mike’s employer paid him daily, for example, which made it difficult for him to keep track of his monthly income. Kiara was self-employed as a hair stylist and relied on her boyfriend and family to help support her and her child.

Beyond employment, the young people in this study identified a number of additional sources of income. Below we discuss them in rough order of importance: state aid for young people in foster care, public assistance, tax refunds, educational grants, and financial support from family members.

Income from state aid. In patching together income sources, young people who transitioned from foster care often relied on assistance from the state to cover expenses. And when they ran into financial trouble, they often turned to the state for emergency grants to pay for expenses such as utilities. Although eligibility rules and coverage varied by state, a variety of federally funded programs provided assistance to participants.

Monthly stipends and other state assistance for the transition from foster care were key sources of support for young people in some states. Some states provided a monthly stipend for young people (up

to age 21) who were transitioning from foster care. Amber pointed out that her home state provided a stipend of more than \$500 a month to young people transitioning from care. Some young people said they saved all or part of their state stipend.

State foster care transition programs sometimes helped young people with other expenses as well. April said, “If I ever needed money...if I was short on something, it’s really helpful if you’re trying to move.”

Income from state public assistance. Research indicates that public aid is an important source of support for young people transitioning from foster care; the Midwest Study found that 70 percent of young women, and almost 30 percent of young men received such assistance after leaving care (Courtney et al., 2007). Young people in foster care generally are eligible for income support programs. About half the participants we interviewed receive support from the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program), which provides monthly assistance with food costs. Yolanda said that food stamps cover her food costs: “I’ve got more than enough to put food in the house for me and the kids. I keep the rest and hold onto it until we run out of food. Then if you don’t spend it, it just keeps adding up.” For others, the monthly check was not enough. As Emily reported, “Well, I get food assistance for my kids, but it doesn’t last all month.” All of the respondents raising infants and small children received WIC payments. Some participants also received child support and a few received disability payments.

Motherhood brought some financial assistance—such as WIC program support, additional food stamps, Medicaid, and Temporary Assistance for Needy Families (TANF) and, in some cases, child support from the child’s father. But young mothers faced additional expenses, such as child care. Participants handled child care in a number of ways. Some provide care for their children themselves, but most relied on family of some kind to provide child care, including the child’s father, or his family. Most family care was provided for free. In other cases, mothers paid family members—a younger sibling for example—to provide child care. Jessica paid her brother \$200 a week to watch her two sons while she worked. In contrast, April’s full-time employment allowed her to afford full-time day care at \$760 per month. Lack of child care prevented a few respondents from attending school or obtaining employment.

Most of the young people with children were eligible for Medicaid. Darla says, “It definitely helps that I have [Medicaid] because I have asthma. I couldn’t afford insurance for me and my boy.”

Some young people discovered other sources of public support. For example, Amber, a savvy money manager, successfully sought out energy assistance from a human service agency: “Today I found out that [they] could help pay my energy bill, which I didn’t know because we’ve always taken care of it.”

Despite various possible sources of state support and high degrees of economic disadvantage, some young people were ineligible for assistance. Nicole had been living on her own for a while, and she said she and her partner always “made too much money to get any type of food assistance or anything like that, [including] child care assistance.” Fortunately, she said, she had a family member who watched her child “cheaper than it would be” if she had to send her elsewhere.

Increasingly, state public assistance agencies make it less essential to maintain a connection to mainstream financial institutions to receive payments and spend money. For some who receive public assistance or child support payments, the state loads payments onto designated Electronic Benefit Transfer (EBT) cards. Similarly, some employers pay earnings in ways that allow participants to avoid mainstream banking activity. Emily explained: “I actually have a card that they [the funds] get loaded onto through an online bank.” She had her wages for a second job placed in the account as well. These

cards were provided through mainstream banks, though not necessarily the ones where participants banked, and did not require a broader relationship with the financial institution. As bank fees rose, participants found alternatives to accounts at mainstream institutions increasingly attractive.

Tax refund or tax credit contributions to income. Young people who received tax refunds (with or without receiving the Earned Income Tax Credit, or EITC) found opportunities to cover expenditures that were not possible with monthly income flows. Darla explained that her paycheck covered the bills, but her tax refund offered her an opportunity to spend “a little extra for here and there, like signing my son up for baseball.” She said a tax refund offered her “a little bit of a head start.”

Participants reported preparing their tax forms in a number of ways. Some relied on family members or friends to assist them, usually for free, while others used commercial tax preparers, such as H & R Block. A few used commercial tax preparation software. For four years, Trent has paid his landlady to complete his tax forms: “She’s cheap. She knows she wants to do my taxes right because she wants rent money. So I trust her.” Some participants reported taking advantage of free tax services through nonprofit programs, such as Volunteer Income Tax Assistance (VITA), widely available to low-income tax filers.

Commercial tax preparers offer—for a considerable fee—immediate cash through Refund Anticipation Loans (RALs) to individuals who are owed a tax refund. Rebecca was the only young person who reported having obtained a RAL.

Some participants were aware of their eligibility for EITC. Although many others seemed unaware of EITC eligibility, they may have nonetheless received the credit, given the high refund amounts they reported. For many who received them, a tax refund represented a financial windfall.

Income from educational grants. Young people who attended college or training programs used grants and loans for school, and also as a source of income support to cover living expenses. For example, Yolanda paid her rent with her education grant when her public aid application was delayed. Sometimes educational support programs have eligibility rules that present challenges. For example, Monica observed: “[Y]ou have to keep over a 2.0 GPA average and you have to apply before you’re 21 or 20, or you can’t get it. If you don’t apply by a certain time you can’t get it.”

Young people used education grants and loans to pay for school costs. For young people in foster care, education support was important. Monica pointed out, “It’s hard if you’re coming out of foster care. You don’t have anyone.” Monica said, “I realized I can just go to school full time and they’re giving me all this money to just go to school!”

Income from family members. Research tells us that most young people in foster care have tenuous or troublesome ties to their families of origin. Nevertheless, many young people rely upon on biological family connections for some in-kind and financial support when they leave care (Courtney, Dworsky, Brown, Cary, Love, & Vorhies, 2011; Courtney, 2009). For example, Rachel stayed with her aunt and uncle. Darla said that her mother and stepfather helped out by buying clothes for her son. Samantha’s family bought two cars for her and her boyfriend to use (although her family retains ownership). She paid for the gas and was not sure if the cars were insured.

Some parents received child support, generally through the state. Amber pointed out that her child support payment did not go far enough. She said she had to supplement child support with work and help from friends: “Sometimes I have a couple of friends that will let me clean their house for some money and I have friends that will help me out with money whenever I need it.” She said she had little surplus to put into saving.

Tracking finances

With small and erratic incomes, spending and saving decisions were often difficult to manage; shortages meant that even small decisions had significant consequences. Most young people we surveyed kept track of finances in their heads. Mental tracking is fairly easy for participants with predictable and low income and expenses. As Beth said, “It’s pretty easy to keep a mental tally of the bills and how much money we have.” Amber described the process, “We know what we have to pay, and we talk about it. Rent is due by the sixth of each month. So we always make sure if we can’t pay it by the middle of the month, the next check that comes at the end of the month, that’s what rent goes to.” Similarly, Rachel found it relatively simple to track expenses:

It’s fairly static, the budget that we have. There’s not a whole lot of things; it’s just like the base utilities and things of that nature. I just round off and say okay, if I have to buy clothes sometimes in the next three months, I give myself a rough estimate of what that’s going to cost and take \$25 out here, \$25 out there.

A few participants found it easier to keep track of their finances on paper. As Nicole explained,

I always have so much in my head that I do like the writing it down thing. I like the old-fashioned having a list and checking it off type of thing. There’ll be times that if we pay that one right now, we’re not going to have anything for the rest of the week.

Some young people, however, found tracking their income and expenses more difficult. Kyle explained how he overdrew an account.

Yeah, I’ve never been good at keeping track of how much I’m spending, so I think I might have overdrawn it somehow and didn’t know about it and they just keeping taking it out and taking it out, and I was at this negative balance, and they just kept taking more.

In some situations, participants did not think keeping track of expenses was worth their time. Darla, for example, said, “I don’t look. I just pay it. You’re going to have to pay it regardless.”

Some participants said they avoided thinking about certain expenses or financial trouble. For example, Beth, who was vigilant in tracking her bank accounts, avoided planning for upcoming utility costs. She arranged to pay for her heating under a prorated plan that maintained a uniform month-to-month bill and a balloon payment in case of excess usage. Hannah, too, said she chose to ignore looming financial difficulties. “Yeah, I don’t really pay attention to the bills. I’m depressed about it.”

Paying certain bills first. One strategy that participants used to facilitate money management involved prioritizing certain expenses. Kiara, for example, paid rent and other key bills first. “I put aside the money I need. I don’t want to be late with my rent or my landlord, so I just make sure I put it aside and leave it be,” she explained.

Hannah also prioritized paying rent, having learned the consequences of getting behind. Although she could go to her mother’s house any time (“her house is always open to me”), she did not feel that living there was a viable option, so she worked hard to cover her rent: “I don’t want to be homeless again because I know if we move in and then we get kicked out, I’ll be homeless again.”

Participants shared a sense of urgency—and accomplishment—regarding paying important bills on time. Amber and her partner relied solely on his income so they had to be careful about how they spent money:

[Bills] always get paid and they're always on time. If they can't be on time, I always call and say, "Hey, we're not going to have it by this time, but we'll have it by this time."

For Louise, too, rent was a priority, but she also explained how she juggled her other expenses, like cell phone, hygiene items, and gas money: "I pay rent with the first check and then with the other one that's when I do my budget."

Nicole, like several other participants, learned from experience that some bills could be delayed or paid in part without generating problems.

I'll push something back for a week or I'll split it in half, like the bills that you can do that with—like electricity, for instance. You can pay just half of that and not really have a whole lot of penalties. Like a dollar late fee. So I'll sacrifice when I need to and split something or push it back if I need to.

Identifying priorities. Beyond the most pressing expenses, distinguishing between necessary and unnecessary expenses was a considerable challenge. Identifying priorities often required choosing from a set of problematic options. As Jade explained,

I sit. I think. I weigh my options out. Add my money up. And if I feel I can afford it, if I need it, so as long as my kids have everything and we have everything we need, I can sit and be a little broke for the moment.

Similarly, Christopher said he carefully evaluated the necessity of the purchases he made:

If this might be something that's real frivolous that I could just live without, then I won't spend my money toward deciding I need something within two days or I need it now. I'd rather pay for something that I may need or will need instead of paying for something that's frivolous that I'm going to forget about.

Controlling spending

Most young people we interviewed experienced difficulty covering household and other living expenses. To deal with these expenses of daily living and their financial shortfalls, they sought ways to be more efficient and reduce costs. Below, we discuss how participants worked to minimize the costs of rent, utilities, health care, food, clothing, and transportation.

Housing and utility costs. For most young people, housing costs were the largest expense. Most lived in rental units, paying an average of \$378 per month (range: \$117-\$775). Some qualified for subsidized housing or reduced housing costs by sharing with a roommate or partner. A few had no out-of-pocket housing costs because they lived with a partner, spouse, or family member—though, in exchange, most of these individuals contributed to other household costs. Rachel said, "Yeah, we [roommates] share pretty much everything, the costs for everything. If we buy a \$5 movie, we split it half and half." Many young people transitioning from foster care experienced significant residential instability, including periods of homelessness or "couch surfing" at some time in their lives. Yolanda was in the process of being evicted at the time of our interview.

Sharing rent, however, invited some risk. Amy, for example, related a story in which she placed her trust in a friend. She gave her friend the money to pay for the apartment because the friend had a checking account. Unfortunately, the friend pocketed the money and did not pay the rent.

Utility costs covering electricity, water, and gas, averaged \$101 per month (median \$70 and range \$15-\$295). Some young people regularized utility bills by enrolling in budget plans, though overage fees made this strategy risky as well. Some took advantage of “bundling” discounts for cable, telephone, and Internet service. Several young people mentioned these bills were a priority, in part because failure to pay invited not only the risk of being disconnected but could have prevented them from being reconnected in the future.

Health and dental insurance costs. The majority of participants in this study had health insurance through Medicaid. In addition, a few had health insurance from an employer, and one was covered by a parent’s policy. Others felt that health insurance plans—which were sometimes available through a state insurance pool, their parents, or an employer—were too expensive. Most respondents said they were in good health and did not believe they had foregone needed medical care, but some noted they had accumulated medical debt from inadequate insurance coverage (see later section on debt). In addition, many reported receiving no dental care in the past two years.

Communication costs. Most young people considered cell phones essential, and all but one respondent owned one. A few participants had Internet access at home as part of a bundled communications package. Participants used the Internet for paying bills and for entertainment; a few reported avoiding cable costs by watching television shows or movies over the Internet. Several were able to access the Internet on smart phones, and others exploited unprotected Wi-Fi signals available at their residence. Most who were in school considered access to the Internet essential for their education programs.

Monica said she paid a set amount for cable, Internet, and phone. “I don’t care how much it costs. I give them \$120, and let them transfer it over to the next month’s bill.” She said she had to prioritize paying rent. “The only person that gets their money on the first is the rent.”

Others described additional strategies for dealing with communication costs. April dropped an expensive plan for a “cheap prepaid plan.” However, she then had to carefully monitor her minutes to avoid roaming charges.

Food, clothing, and other household costs. Young people tried to keep food costs low. Some mentioned eating at home because it was less expensive than eating out. Jessica reported, “I just stay at home, cook at home, make whatever can happen at home.” Cara, who has four children, explained that she received \$365 dollars in food stamps on the ninth day of each month. She used this to buy canned goods and meat. “Every month, first I would buy \$60 worth of meat.” She used this for daily cooking: “I cook a meal for breakfast and I cook a meal for dinner. And for lunch, they can eat a sandwich.”

Some mentioned that it also helped to “stick to a list” when shopping, although it was difficult to avoid all impulse buying. As Amber said, “I make a grocery list. Sometimes I throw random things in the cart, but most of the time I stick to the list. It’s hard. Never go to the grocery store when you’re hungry.”

Avoiding eating out, especially at fast-food restaurants, was a challenge for some young people. Kiara, for example, said she liked to cook but when she did not have the energy to cook, she was tempted by fast food, which cost her \$60 or \$70 per month. Cara said that she and her partner ate out when pressed for time and also as a treat for her children.

If I’ve been out all day taking care of business, I might stop at McDonald’s or something and get like a 99-cent McDouble or some chicken nuggets or something like that with a fry and a shake. I’d say the most we’ve actually spent on fast food is probably \$25 a month.

Some young people also tried to keep expenses low by shopping at inexpensive stores and buying secondhand items. Darla prided herself in using many different strategies for keeping costs low. She explained, “I do a lot of Salvation Army, Goodwill, garage sales.” She learned from her grandparents and her father. She also used coupons and patched the family’s clothes. Another participant, Cara, said she was a patron of the Family Dollar discount store, where she can stock up for two months of hygiene and cleaning supplies for approximately \$65.

Transportation costs. Managing transportation presented a significant financial challenge for many young people. Our findings corroborate that for many, a car is a necessity; the Midwest Study found that at age 21, almost 40 percent owned a car (Courtney et al., 2007). Even in cities with public transportation systems, employment and schooling are often practically inaccessible without a car.

Vehicles were a large expense, and some young people made poor purchase decisions or fell victim to fraud. Some participants reported purchasing two or three low-cost cars in the span of just a few years; limited funds and poor credit were barriers to purchasing more reliable vehicles.

Lacking a reliable vehicle had important consequences. For example, Amy explained that lack of transportation led to her dropping out of her trade school program. Earlier, she had successfully secured Pell grants and an ETV, but she lacked a driver’s license and car, and as a result was not able to continue with her schooling: “It was just really difficult. I had to get up really early in the morning and start calling for rides or plan them out, “ she explained. “The attendance issue was really bad.”

Tiffany said, “I was going to [a local training academy] to get my cosmetology license but I stopped due to me not having a vehicle.” Similarly, Hannah reported, “I was missing [classes] too many days because I couldn’t make it back and forth. I did have my own car at that time, but I didn’t have the money for the gas and then my car kept messing up.”

Young people reduced transportation costs in a number of ways. Some avoided going places that required a vehicle, arranged ride sharing, purchased low-cost vehicles, or did not purchase insurance. At least one participant received a ticket for driving without insurance, but she later obtained coverage. Lacking a driver’s license and a car, Allison enrolled in online classes to continue her postsecondary educational program. Allison said, “[I prefer] doing online classes because getting there is too difficult, and bus passes are outrageous.” Rebecca adopted the same strategy when faced with rising gasoline prices.

Financial services that young people use to manage cash flow

Managing in cash

Most young people in this study also relied heavily on cash for transactions, in part because of their high degree of distrust of mainstream financial institutions arising from experiences with high fees or penalties. Most respondents—with and without bank accounts—expressed a preference for keeping cash on hand. For some young people, relying on cash was a necessity because they did not have mainstream bank accounts. Trent, for example, whose debit card accrued fees, dealt almost exclusively in cash. In anticipation of paying bills, Daniel said that he stored his money at home. Some participants, like Thomas and Kiara, paid for some things in cash because they were paid in cash or had off-the-books employment, such as catering or hair styling. Others preferred to use cash and reserved their bank accounts for savings. Jessica reported:

Thursday through Monday, I'll save all my money and just keep it on me, and then I'll spend what I need to on gas and food or whatever I'm going to buy, and then I'll put the rest in my checking account. The last week I don't save anything really, because I have to pay all my rent and stuff.

Kyle explained that it was "kind of dangerous walking with the cash." (He had a friend who was robbed near where he lived.) Amy preferred to keep her money hidden in her bedroom. Unfortunately, with her money easily at hand, she felt tempted to spend it.

Amy's experience pointed to a different danger of keeping cash on hand. Darla said she didn't carry cash because that way she only bought what she needed. Samantha also sought to avoid holding cash, knowing she would spend too quickly: "I believe in putting your money in the bank right then... 'cause when you have loose change, you throw it everywhere, and that change adds up."

Although saving money by building a cash reserve at home was difficult for some, others, like Hannah, succeeded. She kept her money in a box in a closet at home.

Managing finances in mainstream financial services

Many participants had an uneven history using mainstream banks. Negative experiences with bank fees or fraud often delayed participants from obtaining new accounts. Many participants viewed mainstream financial institutions as levying high bank fees, lacking convenience, and providing inhospitable customer services. For many, these experiences and perceptions resulted in a lack of trust in mainstream financial institutions.

Some participants had experienced identity theft. For example, Kiara discovered two individuals had used her identity to open six fraudulent accounts and take out loans in her name:

I asked [the bank] how was I able to open up six accounts through you guys? She said it looked like they did them all online. The lady from [the bank] gave me the paperwork to fill out. Told me I had to make a police report.

Beth had a similar experience: "Somebody had my [debit] card information, and kept charging it \$10 for some [homebuilding equipment company] or something. They reversed the fees, and I disputed it with the bank. They helped me do all the paperwork."

Some young people viewed mainstream financial institutions as less secure than other means of keeping money and building savings. Jasmine preferred using a prepaid card, despite the fees:

I didn't feel comfortable giving my debit card number with other monies in there. There are certain things I like to use my debit card, but I don't go through the company if I have to pay something.

Many young people used a variety of financial services, of which mainstream services were a part. Christopher said, "Certain bills, like cell phone bills, I'll go in and pay cash, because you don't want them to have your stuff. But certain like other stuff, like water or something like that, I'll use my card."

Bank fees. Participants were wary of incurring fees and, most had experience with penalties that they viewed as excessive and unfair. Some had been charged considerable sums for what they viewed as bank errors. Samantha, for example, said she paid approximately \$400 in overdraft fees and could not get the bank to reverse the charges.

Other young people conceded that they overdrew accounts, but that bank penalties made their mistakes worse. Trent reported: "I overdrafted it. It's like 500 bucks. I went in there and paid it off. Then I cut up the card and said, 'No thank you.' I deal with cash. I'll do cash." Similarly, April said, "I remember one time I overdrafted like 30 cents and it was like \$20 for an overdraft fee. If they would have told me I overdrafted 30 cents, I would have just found some change in my couch."

Kyle used his debit card for a transaction once that exceeded his bank account balance. "I overdrew it and they just ended up taking more and more money out for overdrawing something that was really small and I got really mad about it, so I never went back there again." Eventually he established another account at a different bank.

Several also wondered how it was possible to exceed their balance when banks have a built-in procedure for approving debit charges beyond the balance amount. Daniel said, "if you don't have money in your account, you shouldn't be able to take it. I think it's for them to get money."

The end result of these negative experiences was a belief that mainstream financial institutions were predatory in nature. Allison expressed that belief:

Honestly, a bank is just out to get your money. I went to use my debit card at [convenience store], and I knew I didn't have any money on the card, but there was money going to go into the account, so it kept bouncing back from [convenience store] to the bank, so it ended up costing \$150 because they bounced it back and forth. So I cut up my card and said, "Yeah, I'm done."

Kiara agreed. "They take money out of your account when they're not supposed to. So they ended up closing my account up because I let them take it till it had zero balance."

Inconvenience of banking services. For many young people, banking services were simply not convenient. Jade chose to cash her checks at a check cashing outlet: “Instead of running around, I just go straight where I know they’ll cash it,” she said. Thomas said he was willing to pay a “few dollars” to cash his checks at a nearby liquor store.

Louise said the cost of gas deterred her from making trips to her bank. Taylor selected a bank that her partner uses, which is close to her place of employment, but she closed the account when she lost her job. Amy indicated that she did not have the time to maintain an account, and kept her money at home. Samantha preferred to have her money in the bank, but she kept her earnings at home because she didn’t have a chance to go to the bank to set up a debit account. “Well, right now I don’t have my checking account hooked up. I still need to do that. They need to see my ID. So I’ve been getting my checks and just taking them home.”

Perceptions of bank employees’ attitudes. Beyond the inconvenience that deterred young people from using mainstream financial services, many spoke of feeling unwelcome at financial institutions. For some, the feelings arose as they sought unsuccessfully to establish new accounts. In some cases, young people had mismanaged previous accounts; in other cases, a parent or other relative had opened an account in the young person’s name and overdrawn the account. In other circumstances, the young people perceived a lack of respect. One participant said:

Sometimes they were rude, and sometimes they were kind of snobby about it, because you don’t have an account with them. They didn’t always treat you like you were a person that does normal banking. They kind of looked down on you.

One staff member noted that residential instability of many young people made it more difficult to maintain a connection to financial institutions. “The constant mobility of the young people, in terms of their addresses, probably has some impact on the banks,” she explained. “If they send out statements to an address and there’s no forwarding, and that seems to be a real pervasive issue.”

A few young people, however, expressed satisfaction with the personal connections they felt with their financial institutions. Trent said, “At my credit union, I know them. They’re people in my community. You develop relationships, and you trust those relationships. I never was trusted before.”

Darla laughed as she responded to a question about her weekly visits to the bank. “They know my face. They don’t even ask for my bankcard. Just need a withdraw with a roll of quarters, please. They usually got the quarters waiting for me.”

Vulnerability to fraud. Given their life circumstances and relative lack of sophistication, young people transitioning from foster care appeared to be especially vulnerable to fraud. Several indicated experience with financial scams, including Shondra, who fell victim to a deceptive sales scheme that led to a high overdraft fee:

People had sent me a check for \$2,500 and I cashed it. I went back to the bank the next day and they said that they had taken all the money back and the \$1,000 that I took out they gave me an overdraft fee for it.

She told the bank officials: “I wish you had told me I shouldn’t have cashed it.” She is still paying the bank back on her debt.

Some participants also reported being exploited by friends and family. Daniel made what he called “a stupid mistake” by letting a friend buy a car in his name:

Then I got a thing in the mail that said she was nine payments behind. So the guy either wanted like \$1,800 or the car back. And I thought I was getting this for free 'cause that's what she said: she was gonna go to California and give it to me for helping her out and doing a good deed. Well, it turns out that I had to come up with a grand to \$1,200.

Managing finances in alternative financial services

Virtually all the young people in this study used alternative financial services because of their convenience and because many people they knew used alternative providers. Participants reported using check-cashing outlets, short-term loan centers, rent-to-own stores, and pawn shops. They used these services to cash checks, pay their bills, and to make up for cash shortfalls. Those without debit or checking accounts tended to use them more frequently, but virtually all respondents reported making at least some use of alternative financial services.

Young people used a variety of outlets to cash checks, and were generally careful to limit their costs. Respondents commonly use grocery stores or Walmart. Jade learned that it was easier to cash her paycheck at an outlet than to try to find a bank or other place that was free. She said the fees were not high: "Some do two, three, four percent. You know, it varies." Amber explained that she never went to check cashing outlets. Instead she usually went to "Walmart because they're the only place that charges really cheap, and does not rip you off like [grocery chains] do. [Grocery chain] is like \$10, and [the other grocery chain] is \$6. Walmart charges \$3."

Participants also recognized that transportation costs figured into the overall cost of turning checks into cash. Shondra paid \$5 to cash her checks at a local store because her bank is "too far"; she would have to ride two buses to get there.

To pay bills, those without debit or checking accounts (as well as some who had these accounts) paid some bills with money orders, especially when bills had to be paid by mail. Alexis explained, "If I do have to go pay a bill or send money, I use a money order or MoneyGram." Darla said she paid most of her bills in person or mailed money orders. Karen said her mother told her to use a money order for savings: "Right now, I don't have a bank account. I just usually just get all money orders and save them up because my mother told me to do it like that."

Similarly, Megan said, "I go to [the check cashing outlet] to make a money order then I take the money order over to the rent people, for the apartment. After that I just go pay my bills. My cell phone bill. And after that [I] put the rest in the bank."

Prepaid card services. We categorized prepaid cards (e.g., Green Dot) as "alternative" financial products and services because although major banks own them, they face far less regulation than other mainstream financial products. Prepaid cards typically feature a number of fees, including initiation, monthly charges when usage is low, withdrawals from non-network ATMs, balance inquiries, card replacement, reloading fees, expedited card delivery, and second cards.

Young people expressed some confusion with regard to these services. Melissa incorrectly referred to her Green Dot prepaid card as a "debit card." Amber explained that her partner has a Green Dot card and claimed it has no fees, although this is unlikely.

The cards did offer some advantages. Jasmine believed that prepaid cards were safer than giving vendors her debit card information:

I've used one [prepaid card] before because I didn't want them to have my account number. I was ordering flowers for my aunt and I didn't feel comfortable giving my debit card number with other monies in there.

Some participants spoke favorably of prepaid cards available at Walmart. Daniel, who had been charged high over-limit fees using a debit card from a mainstream bank, explained, "I like the whole money card from Walmart 'cause they'll tell you if you don't have the money in it. That's how it should be."

Borrowing to make ends meet

All participants had experience borrowing money. Most preferred to avoid incurring debt, but a few expressed less hesitation about borrowing and appeared to feel more in control of their finances. Megan, for example, reported that she managed her credit card by paying her debt each month and keeping balances low. One balance is "less than \$50" and the other "is also less than \$50 because I work there [at the store that issued the credit card] so I stay on that."

Young people also used credit to cover shortfalls and a number of them were quite concerned about the costs of accumulating debt. For instance, several young people accrued considerable debt—from several hundred to almost \$2,000—for traffic violations. Almost half of the respondents had been contacted by a debt collector at some point in their lives, not including those who had been contacted by individuals or businesses to whom they owed money directly.

Many respondents shared anxiety about the prospect of debt. Nicole, who witnessed her parents struggle with deep debt, was hesitant to borrow. Samantha avoided taking on loans, and expressed a sentiment echoed by several other respondents:

I will do anything before I take out a loan. That's the type of person I am. I do not want to be in debt ever. There are so many people that are still paying off. I do not want to pay off my college loans. I'm gonna fill out scholarships. I will work.

Another participant, Hannah, said she avoided borrowing, except under limited circumstances:

I won't borrow from anybody unless I know that I have money coming on a certain day and I can pay them. I don't owe anybody anything. I never do. And the only person I ever asked to borrow from would be my aunt because she knows that when I ask her, I can pay her back.

The source of the aversion to loans was not always clear to respondents. For example, Christopher said, "I don't like loans, either. I don't like to owe." However, he could not explain why he is so adamant about avoiding debt obligations.

Nicole found debt to be highly stressful. "I mean, the stress of debt, just the word debt scares the crap out of me," she said. She and her partner avoided debt by paying bills first, saying that avoiding debt was her "number-one motivation." However, she and her partner maintained one credit card and a line of credit with a furniture retailer.

Some participants revealed strategies for avoiding debt. Taylor preferred to use a debit card because it kept her from spending more than she had. She explained: "I can't go over [with a debit card] like a credit card would." Similarly, Jessica said, "I never got into credit cards. I never talked to anybody about it, and I don't really know how they work, and I don't wanna get myself into something that I'm not gonna [be able to pay]."

One reason young people were hesitant to borrow was the embarrassment that resulted if they could not make payments. At one time, Daniel owed money to two friends: one for down payments for a car and another for his last apartment. He called it a “a stupid situation” in which he mistakenly thought he was getting more money from the federal tax stimulus than he did. Ashley seemed to feel similarly. “I don’t want to be looking stupid with no money and broke if something might happen. I don’t want to be in that situation; that’s why I save money.”

Sources of debt

Participants borrowed money from a number of sources. Although young people typically turn to families first when facing economic hardship, that resource is not available to many young people who have spent time in foster care. To pay for postsecondary education, many participants took advantage of the availability of student loans. Few had auto or other bank loans, and several reported using payday loan outlets for short-term borrowing. Several young people reported that they used credit cards or pawn shops to access immediate funds. A few obtained furniture, televisions, or computers from rent-to-own retailers. These sources of debt are discussed below.

Borrowing from family. When facing difficulties making ends meet, some participants relied on their families for assistance. In fact, for those who could do so, family was generally the initial option when they faced budget shortfalls. Darla said that when she had difficulty paying bills, she borrowed from her mother: “Yeah, I’ll call my mom. I gotta pay her back. She holds me to it. She’s like, ‘I’m your mom, but I’m not a bank.’”

Others relied on family to help secure credit. Daniel asked his grandfather to cosign on a car loan, whereas others received other kinds of help to gain credit. Kyle, for example, was able to obtain a phone by borrowing on the creditworthiness of his uncle:

I’ve been using those prepaid phones, and they’re really crappy. I was living in a tiny cabin 30 minutes outside of town, and I wasn’t getting any reception on my phone and I really needed it because I was getting unemployment and I didn’t have good credit so I couldn’t get a phone plan. So my uncle let me use his credit to get a contract. I’m using his credit, but I pay for the bill.

Student loans. Several participants took out loans—ranging from several hundred dollars to \$17,000—to pay for college and vocational training, and to cover living expenses. Most had not begun to make payments. Megan said, “I have about \$9,000 in loans, which they put in deferment because I didn’t have a salon job until just recently.” Kiara owed \$3,000 to a private for-profit college for medical assistant training she did not finish.

Some young people left foster care with student loans that they did not recall approving or receiving. Hannah reported the discovery that she had a \$6,000 loan obligation:

I didn’t know that I had this loan [for college expenses] until I started getting [the bills]. I thought that the state paid for all of my schooling, but I guess not. I guess there was some hidden paperwork or something in there that I signed for the loan.

Economists often speak of educational loans as “good debt,” if the financial liability is well invested in an educational program that yields a career and higher earnings. Consequently, it is possible that some participants may have accumulated too little debt. Shondra, for example, declined to follow the advice of her high school counselor to apply to high-prestige colleges. Instead, she attended the local state

university to avoid high debt. In doing so, she may have squandered an opportunity to obtain merit scholarships and embark on a high-income career.

Other financial services loans. A few participants borrowed for major purchases, most commonly vehicle loans. It was difficult to discern how well the participants understood the terms of these loans. None indicated that they had shopped for the most favorable loan terms available to them. For example, Nicole used a particular credit union to obtain a car loan because “the dealer uses them a lot, so it was kind of like a predetermined thing.”

Debt from medical expenses. Several respondents faced high debt due to medical expenses, including a few young people who did not have health insurance. Jessica reported, “I’ve had debt collectors call me for doctors’ bills. I think they were saying I owe like \$3000. I don’t know what exactly it was—for medical bills.” She said that she had not been insured for a long time, though she had coverage during two pregnancies and for a time after her children’s births. Likewise, Trent, who owed \$1,200 on a hospital bill, said that he struggled to make payments.

For some, the inability to pay medical debt led to avoiding these bills. Jacob had no health insurance and paid out-of-pocket to see a family doctor who prescribed anxiety medicine for him. Another participant, Daniel, was unaware that he had outstanding medical bills until he tried to purchase a car and the dealer ran a credit check. “They told me I need to take care of them or it can affect me—because I think I owe like \$1,500 altogether.” And even though Daniel had medical coverage through an employer, he owed \$200 in copayments for the removal of his wisdom teeth. When he had a decayed tooth extracted and the health facility staff asked how he would like to pay, he lied:

I’m all hurting and everything—ready to get my wisdom teeth taken out. I’m like, what do you mean? I don’t have money right now. I have my rent money, but I wasn’t gonna use that to get it out. So I told them, “Yeah, in two weeks I’ll have it.” So I lied to him because I needed those teeth taken out. It hurt.

Payday loans. Some young people turned to payday loans, another type of loan, to cover income shortfalls. Payday loans are relatively small loans that provide quick cash at high interest rates. Most young people used these loans only as a last resort. Amber, however, discussed how she and her partner were in a cycle of borrowing money from a payday loan outlet every other week to cover their bills between paydays. They would request a loan on Friday, receive the cash on Monday, pay bills, and then repeat the process a week later. “So we have to do that every week until we can figure out somewhere where we can stop having to do that.” Amber reports that each loan has been for \$310, for which they pay back \$350.

Credit cards. A few young people used credit cards, or had done so in the past. Some explained that they used credit cards as a means to build credit. Nicole had a \$500 limit on her credit card, and although she may have been able to pay off her monthly balances, she did not because she believed it hurt her credit score:

I heard that’s bad for your credit, if you pay it all off. I don’t usually pay it all off. Around tax time I did start over because I had like a \$300 balance on it. So I paid it off then. I always pay at least half of it and then now use it for a while. That way I can get it paid down to like where it’s just like a \$20 balance ‘cause right now I don’t have any interest accruing on it. I have zero percent interest until September.

Christopher also said that he used a credit card primarily to improve his creditworthiness. A few others used retail credit cards—at clothing or furniture stores—but most young people we interviewed did not use credit cards. They reported turning down opportunities to obtain credit cards because they made it too easy to spend beyond one’s means and accumulate debt. Kyle explained why he preferred using a debit card:

Most teens my age use credit. But I use debit and everybody drops their lips. It’s tempting when you have a credit card; you don’t have money, and you’re tempted to use that credit. If there’s money there then you’re gonna use it and take advantage of it and keep spending and the bank is gonna pay your loss off, and then you owe the bank, and then you’re in trouble.

Pawn shops. Several respondents used pawnshops to generate needed cash or cover shortfalls. Thomas reported that he pawned a set of expensive earrings, obtaining far less than he paid for them, so he could attend his high school prom. He later changed his mind, and got the earrings back.

Others used pawnshops to convert property into needed cash. Mike explained that he visited pawnshops when he had no money and was trying to find a job. “I wasn’t really getting lucky, so pawned off some of my games for my PS3 [videogame system] and my movies, all that good stuff, made some money.”

Rent-to-own. Four young people reported using rent-to-own companies to furnish their households or obtain computers. Kyle, who received a state foster care stipend as well as Supplemental Security Income (SSI) for his disability, blamed his inability to save in part on the \$400-plus monthly bills he owed for furniture from a rent-to-own company: “That income... [is] going [toward] the rent and the lights and the furniture rentals,” he said. “The furniture that I rent is a seven-piece, plus the two screens and all that stuff—that’s just the check amount every month and the SSI.”

Darla, in contrast, said she learned her lesson and avoided rent-to-own shops. Laughing at her own naiveté, she said:

I did that once. And I’ll never do it again. I got my coffee table, my end tables. And, oh my gosh, [it’s] overly expensive. It’s supposed to be a \$300 set. I think we paid like \$600 for it. Never happen again.

Debt management

Once in debt, young people managed payments—and the associated psychological stress—in various ways. When debt was in the hands of a collections agency, others dictated the terms. Darla reported that she was cooperating with a debt collector who was in charge of her child care debt: “I’ve been paying them off. Chipped away, slowly but surely.” Darla incurred the debt when the state had mistakenly provided her child care payment assistance when she was ineligible.

Jessica handled debt by taking care of one bill at a time. She started by paying her traffic tickets so she could drive again.

With my tickets, I have to pay; otherwise I won’t get my license. Right now, I have a restricted license where I can only drive during the day and certain times and back and forth to work and stuff like that. [Soon]...I’ll be unbarred, so I’ll get my full-blown license back.

She explained how she managed her debt:

Psychologically—one thing at a time. I'll eventually pay it once I get everything else caught up and my tickets paid off. Then I'll start working on that. I do one thing at a time, and try to work on it and not get my mind off of it, because otherwise it'll just go away. And then I won't have bills, and then I'll forget about it, and I'll still owe all that money.

Others had more trouble managing debt. Rachel said, "I have a lot of credit issues." Her foster mother had started a small at-home business, which suffered during the economic downturn, and Rachel tried to help her. "I've been giving her all the extra money that I've had." Rachel took out a credit card in her own name but provided the card to her foster mother to use. She believed she had "maxed out" the credit card, but left the notices from the credit card company unopened. At the time of the interviews, Rachel had not paid rent in months, which likely explained her poor credit record.

Despite having some debt, Amber felt lucky that her debt was not higher: "I have less than \$600 in debt right now. I'm pretty proud of the fact that it's less than \$1,000. I'm not happy it's there, but think of all the people who [realize], 'Oh, I have \$10,000— how did that happen?!'"

Saving

Despite efforts to increase income and reduce spending and debt, many young people struggled to retain a surplus available for saving. Yolanda, for example, said it was hard for her to put money aside:

Because [of] the kids and the bills and diapers. And I smoke cigarettes. So it's just a little difficult to save money, if every time you get some money, you gotta do all this stuff with it. By the time I get the money and spend it, [there's] nothing left for me to put in my account.

Nevertheless, several participants said they believed it was important, albeit difficult, to set some money aside for unanticipated expenses. Many respondents indicated that they kept a small fund available for emergencies. April, for example, set aside \$500 for emergencies, such as unexpected car costs. But most participants set aside far less.

Jasmine set aside \$200 each month from her paycheck, which proved useful when she lost her job and turned to her savings to pay bills: "[N]ow that I've been terminated from my job, I have my fallback savings to distribute to paying my rent, my lights, and gas." Ashley viewed savings as a potential for asset investment but also a protection against...something happening down the road that would, threaten you...[like] losing your apartment."

For the majority of respondents, saving on their own was difficult and small accumulations disappeared quickly. The Opportunity Passport™ offered participants the potential to accumulate enough savings to do more than fill a gap in income or cover an unexpected expense. The next section turns to the participants' experiences with saving in the Opportunity Passport™.

Saving in Opportunity Passport™ accounts

Virtually all participants expressed a fairly clear understanding of the Opportunity Passport™, including the goals of the program and rules on obtaining a savings match. Nonetheless, interviews suggested that saving was a complex undertaking, especially for young people with low incomes and little experience managing money and making optimal financial decisions.

A variety of factors contributed to individuals' ability to save successfully in matched savings accounts. On one side, individual circumstances—such as regular well-paying jobs and low expenses—helped young people save. Personal knowledge, skills, and cognitive orientation to saving also made a

difference in how successfully the young people saved. On the other side, the program features and way the Opportunity Passport™ was structured affected young people's saving habits. We turn first to Opportunity Passport™ features that affected saving performance in the OP accounts; this section is followed by individual factors.

Features of the Opportunity Passport™ that affect savings

Upon the completion of financial education training, Opportunity Passport™ provided all participants a personal debit account and an Opportunity Passport™ savings account at a mainstream financial institution. Continued participation required participants to keep their OP accounts open and active. Beyond these commonalities, participants' experiences with mainstream institutions varied greatly. Some had no bank account other than the OP account, whereas others had many accounts, often with more than one financial institution.

Some young people successfully maintained debit and checking accounts. Doing so distinguished them from many of their peers in foster care. Courtney and colleagues (2007) found that only about half of the young people in the Midwest Study who left foster care had a bank account at the age of 21. In this study, a few had opened accounts prior to joining Opportunity Passport™, often with the assistance of foster parents or caseworkers, but most had not. As discussed in greater detail above, for some participants, accounts at mainstream institutions offered advantages of convenience and safety. Most made more limited use of these accounts, using them primarily as debit-card accounts for keeping and withdrawing cash. About half the study participants had access to an account with a debit card. Others reported they had none (and said they were unlikely to get one in the future). Not all respondents kept their Opportunity Passport™ personal debit accounts open; some closed them for a variety of reasons discussed above.

Many young people emphasized that features of the Opportunity Passport™ provided encouragement and guidance to save, but they also said that other features (such as some sites' requiring approval for unmatched withdrawals) were a hindrance. This section of the report reviews participant and staff perspectives on key program features and how they affected participants' ability to save. In the following sections, we discuss several of the most important aspects, including having a dedicated savings account, savings targets, savings matches, stipends for participating in program activities, guidance and encouragement by staff, and restrictions on withdrawals.

Dedicated savings account

Simply having a bank savings account where money was not readily available was helpful to many participants. As Monica said, she did not "touch" her Opportunity Passport™ account, where she let the "money stack." Louise treated her Opportunity Passport™ savings like a "savings bond": "I can't touch it, which is good."

With the help of Opportunity Passport™ staff, Jacob began to understand that he was less likely to spend money he put in the bank.

It was the time before somebody told me to get a wallet, and I was like, "No, I don't want a wallet. My pocket is my wallet." But then they told me it was best to have a bank account, because if you have money in your pocket, you're going to spend it.

Another participant said she did not miss the incremental amounts she deposited in her account. "It's just building up and then when you want to use it, it can be useful for that something that's worth it," she said.

For the most part, Karen ignored her savings and avoided dipping into it. “I don’t go down there to even see. I don’t even ask about that money,” she said. She had withdrawn only \$100 for an emergency move.

Savings out of sight, out of mind. Depositing savings in a bank savings account made it easier for the young people to cognitively assign the savings to a different category of money. People tend to mentally divide income sources into separate “accounts,” framing or describing them in different ways that affect the likelihood of spending each (Tversky & Kahneman, 1981; Zelizer 1989). When money for saving is also in a different physical account (in the bank), people are more able to exercise self-control and resist the temptation to spend (Kahneman & Tversky 1979; Shefrin & Thaler 1988).

Having their money in a restricted savings account appeared to help the young people ignore their Opportunity Passport™ savings. For example, Tiffany said she tried to ignore the money in her account. “I can’t touch it right now. It has to be [for] a specific result,” she explained. She opened another account for day-to-day purchases, but her Opportunity Passport™ account was for the long term: “I can’t touch it. It’s gotta be for school or a car or housing or when I can be able to touch it...[I] let it just build up and wait.”

Others implemented similar strategies to avoid thinking about the money in their accounts. As Tisha put it, “It’s kind of something I put money into it and just forget about, so that it can grow.” Kiara reported: “I just forget that I had it, because I know if I forget that I have it, I won’t touch the money.” She reminded herself: “It’s not there for you [right now]—just let that be emergency cash or whatever, and let that be something you can start on.”

Monthly savings target. When participants signed up for an account they committed to a monthly savings target for their Opportunity Passport™ accounts. Their monthly savings targets depended on how much they thought they could set aside each month given their income and expenses. As Tisha explained, “When you do your Opportunity Passport™ account there’s this sheet that you have to sign that says ‘I’m gonna save a minimum of...well, my sheet says \$15 a month on there.” Jessica set the same target of \$15 a month, explaining why she considered it to be realistic: “I wrote 15 [on the paperwork] because I was thinking, ‘Okay, \$15 is something I know I can save...and even if I’m on hard times, I still know like \$15 is not that much money and it would not stop me from getting my match.” Some participants found that thinking about a monthly savings target helped them save. Jasmine said she followed a staff person’s advice to set a savings target of \$10 a week:

I did the math with that and I was like, wow, if I could do that, by the time I’m 30, I have this much! So I try to look at it like that. Just putting a few pennies away a day or whatever...it helps.

In this way, she did not become disappointed: “I guess I tried to think of something realistic because like I didn’t want to set anything high and then disappoint myself. So I was setting more realistically so that if I reached over that goal, it really felt good.”

A staff person commented that although it was difficult for the young people to commit to saving a specific amount, ultimately, it was a good idea:

I think it kind of depends on the person, but I know that is part of the enrollment paperwork and I think it’s good to always write something like that down. I think you tend to hold yourself to it a little more if you write it down.

The emphasis on regular saving in the Opportunity Passport™ appeared to be partly to encourage building a savings regimen (or “habit”). Required regular saving taught participants how to make financial decisions and plan for a future asset investment. As April explained, it helped her plan ahead:

If you're going to save to [get] a car, you don't look at a car one day like that's the car I want. You have to have your license. You have to have your insurance. You'd probably want to get the car checked out. You'd want to make sure about your payments and how that corresponds with your income. Anytime you have a purchase that you want to make, you always have to think about it ahead of time.

Nonetheless, setting and sticking to a savings deposit target was not easy for most participants. Some respondents set their monthly savings targets high, aiming to reach the annual match cap of \$1,000, but discovered this was too ambitious. For example, April explained that she tried to deposit \$50 a month in order to meet the match cap, but then reported, “I really haven't done that since I've been in the program.” In contrast, others undershot. Darla thought she set her savings target too low: “I didn't have my goals set high enough, now that I look back.”

Participants established different patterns for making savings deposits. For example, Thomas found it easier to think about a weekly, rather than a monthly, target. He found that depositing \$7 each week worked for him.

Megan, who previously had covered an insurance payment and purchased a computer with her Opportunity Passport™ account money, found that a monthly savings target was laudable, but not usually achievable: “I just do it when I can. I know [the staff] doesn't like that, but I just put in what I can when I can.”

Staff observed that most participants accumulated small amounts irregularly, a few deposited small amounts regularly, and others—who had regular and relatively well-paying jobs—deposited large amounts regularly. As one staff person explained:

A handful are very religious about it. They get those deposits in pretty regularly and have amassed thousands of dollars. Others...do very little. They maybe do a survey and get their \$20 every six months and deposit it. They put a little away every couple of months if they can. But it's not real regular.

Asset savings goals

Staff administering the Opportunity Passport™ also asked young people to establish asset savings goals. Apartment security deposits, vehicles, and educational expenses were the most common goals among the participants we interviewed. Samantha, for example, understood that the [state agency] would not cover her college tuition after three years, so she was saving for special training in technology that would not be covered by the state. Beth saved for a car to get to school. “That meant that I didn't have to ride the bus anymore, and it kind of made college easier,” she explained. Some young people had several goals. Megan saved for a car, an insurance payment, and a computer. Justin expressed three goals: “I'm trying to save it for a car and a house. For college. That's what I'm trying to save for.” Louise focused on postsecondary education: “My goal was just to really save for school, for college.”

Staff observed that asset goals created excitement among participants, especially at first. Staff encouraged participants to focus on their goals, and found that strategy helped motivate participants. Some respondents, like Yolanda, set high aspirational goals: she saved for a house and a car. Others set

goals they viewed as achievable. For instance, Tisha determined her goal based on the amount of savings she had:

Whenever I actually saved my thousand, I put it in the bank and let it sit for like three months and then I was like, "Okay now I want my match." Then I realized, "Okay I can't get my match for anything that I want, so, "Okay, what do I need?" And then I looked at all the categories and I [saw] all the things that I could get matched for.

A number of participants reported that focusing on their asset goals motivated them to save. Jessica explained, "I need to find like a goal on what I want to get, and then once I get that goal in my head, I'll start saving more." When the interviewer asked if the goal really made a difference, Jessica replied, "If I know that there's something that I want, and I put that down, like, 'Okay, at the end of the year I'm gonna get this,' then I'd save through the year, and I'd accomplish it."

Amber said she was more successful saving when she had a goal, "especially if I was saving for something like a car; I was really good about that." Similarly, Kyle, who was saving for a car, said it helped to focus on his goal: "I'm trying to get this nice car that I want, so I'm gonna keep on depositing until I get that amount." He had already lined up his next goal: "then my next purchase will be [to rent] me a little house."

Staff observed that having a savings investment goal helped motivate participants to save more regularly, and to accumulate larger sums.

But not all participants had savings goals that actually helped them save. The reasons varied. Some seemed to be more determined to set aside savings for unexpected expenses. When they had accumulated enough money to purchase an asset, they did so, but many participants appeared focused on addressing shorter term needs. In these cases, and as is typical for this age range, goals tended to be somewhat fluid. Many began the Opportunity Passport™ program when they were in their mid-teens, and matured during the years they were in the program, gaining a greater ability and appreciation for goal setting.

Allison said she could not envision a way to begin thinking about a goal because the approved uses of the Opportunity Passport™ money were for items that seemed unattainable. Having put almost no money into savings, she remarked:

I haven't really made any goals. When it comes to a car, you've got to have your license. I'm still working on that part. And as far as a laptop, we can't afford Internet, and we get it on our phones, so it's not really necessary.

In other cases, staff remarked that young people in the Opportunity Passport™ program, like young people in the general population, seemed to be "crisis-driven." "I don't think it's the nature of most of our kids to plan ahead," the staff member explained, "And even though I remind them and push them, some kids do, and some kids don't."

Postsecondary education. Given their age and stage of development, it makes sense that postsecondary education was one of the primary savings goals of young people in this study. Trent explained, “This is what Americans do. They go to school, they go to college, they get a good job, they do this, this, this, this.” Others articulated a particular career goal that required additional education to achieve. Others attended college with less concrete aspirations. Monica, for example, said that she wanted “to be able to live comfortably and be able to support me and my child. That’s why I continue to stay in school.”

Direct financial benefits of Opportunity Passport™

There are three opportunities for young people to obtain funds from the Opportunity Passport™: (1) the savings match the youths draw on when investing in an approved asset; (2) the stipends offered by the program for participating in activities such as Youth Advisory Boards, financial education events, and the bi-annual surveys; and (3) emergency grants that some sites have available for young people in crisis.

Many participants placed a high value on these financial benefits available through the program. Many considered the stipends and asset match to be an important combination for building savings in their Opportunity Passport™ accounts.

Savings match. Participants recognized that the savings match was the cornerstone of the Opportunity Passport™. As Tisha said, “I’m always thinking, ‘double my money.’” April pointed out that it was beneficial to know that there would be more money in the account when she needed it: “It’s really helpful saving money and getting money to help you save to a purchase or an investment that you want.” When she first heard about the savings match, Amber was stunned to learn the Opportunity Passport™ would match up to \$1,000 per year:

I started saving a little bit at a time in the Opportunity Passport™ account. Of course, if you put a certain amount of money in, they match it. So I was all for it. I was 18. I just got my license, and you got to save for an asset, so I was saving for a car. I guess it really surprised me...I put the money in and they match[ed it] and I got myself a car.

Thinking about their money being doubled when they deposited it encouraged young people to save. When asked why he saved \$50 per month, not more and not less, Justin pointed out that he liked the idea of a total of \$100 accumulating every month, because it felt like it was growing: “If I put fifty in, they gonna put fifty in, that’s automatically gonna be a hundred right there. So I keep doing it,” he said.

Tisha recalled that, even though it was difficult, the idea of the saving match helped her commit to saving \$15 a month for at least six consecutive months.

At 15, you’re working—only thing you’re really thinking about is clothes and shoes and stuff like that. Well, for me, I know that’s what I was thinking about. So I was like, well, save this and I can double it. That’s what I was thinking: I’m gonna just double it.

Some participants focused on the money that was accumulating faster due to the match. Eighteen-year-old Kyle, who was saving in his Opportunity Passport™ account for a car, said, “We [are a] little bit closer to that car. You know so it’s a BIG help. It’s a big step.”

As Kyle, who also is saving for a car, explained, “I’m trying to get this nice car that I want so I’m gonna keep on depositing until I get that amount. ‘Cause you know they match it. So keep on putting in there probably twenty or fifty, probably. That way it can go faster.” Nicole said that the match of “\$1,000 is like a boost to help.”

Not all participants seemed to understand the savings match policy. Samantha, for example, thought she would be required to save \$1,000 in order to draw down any savings match. She said she was “just saving that money” because it “is not allowed to be touched until it reaches \$1,000.”

Participation stipends and inducements. For many young people, participation stipends were an important source of income and savings. Indeed, the most common way the Opportunity Passport™ contributed to participants’ savings was by letting the money earned from filling out bi-annual surveys accumulate in their accounts. Monica left her survey money in the account:

When I do the surveys, I just leave the money and then let it sit. Let me forget all about it. Let it come back to me a couple of years later, and have built interest. I just don’t touch it. I let that stack ‘cause they’re giving it.

Participants tended to think about Opportunity Passport™ participation incentives differently than other money. For example, Kiara viewed participation awards as “free money,” and they were her main source of savings in her Opportunity Passport™ account:

You don’t have to put money out of your pocket. You’ve got pretty much free money going into an account just to participate and help out somebody. It’s all set up there for you. So it’s kind of stupid to mess up. You get paid for the asset training. I’m on the Executive Board, so I get paid for the Executive Board meetings also.

Youth board participants received a stipend for attending meetings. Allison set her savings goal to the amount she knew she would receive for board meetings. Without these funds, she explained she would not be able to make any contributions “because I don’t have a job, so you know, I couldn’t have committed to that.”

When asked how much money she had in her Opportunity Passport™ account, Taylor estimated based on the number of meetings she had attended: “Let’s see...Going to like four meetings, I don’t know how much that would be—maybe like a hundred-something.”

Reflecting on where her savings comes from, Megan estimated that more than half came from the Opportunity Passport™. A steady saver, Louise deposited her own money bi-weekly, as well as depositing program derived funds: “I used to put in there \$50 every two weeks. Then the [Opportunity Passport™] also gave us funds to put in there, just for coming to the workshops and the meetings and stuff like that...[and] a survey twice a year in October and April.”

Interestingly, participants seemed to treat the savings in the Opportunity Passport™ account differently from other earnings, and were more inclined to retain this money as savings designated for assets. Part of this may be because the money was deposited directly into their Opportunity Passport™ accounts. However, this also seemed to translate into a different way of thinking about the funds (Shefrin & Thaler, 1988). Darla, for example, distinguished between the money in her Opportunity Passport™ account and money she deposited in her “personal” account.

Staff members expressed a different perspective. Despite the Jim Casey Initiative’s goal of giving young people ways to earn money and save through stipends, many staff believed that participants should save some of their own money and not rely solely on stipends to build Opportunity Passport™ account savings. One staff person said the Opportunity Passport™ would like to “encourage the kids more to save from their own monies, because the only time [they] were saving is if they came to asset training and the stipend was split between their accounts.”

Jessica pointed out that after saving her survey incentive she began to deposit other money: “I took my surveys...they put \$20 in my account every time I take a survey. So that kind of built my little savings up a little bit, and then...I started putting money in there myself.”

Several young people remarked they were drawn to participate by more than the financial benefits, and that the social and educational aspects of Opportunity Passport™ activities were also important inducements to attend.

Thomas admitted that the financial benefits drew him into the program initially, but he recognized other benefits as well. “It wasn’t just the money. They [are] bringing you to the meeting for something to help you, like resources.”

In fact, it seemed that sites tried to strike a balance between the use of stipends as inducements to participate in activities and as contributions to savings. On one hand, as an inducement, a stipend was more likely to be seen as spending money. On the other hand, if the stipend was deposited in the Opportunity Passport™ account), the immediate benefit was attenuated.

Opportunity Passport™ surveys. The most common stipend earned by young people we interviewed was associated with completing the bi-annual participant survey. When discussing surveys with us, staff and young people generally referred to what they called “survey months”—April and October of each year. From the beginning to the end of each survey month, young people were provided numerous opportunities to complete their online Opportunity Passport™ surveys. Many young people attended a “survey party,” a one-day event when the Opportunity Passport™ staff encouraged young people to come in and complete their surveys, and then socialize with other young people in foster care. Generally the program provided food and drinks and sometimes games and prizes.

Surveys provided an opportunity to check in with participants face-to-face at least twice a year. Some young people said they appreciated the opportunity to see the staff. As Karen said, “It gives us time to come in and speak with our workers and tell them things. I still can still keep an update with my workers that I did have when I was in the system.”

Completing surveys is important for the Opportunity Passport™ because the surveys collect outcome data on young people, and staff often go to great lengths to increase the completion rate, including going to young people’s homes or places of employment with laptops in hand.

Opportunity Passport™ financial education curricula. Several participants suggested that they internalized important financial lessons through financial education classes sponsored by the Opportunity Passport™. For Darla, the financial education classes helped galvanize her growing financial capability, which also grew from her grandparents’ influence, the birth of her son, and her boyfriend’s encouragement to save money. Darla explained:

If I wouldn’t have done the classes and had everything put in perspective right in front of me, I probably wouldn’t have gone back to school. I would not have held my job that I’ve had now for five years. I wouldn’t have respect toward people and their property in general. I was a kid having a kid. And I was rebellious.

Nicole remembered and appreciated the Opportunity Passport™ financial education training: She recognized that she lacked role models to help negotiate financial challenges that she faced. Consequently, even at the young age she entered the Opportunity Passport™ program, she found the curriculum helpful:

It was very interesting to me, because I knew I had to do it differently. I knew I had to someday have credit to get a house and save to buy my own car because I was pretty much on my own from 14, 15 years old. I was making money, and I knew I liked it, and I knew it got me things that I wanted, but I didn't do it right. My parents never really paid their bills. They were really not good with their money, or they were spending it on drugs and stuff.

Most participants, however, could recall few specifics from financial education classes, although they said the general intent and content of the course was to teach them how to manage their money wisely. Overall, participants did not elaborate much in response to questions about their initial financial education experiences, perhaps because the training had occurred several years previous. For a few, it was more than seven years in the past.

Some staff believed it would have been helpful to offer opportunities for more ongoing financial education. One staff member said, "I would make sure that they got some further financial education training, at least quarterly, if not monthly. I would have a set curriculum."

Most young people did not voice a need for more training akin to the initial financial education classes. Although they acknowledged they had a great deal to learn, they were not keen on spending more time in the classroom. Hannah's reflections capture this ambivalence:

It definitely taught me some things that I needed to know for when I got older, for the future. I didn't really learn too much. And I don't know if there are more things that I need to learn about. I have no idea.

Staff help to develop financial capability. Staff members guided participants through the initial steps of developing financial capability in the program. Participants commented on the ways program staff provided guidance and encouragement. Opportunity Passport™ staff helped them set up their bank accounts, including their savings accounts. They reminded participants to save when their deposits declined or lapsed. Amber admitted, for example, that she needed reminders from her caseworkers. Staff also helped young people create budgets that facilitated putting some funds aside for saving. Louise explained, "Staff, they help us decide our budgets and stuff about how much we want us to put in there." Jessica also said she worked with staff to figure out how much extra money she had to put into savings:

Well, we would work together, and we'd come up with a conclusion on how much extra money I'd have a month, and I'd put like \$50 a month in there. And it got up to like \$600, and then I—at the end of the year, I was like, "Okay, I wanna get a car." Opportunity Passport™ would match me, so I won't have to pay \$1,000 of what I'm gonna buy.

In addition to encouraging savings deposits, staff also encouraged participants to leave their savings in the accounts where they could accumulate. They dissuaded participants from withdrawing savings impulsively. For example, Christopher explained:

They taught me to think twice about getting your money [out]. Taught me a lot of stuff that helped me mature. Don't make just a slight decision, like, "Ooh, I want this," and just go. Sometimes you've got to stop at the red light and sometimes you've got to look both ways.

Overall, most young people seemed appreciative of staff assistance. Christopher was grateful for the time that staff spends with him, guiding his progress:

Most important part of the program is probably all the teaching stuff they do towards helping you monitor your money, because they didn't have to tell you anything or try to give you any type of help for advice or anything. You've got to have a reason to use your money. It's very nice, and helps you keep up with stuff.

Ashley seemed less receptive to advice about saving. She said she already knew she should save, suggesting that what she needed was more assistance getting money to put in her account.

I already know what I need to do. People don't have to tell me what I need to do. They can give you advice and stuff, but I already know what I need to do. It's just sometimes stuff is hard for me to do.

Many of the participants we spoke to had close personal relationships with Opportunity Passport™ staff. This personal connection made young people more likely to turn to staff for guidance, attend events, and otherwise remain engaged with the program.

Encouragement and guidance to reduce spending

Some young people discussed the ways that Opportunity Passport™ staff helped them with their financial decision making. Although this assistance may also have helped young people identify surpluses for saving, many discussed ways staff helped them to improve their overall financial situations. For example, Darla said she was grateful to Opportunity Passport™ staff for being straightforward with her.

They kind of put it in perspective. They give you lists of what you're studying now, and then what your expenses would be or what you have to spend, and...they put it right in front of you, and they're like, "You're spending too much." Which is true, because I wouldn't be in debt if that wouldn't be.

Jacob reported that financial education helped him with budgeting:

They had...an asset workshop one time about budgeting, they had...this way to budget your money. They give you a set of envelopes that you can put in your wallet and then you ration out all your money and cash for the month in different envelopes, like you put all the food you're able, you are willing to spend money on in an envelope, all the gas money you're going to use for the month in an envelope and then once you run out of that money, you take it from other envelopes and...the idea is to break even and not spend more money than you need to.

The questions that some young people raised about their own financial circumstances suggested that they might benefit from one-on-one counseling to build their financial capability. One staff member, recalling an experience with a participant, indicated that she helped several participants navigate difficult financial situations; one overdrew on an ATM card and another accumulated a large debt buying songs online, using a Paypal account linked to a bank account that didn't have enough balance to cover the charges:

In that case, the staff person used her contacts to intervene directly with the bank. "So I approached the bank manager. He was good about it. He said, 'We will take care of this.' So really I get the best results if a youth comes to me and has an issue like that, go to the bank—I have relationships with many people in the bank here—and they will oftentimes cut me slack."

Restrictions on withdrawals

Another way that the Opportunity Passport™ facilitates saving is through restrictions on withdrawals. Research suggests that limiting access to savings may encourage higher rates of saving (Schreiner & Sherraden, 2007; Wheeler-Brooks & Scanlon 2009). In the Opportunity Passport™, a matched withdrawal can only be made for certain approved investments including security deposits, automobile purchases, health care, microenterprise, and school tuition and supplies. These withdrawals must be approved and processed by staff. In order to ensure that the monies are not used for unapproved purposes, the programs issue vouchers directly to the vendor for the approved purpose.

In some cases, young people could withdraw their personal savings for nonapproved uses (including emergencies) only with permission from staff. These were called “unmatched withdrawals” and were not eligible for a savings match. As part of their effort, some sites administering the Opportunity Passport™ required a waiting period between the withdrawal request and disbursement of the funds, a barrier to discourage quick and ill-advised withdrawals.

Participant views on withdrawal restrictions. Participants responded to withdrawal restrictions in two ways. Some appreciated the restrictions because they felt compelled them to leave savings in the accounts. Nicole explained: “That’s the account that we throw money into when we know we don’t want to be able to touch it... Like we can’t get it back out.” Nicole clarified that funds were available if she really needed them: “If you need it, you just request it. You just fill out a paper saying...I need that money for this reason. And then they just call the bank and give them permission to pull it out.” Jasmine expressed a similar sentiment, saying that she put surplus income her Opportunity Passport™ account “so I won’t touch it.”

Alexis remarked:

If I didn't have that extra bank account, then I would have been spending all my money in the other one that I got right now, especially with that IDA...because you're not supposed to touch the IDA, so that's really been helping me with having to save.

Yolanda said, “The hard part is getting the money out. I don’t have the option to go to the bank and just get it out whenever I get ready. So that’s a way I could save money.”

April said she understood that the Opportunity Passport™ rules about regular saving, restrictions on withdrawals, and guided use of the matched funds were aimed at helping young people learn how to save and plan: “They just don't want you to dump the money [all at once] in the accounts.”

On the other hand, many young people chafed at the restrictions on withdrawals. Jasmine, for example, worried that she wouldn’t be able to get money out in an emergency. “Because I live in the world, anything can happen. I always hold onto it until I’m ready to make a match and I deposit it in there because I feel like what if something happens and I need that money and I can’t get in contact with them?”

Some participants viewed restrictions as paternalistic and a threat to their growing sense of independence. Amber said:

The only thing I hate about that is being 22 [years old] and having to go through somebody else to get my money out, especially when I really need it...because if I say, “I have an emergency and really need my money that day,” I still have to wait for all the papers to be processed. I [can]

see if it was matched [withdrawal], because you're putting in for me, but an unmatched, I don't think I should have to explain what I need money for.

Although Shondra understood why the match money was restricted, she believed she should have been able to withdraw her own savings whenever she wanted or needed it. "I think it's kind of crazy you can't even touch your money unless they say so. But they helped to get it, so I guess that's good," she said.

But many young people said they were unhappy about delays. They complained that it could take up to a week or more for the Opportunity Passport™ staff to process requests. In one program, it took month to access any funds, matched or unmatched, according to Daniel. He said he used to be able to obtain a voucher within 24 hours of a request, but it lengthened to 30 days. This rule, common in matched savings programs, created friction among some of the participants who wanted quicker access to the money they had saved.

The tension between discouraging quick withdrawals from Opportunity Passport™ accounts and avoiding resentment of young people seeking access to their money had an important consequence; knowing that they may have difficulty accessing the money in their Opportunity Passport™ account, participants often avoided making regular deposits, preferring to keep ready access to their money. However, most participants conceded that without the restrictions, they would have had less money in their savings accounts.

For some young people, restrictions inhibit regular Opportunity Passport™ account deposits.

The practice of restricting access encouraged some young people to withhold their accumulated savings from the Opportunity Passport™ accounts until they were ready to claim the Opportunity Passport™ savings match and invest in an asset. The concerns expressed by Jasmine, Amber, Daniel, and others led many to keep their funds on hand. Beyond wariness of paternalism, participants expressed legitimate concerns about having funds available for emergencies. April felt that maintaining quick access to her savings was imperative:

If my car breaks down, they don't match. I have to wait so many certain days to get the money. And for an extreme emergency, I wouldn't be able to do that. If something were to happen and I needed my money out of my Opportunity Passport™, I would have to come here, fill out papers.

Although they were not making regular deposits into their Opportunity Passport™ accounts, many young people nevertheless built savings elsewhere. To retain easy access to their funds, some respondents said they accumulated funds in their personal bank accounts (debit and savings) or in cash.

As Jasmine revealed:

I always hold onto [my money] until I'm ready to make a match and I deposit it in there because I feel like what if something happens and I need that money and I can't get in contact with them? So I leave it and wait and then I will deposit it in there like the day that I want to go and make the match.

Similarly, Jessica, who successfully made matched asset investments, explained that she currently had no funds in her Opportunity Passport™ account, but planned to obtain matches in the future.

Another staff person explained why this was a concern to the program:

I would say 90 percent of the kids don't put money into their accounts until they want to do a match. That's when they make a deposit. We keep trying to encourage them to save, that they shouldn't spend all their money, but they don't.

Staff discouraged lump-sum deposits by requiring minimum balances in Opportunity Passport™ accounts. As one staff person explained: "I think that some of the changes that they've made have—you have to have like a minimum \$50 balance in the account—some of those changes I think have prevented what may have been taking advantage before." Another staff person explained in greater detail:

We did have a period where they weren't using the account appropriately so we had to do some restructuring on how can you make a withdrawal because they want to get their whole check and maybe deposit a lump sum, you haven't saved all year but you want to deposit this lump sum because now you are ready to buy a car. That is not really teaching you savings, so we've redeveloped it where you have to have six months of targeted savings.

April commented that these increasingly complex rules appeared to be aimed at teaching a saving habit and prevented participants from "dumping money" or trying to "match it within a week." She explained the rules:

You have to have three-fourths of your money in there, I believe, 30 days before the match... They just don't want you to dump the money in the accounts and they really want you to budget and they really want you to save. And saving is what they're trying to have people do instead of just this money's here, this money's there.

In response to the rising complexity and dissatisfaction among the young people, one staff person commented that it might be helpful if programs were somewhat more flexible about how participants could use the money:

I think some ways it could be improved. For example, one of the approved things you can purchase is a vehicle. But...you can't always afford the best vehicle. It would be great if there could be a way to match a certain amount for repairs when that vehicle breaks down. Similarly, you can match funds for your first month's rent and deposit, but maybe you're there for six months and you lose your job and that's when you would really need help with a month's rent because of whatever hardship.

This staff member believed added flexibility would have two benefits. First, it would provide asset-match support for expenses that allow young people to retain assets. Second, because the rules may actually discourage savings deposits, allowing young people to use Opportunity Passport™ accounts as a more flexible savings repository might encourage them to save more often.

Individual strategies for saving in Opportunity Passport™ accounts

Beyond efforts to manage their income and expenses with an eye to creating savings opportunities, young people told us they employed a number of other strategies to build their Opportunity Passport™ accounts. In approximate order of importance, participants said they exercised self-control and tried to avoid temptation to spend, identified "triggers" to remind them to save, relied on other people to remind them and encourage them to save, and a very few set up a direct deposit mechanisms into their savings accounts.

It was clear that good financial management (discussed earlier) helped participants generate surpluses for saving. For example, if the young people were managing their money well and a "windfall" arrived in

the form of tax refunds or educational grants, they were able to set aside some of this money in the Opportunity Passport™ accounts. Thomas and Rebecca, for example, put the entirety of their tax refunds into their Opportunity Passport™ accounts. Tisha squeezed some money for her Opportunity Passport™ account from her school grant; she said, “Whenever my Pell Grant comes through I put like \$500 in there.”

Keeping expenses low was critical for building savings, but low incomes and the demands of daily living often made it difficult for participants to find even small surpluses to save. As Samantha explained, in addition to regular expenses, her money disappeared, even though she was careful:

I love going to [the] resale shop to get clothes really, really cheap that are still in good condition. It’s not a bad way of spending my money I don’t spend it on anything stupid. I definitely don’t drink. I’m not a big partyer. I’m more of a stay-at-home person, go-out-to-eat person, just things like that. But I would just take little bits out and just all of a sudden, I don’t have money in my bank anymore and I’m just sitting on nothing.

Thomas likewise explained why he was unable to save as much as he expected: “I wasn’t really saving as much [as] I would want to because it’s just your everyday expenses like the littlest things add up.” Kiara, who experienced a spell of homelessness, said that her expenses left her without any funds to save. She explained that her surplus income went to cover reestablishing a home for her and her child:

Lately I haven’t [saved] because, like I said, I was kind of homeless for over a year with my son. Since I had my place, I’m trying to kind of get back on my feet. Making sure I keep it. We’re starting over.

For many, the ability to save was a direct function of income opportunities. Taylor noted that sharing expenses with her boyfriend was helpful, and that they were able to build savings when they had two jobs, but without the jobs, saving became impossible: “We put a lot of money in [a joint savings account] when we were both working. [But now without steady jobs,] We can’t really [save], at this point. We’re basically living paycheck-to-paycheck.” Yolanda echoed this sentiment, saying that even with careful spending it was difficult to have much left over after covering necessities: “Every time you get some money, you gotta do all this stuff with it. By the time I get the money and spend it, [there’s] nothing left for me to put in my account.”

Younger Opportunity Passport™ participants often had greater success saving because their health care and room and board were state expenses, according to staff. With very low expenses they were able to save most of their income and still have some cash for spending. A staff member explained:

Our best savers come from young people that are 16, 17, have a part-time job, live in a foster family so they don’t have any of their own expenses to speak of...except various incidentals so and they have foster parents that say, “Hey alright, if you’re earning money, half of it is going to go into your savings account and then you can have the rest for spending money.” And they don’t have to buy their own food and pay their own rent and things like that so they’ve been among the best savers and probably among the most active in terms of purchasing assets.

Exercising self-control and avoiding temptations

Many participants found it necessary to cut back on spending to free up surpluses for saving. As part of prudent money management, most tried to avoid spending on “unnecessary stuff.” Many also made special efforts to avoid expenses in order to build savings. Research suggests, however, that young people may sometimes have difficulty distinguishing “wants” from necessities (Wheeler-Brooks &

Scanlon 2009). The young people in this study indicated that “unnecessary stuff” includes going out to eat, evening entertainment, and buying unnecessary clothes and other items. Darla, for example, said while she and her partner were saving money for a vacation, they encouraged each other to not spend. When there was an “extra 20 bucks” she would “just put it in there [Opportunity Passport™ account] rather than going and getting Chinese [food].” This was a sacrifice for her since she said she loved Chinese food.

Participants said that maturity helped. Jessica observed: “At the beginning, it was difficult. I wasn’t putting very much money in there because I didn’t have the money to put in there, but once I got myself brought up a little bit more and started saving a little bit more money, it was easier.” Tiffany recalled spending on “unnecessary stuff really because I was young. It was just I had a whole bunch of money, just spend it on people save, spend, whatever. Just buy birthdays, holidays, to go out or eat—that’s where all my money would be.” Jessica said that setting money aside instead of spending it on frivolous things was getting easier.

Kiara explained: “It’s just about control. You’ve got to think about the stuff that you want, and the stuff that you need to get. And stuff I want, I have to leave it alone.” Like others, she believed she had become better at controlling her spending even when there was pressure to consume:

There’s a lot of stuff I want to get, but I know I can’t because I have to make sure I handle my business and buy the stuff I need to get. So you’ve got to have self-control over yourself with your money.

Kiara avoided the temptation of making unnecessary purchases by forcing herself to plan and think about the future. “My son is always going to need stuff,” she said, “When I actually sit and think about what I’m going to do with my money, I’ve got to have self-control.”

Some participants said they had to remind themselves about making good choices about spending. For instance, Shondra said that while she had confidence in her ability to manage her finances, she realized that the temptation to spend was great. Even though she was tempted to buy clothes and shoes, she prioritized bills: “Whatever I have left I shop with. I make sure my money lasts me until I get another check, so I can budget out for the whole two weeks.”

Others found it less challenging to resist consumerism and unnecessary purchases. Alexis, who was thinking about the future of her child, said, “It’s easy for me to save. I’m not a big spender, especially since I’ve got a child now, so I’ve got to cut down on my spending.” Several credited the Opportunity Passport™ with helping instill an ability to avoid spending. Jessica explained:

[The Opportunity Passport™] actually benefited me in a lot of different ways. I would save my money for something useful and something that I can really do besides just spending it on unnecessary things or things that I want at that time.

Nonetheless, despite their efforts to save, many Opportunity Passport™ participants had difficulty cutting back on spending. Thomas remarked:

What makes it hard is like you just see something that think you’ve got to have it and you just want [it]—or those cravings. I love Doritos...so when I go to the store I don’t buy just one bag; I buy like \$5.00 bags. See some shoes you like and you think you just have to have them, and you really don’t need them.

Shondra also said, “I just spend as I go.” Similarly, Ashley said she wanted to see more money in her accounts, but had trouble saving. “I used to have way more money than that, but now I’ve just been spending it.” Several participants mentioned trying to limit “luxuries,” such as getting their hair done, going to the movies, or eating out.

Cutting back on spending may be especially difficult for young people in foster care. They are often denied items their peers take for granted, such as high school class rings or prom dresses. Some states provide special grants for such expenses, but many other expenses associated with “normal” teenage life are not covered. This feeling of deprivation can lead some young people to poor financial decisions. Christopher explained how prom expenses became a financial fiasco for him:

I had [savings] accounts before that, but then I started having trouble with it, because I wanted to go to prom and I didn't have finances like that. So someone wrote me checks, but the checks bounced, so then I got responsible for those, so I had to pay those off. I finally decided to open up another account, and they just charged me like \$5 a month or something like that until I paid off the debt.

Parenthood reinforces the importance of saving. Becoming a parent is a life event that appears to generate greater maturity and a higher level of self-control (Reitzle, 2007; Thompson & Crase, 2004). Darla, one of the many parents who participated in our study, illustrated what having children can mean to young people transitioning to adulthood. She noted that she lacked any family support from either her family or her son’s father, and underscored her responsibility as a parent. “I felt like it was my turn because I had someone relying on me, my son,” she explained.

April, another mother in our study, suggested that having a child brought a new set of temptations to spend money. “It’s easy to get caught up in spending when you get excited about something, especially [for] my daughter, like at birthday time and stuff like that.” But for most, like Darla, motherhood seemed to bring a heightened sense of responsibility that increased the desire to add to savings. Allison said:

I loved . . . going to the [financial education] classes. I felt like an adult. It made me feel like excited to go to college. I was already on that path, but knowing that I was becoming a mother was my number-one motivation for financial stability, emotional stability, being healthy.

Amber indicated that she matured at age 21 with the birth of her son. With the arrival of child support payments, she was also able to save money and make bank deposits. In fact, half of the mothers in the study reported regular deposits to their Opportunity Passport™ accounts. Suggesting possible intergenerational effects, Alexis and Darla set up separate savings accounts for their children.

Identifying triggers to save

Some participants also said that they used triggers to remind them save. Sometimes these were associated with the arrival of a check that triggered a self-imposed rule to allocate a portion for savings. Amy, for example, put part of each paycheck into savings: “Mostly when I got paid or when a check came in, I’d put the money in the Opportunity Passport™ account.” Similarly, Jasmine, who subsequently lost her job, said that, “every check I get, I put something away, because you never know. So with every [pay] check I would get I would put \$200 up no matter what. Just put that up.” Beth saved part of her educational grants: “When I get my school check, that’s pretty much my reminder.” She looked forward to receiving the check: “When I get the check, I’m like, ‘Okay, now I have to put this \$50 into this account.’”

Megan deposited all her money in her debit account, but when she accumulated a significant surplus, it was a trigger to transfer some to savings: “Sometimes I save in my checking, but it throws off my [register] when I have just like tons of extra money in there, so I like put it somewhere else.” She learned that a large amount of money in her debit account was a temptation to spend, further encouraging her to move it to savings for safekeeping: “I like to keep [my debit account] under \$1,000 because when I see that giant number I’m like, ‘I need to go buy a car. I have too much money.’”

Automatic/direct deposit

Using direct deposit into savings is a strategy used successfully by adults in other studies (Sherraden & McBride, 2010), but few young people interviewed for this study had used this tool, and only one young person used direct deposit into her Opportunity Passport™ account. A few other participants set up direct deposits of payments into debit accounts. One participant arranged for a portion of her paycheck to be directly deposited into her Opportunity Passport™ account. Tisha was able to do so, pointing out that the automatic feature prevented her from spending those funds. “It actually helps me save, because I have it where it goes to my account every month, like fifteen dollars out of every paycheck so it actually helps you save.”

Jasmine pointed out the convenience of having money transferred automatically where it was out of reach. Direct deposit saved “the hassle of taking it out and putting it in there,” she said.

Relying on the support of adults, partners, and peers

For participants in this study, social support came from a variety of sources: family, friends, adults who work in the foster care system, and other caring adults within the community. These relationships were a source of information, comfort, and understanding. Research also indicates that these relationships may also facilitate employment for young people who transition from foster care (Hook & Courtney, 2010). Supportive relationships also provided other tangible outcomes such as transportation, money, child care, or a place to stay.

Alexis turned to her grandmother, a retired teacher, for financial advice.

If I tell her something, like if I say, “Granny, I need help with this. What do you think I should do if I—she’ll tell me straightforward. She’s like, “If you feel that you need to pay this and that, you need to save a little money for this, go ahead and pay this first, because you really need to pay this first.”

Jessica turned to her cousin for guidance: “My cousin told me not to buy the first car because it had too many miles on it, which it was helpful because I probably would have bought it if she wouldn’t have told me not to.”

Christopher deferred to his girlfriend of nine months, whom he perceived as managing her finances well. He explained that:

Her credit is outstanding. She has two or three jobs, also, and she has a credit card, so she’ll use her credit card and then she’ll pay her credit card off. But she won’t pay it so immediately. She’ll put money towards it and then she’ll pay overtime to help develop her credit and get it higher. Then she’ll use her debit card for only certain stuff.

He describes himself as a “showoff-y type of guy,” but after he met his girlfriend, he “stopped doing a lot of dumb stuff.” She has been teaching him:

As she taught me, we put limits on our debit cards. When we get to a certain limit, you can't swipe any more, so that means you can't spend and spend and spend until there's nothing left. Then on our phone, we have smart phones, so you could just download an app and keep up with your banking.

Megan, who said she had "OCD"—obsessive-compulsive disorder—which affected her decision making, turned to her siblings for guidance. She anticipated difficulty in making a decision about buying a car: "I'll probably go back and forth, emotion-wise. I'll have to take somebody else with me to a dealership. I have lots of brothers and they are usually pretty good with cars."

Research on financial education highlights the importance of socialization in building skills to negotiate the financial landscape. In this study, despite their challenging upbringing, some young people indicated that they were able to absorb important lessons from their families. Despite the fact that the young people in this study had tenuous relationships with their biological families, many families continued to play an important role in their lives. This included, in some cases, an influence on their ability to save.

Some participants learned about saving from their families. Thomas, for example, learned the value of saving from his father. "My dad always told me to just save money and I always was the type to save money and just hold on to money," he said.

Rachel said that her mother forced her to save when she was younger. "Had mom not taken \$50 or \$100 out of each of my paychecks, sometimes forcibly... I wouldn't [have] had that money."

For some, support came in the form of partnership. Rachel remarked about her roommate, "Yeah, we share pretty much everything, the costs for everything, all the way down to, if we buy a \$5 movie, we split it half and half." Darla's boyfriend worked, so they split expenses: "He pays half of everything. I pay the other half." Cara explained it took some negotiation with the important people in her life—her sister, her boyfriend, and his sister:

Well, I sit down and I talk to them and we make an agreement or we talk about what we should do or what we want to do, then we come up with an agreement. And whatever the agreement is, is what we do...so we budget our money like that.

Important people in their lives influenced participants' saving and help them to set money aside. Christopher, for example, related how his girlfriend at times seemed to act as his conscience and encouraged him to avoid unnecessary expenses. "I figured it out on my own, with the help of my girlfriend yelling at me," he said, "So if someone says, 'Hey, let's go club here,' I'm like, 'Oh, okay. No, I'm fine. I'm going to save my money.'"

Support from partners and other family members seemed especially important for encouraging saving. For some young people, these individuals provided forceful, if friendly, coercion to set aside money. Darla remarked that her partner and her grandparents chided her about saving:

Save money, save money, save money. That's all he [partner] does! He doesn't spend anything, ever. Which is okay, 'cause at least somebody can save in this relationship. And my grandparents, my dad's parents, they're very good about saving. "Did you get paid today? Well, you should probably put money in the bank and put it in your account where you can't touch it."

Kiara's grandmother also played a unique role as her informal, in-house banker: "I give her something. If I think it's going to burn a hole in my pocket or I have a tempting moment, I give it to my grandmother, and just tell her to put it up for me, and don't give it to me. And she won't."

Whether staff, other young people in foster care, or friends, some of the most important people in the lives of participants became like family to them. These relationships were based on a sense of closeness, understanding, or assistance. For example, Nicole said she felt that way about her caseworker. "He was like a father figure in my life. My dad was in and out of prison my whole life. So having a male influence like him was a good thing, I think." Another participant felt the same way about a person she worked with in an after-care program.

Opportunity Passport™ peer support for saving. The Opportunity Passport™ provided a number of venues for young people to meet, socialize, and learn from each other as they participated in program activities. Researchers suggest that such interaction can be important for maintaining participation in savings programs (Scanlon, Buford, & Dawn, 2009). Many young people viewed the support that they received from fellow participants as encouraging saving. Participants reported that they appreciated the opportunity to interact with staff and with other young people in foster care. Kiara said, "When I came to foster care, I was scared. I didn't talk to anybody. But now I've got these other people [staff and other youth participants], and they're my family."

Mike said that saving was a frequent topic of conversation among participants: "We just hang out and...the situation comes up, and I'm like, 'Yeah, you know, I've been saving for a while. You know, I'm planning on getting this and this and this.'"

Opportunity Passport™ staff recognized that social support was important to young people, but emphasized that support needed to come from places other than just agency personnel or paid staff. As one staff member put it, "There's got to be support other than the person who is administering the survey. Whether it's a foster parent buying in, whether it's the group home or some other personal relationship that's saying that's keeping their finger on well how are you doing."

Not all relationships help young people save. Despite the helpful role that others played, not all adults in the lives of young people were supportive or acted in ways that encouraged saving. Ashley, for example, said that family is, "...really not supportive. If anything, they make me spend my money." Moreover, as discussed above, some young people faced financial exploitation at the hands of friends or family.

Megan faced a different kind of pressure from her mother, who owed the state money for the foster care provided to Megan. She reported that her mother felt that Megan had an obligation to pay back some of the money the state was recouping:

[My mother] thinks that I owe her something for choosing to stay in care. And I do understand it cost money, but I'm not the reason we [she and her two brothers] were placed in care in the first place. I've said that before and it just causes fights, so I don't say it anymore. She doesn't let me forget it either...[it's] part of the reason I had to move out.

For Megan, her mother's expectations were difficult, but what drove her to find different housing was something else: "It is not the money, but the emotional burden that is particularly difficult."

Even without exploitation, a support network was sometimes a financial burden. Jasmine, who had a steady income, loaned money to family members with some frequency. She said she often did not

expect to have the money returned. Jessica reported, “I lend money to people, often...sometimes I expect it back, but anytime that I give it out I really don’t look for it back.”

How effective are young people’s savings strategies?

Participants who showed the most success in accumulating savings and investing in assets through the Opportunity Passport™ had higher incomes and lower expenses than those who saved less. It is not surprising that the most successful saving behavior evidently took place when young people were still in care (and thus had very low expenses) or had steady full-time jobs.

Beyond fortunate cash flow, however, several strategies seemed most helpful to participants who built savings. Most importantly, those who were able to direct income into savings without handling the money—e.g., through direct deposits of employment income or through deposits of participation stipends—seemed to enjoy higher levels of savings.

If income could not be placed immediately in a savings account, young people faced the challenge of having to guard money that remained on hand and was available for spending. Many young people—indeed most people—have a hard time resisting spending money on hand. This is especially challenging for young people who are attempting to transition from foster care to adulthood in the context of a consumerist culture. Many found that they could not do it alone, thus leading to a key strategy used by successful savers: establishing a relationship with another person who effectively enforced saving behavior through reminders and, at times, pestering.

Other strategies had varying levels of success. Young people tended to view their savings as a hedge against unexpected expenses that may or may not be available for investment later. Consequently, their success was often a result of having the good fortune of avoiding high, unexpected expenses—such as an operable car, cheap housing, friends and partners who were able to contribute to shared expenses, and no medical emergencies. Successfully avoiding these and other pitfalls allowed the range of strategies discussed above to yield savings and ultimately transform emergency funds into savings available for asset investment.

Opportunity Passport™ effects

The Opportunity Passport™ offered participants a “guided opportunity” to learn from experience about how to manage one’s financial life in order to be able to set aside surpluses in an incentivized savings account for specific purposes. For many, the effects of the Opportunity Passport™ extended beyond the financial benefits. Participants identified several effects, discussed below, including meaningful savings investments, introduction to mainstream banking services, improved financial capability, enhanced independence and responsibility, greater stability in their residence, and better educational opportunities. A few also identified benefits that extended beyond their own well-being to that of their children.

For the more successful savers, Opportunity Passport™ provided an enhanced sense of independence, a key for those seeking to successfully transition to adulthood. For many, the possessions obtained through the Opportunity Passport™ were the first major purchases that they could claim as their own. Successful participation also seemed to enhance future orientation. For some young parents, the Opportunity Passport™ enhanced the growing sense of responsibility that results from parenthood itself. For a few young people, it provided the very means of safety and sustenance.

Most young people were connected to mainstream financial services, but were also enmeshed in alternative services (e.g., money orders, check cashing). Young people gained financial management skills during the time they were in the Opportunity Passport™, but it is difficult to disentangle program effects from maturation.

The majority of Opportunity Passport™ participants were optimistic about their future. The finding corroborates the Midwest Study, which found that most young people in foster care felt optimistic about their future, though they were somewhat less optimistic than those in the general population (Courtney, M.E., Dworsky, A., Lee, J. & Raap, M., 2010). In our study, young people said they planned to go back to or finish college (or other educational training programs), to obtain a “good job,” to buy a house (or at least obtain a stable residence), to start or expand a business, or move out of poverty.

Shondra talked about the possibilities she saw for herself:

Ultimately, what I want to do in the future is open up my own business and [I] have lots of different ideas. I’ve even written out business plans for those ideas, and I know they’ll work and I know they’ll be good. Right now, I’m trying to bide my time financially until there’s a time where I can actually apply for money to be able to open up a business of my own. I want to be able to *be* the man, instead of working for the man.

A few were less sanguine about the future. Amy, for example, revealed some apprehension about the future: “I’m not a quitter but because of the things that are going on in life, who knows?”

Megan explained the Opportunity Passport™ in a way that revealed its effects. She tells prospective account holders: “I am in this program, and they helped me transition, and they helped me save money and get a computer, and they helped me do all this stuff. So you can be independent and you can be on your own and you can be...not a victim of your circumstance. You are going to transition well.”

Enhanced ability to make key investments

The most popular savings investments among the Opportunity Passport™ participants we interviewed were housing (e.g., security deposits on apartments), educational expenses (e.g., tuition, books, software, and computers), and automobiles. Although matched asset investments were a distinguishing feature of the Opportunity Passport™, many young people participated in the Opportunity Passport™ without actually investing in assets; indeed, staff reported that only about half their participants were able to purchase assets. Others reportedly remained in the Opportunity Passport™ by taking part in activities and earning occasional participation stipends, but did not take advantage of the savings match.

For many, the experience of successful saving and investing in an asset provided a powerful lesson in the benefits of saving. Jasmine, who purchased a car and used a matched withdrawal for an apartment security deposit, commented that the savings program helped her make important investments. “So that really took some weight off my shoulders and helped me,” she said.

The savings match also provided valuable benefits that seemed to exceed the financial return. Rachel said that despite the pain of putting money aside, her savings opened some doors for her:

I’d have saved like \$50 out of a \$200 paycheck, and most of that would be socked away. And I always had this sinking feeling, like my wallet was being sucked dry. But I think I’m now for it, because that money has been crucial for stuff...I never saw coming—everything from buying a car to being able to afford that computer to just helping me out in a pinch when it came to first month’s insurance for the car, or a down payment on an apartment.

Allison also expressed enthusiasm for the investments she was able to make:

I think what is just awesome is the fact that you can get the opportunities to match for things, because seriously, the financial aspect is everything. And cars are not cheap. If you can find somebody that can help you pay for a car, that's huge. You have your account, and you get a bank statement from them, so you always know how much is in there

Enhanced access to mainstream financial services

Some participants credited the Opportunity Passport™ for providing entry into mainstream banking. Almost all respondents opened their first savings account through the Opportunity Passport™. Christopher believed that without the Opportunity Passport™, "I probably would have never opened up a bank account." Similarly, Jessica reported,

To be honest, the Opportunity Passport™ account was my first account saving in general, so I kind of had no one to teach me how to save until this came about. 'Cause I remind you, I was in foster care...I don't know when I would have started my first savings account. I probably would have just held my money until I decided to spend it.

Enhanced financial capability

As they transitioned from the foster care system, participants had to learn quickly how to deal with financial challenges. Some were ultimately successful. Kiara said that during her time in the Opportunity Passport™ she gained confidence in her ability to manage finances:

Before I wasn't too comfortable, but now I am. I don't know if it comes from me being young and just wanting to spend money or whatever, but now I feel comfortable with...keeping up with my money. I learned stuff, so I feel comfortable about it.

However, Kiara explained that she learned the hard way. She mismanaged her finances to the extent that she lost her apartment and became homeless. "Being broke at the end of the day after I spent the money, and I'm running out of clothes and I'm sick of the clothes, and I don't have any money. And I need something," she said.

However, some participants said financial missteps taught important financial lessons. Mike learned from exceeding his credit card limit: "That big mess up that I did, it actually opened my eyes a little bit, so I'm going to manage it a lot more better."

For some, the Opportunity Passport™ provided the experience they needed to face future financial challenges. Darla said,

Opportunity Passport™, I think, it only lasts through 24. So I'll be 24 this [upcoming month]. And so I realize, it was nice while it lasted. But it won't be there later. So I gotta remember that I'm the one that's gonna have to compete for the rest, which is totally fine. It's nice to have it there. But it's nice to know that I will be able to do it on my own.

Thomas also said he gained confidence in handling finances, "Well, I feel like I can do it because I've been banking for a long time. It really helped me because I came to the program when I was young and you've got to know some type kind of banking to deal with the program, so it really helped me a lot."

For many, learning to manage their financial lives involved preparing for sudden, unexpected expenses. While most staff considered the accounts to be for assets, many young people also viewed the accounts

as a place to secure emergency funds. Jasmine, for example, did not distinguish between this emergency savings fund and her efforts to save for longer-term investments. Kiara, who closed another bank account after facing high fees, maintained her Opportunity Passport™ account in part as an emergency fund.

So I just got my ID account where I can't touch [it], until I really need it. So that is good because that's money in case of emergencies. I might need it for my son. So I'm glad they've got an account set up like that, because we're probably wouldn't have any money in our account and we wouldn't be able to touch it.

Ashley expressed a similar view of her Opportunity Passport™ account:

If I got kicked out of my apartment or I couldn't pay my rent or my lights, if I had some money in the account it would be beneficial. It would help out a lot. That's how I see it. I could use it in that kind of way.

Enhanced sense of independence and responsibility

For many in the Opportunity Passport™, participation fed a critical need for independence. Christopher said participation was a “[v]ery good experience. Probably helped me mature.” Cara emphasized that the Opportunity Passport™ helped young people become “independent” and helped them learn to “live on their own.”

Some participants equated their growing sense of independence with assuming the role of an adult. Hannah explained how she resisted the urge to purchase clothes and other items with money she had on hand, “I don't have as much; I have more freedom. I feel more like an adult.” Nicole said she enjoyed the financial education program because “I felt like an adult. It made me feel like excited to go to college.” Tiffany felt that the staff was important: “They were trying to show you how to handle yourself to look for a job, do resumes, and prepare yourself for the adult life.”

For some participants, the benefits of the Opportunity Passport™ were expressed best when they attempted to enroll others. Yolanda said

One of the things that I really like about the [Youth Advisory Board] that I think could really help more kids is getting people excited about the future and having goals that they're working towards. I think that would really help kids in my situation.

Mike emphasized the growing sense of responsibility that he felt as he addressed the financial challenges he faced. He said:

At first, I wasn't really responsible with my money, but now I'm learning. I should have learned it from the class, but it's all trial and error in real world...You learn to play football by doing it. You don't watch a movie and learn football. You have to go out and learn how to ride a bike.

Rachel could not pay her rent when she was younger. In retrospect, she observed, “[The landlord] never should've rented to me. I would've never rented to a 19-year-old hostess, I mean it's just wasn't a smart idea.”

Rachel said she thought it was important for young people to learn budgeting.

If I had to tell someone what they should do, I would tell them to make a budget and figure out how much they can afford, based on what they're making, and taking in—and to look at it practically and think about everything that they'd have to pay for besides a place to live.

She said she learned how to save the hard way. Looking back, she realized she should have had a roommate, which would have freed up surplus for saving. "I can't imagine anyone my age being able to afford their own apartment right now," she said. She stressed, however, that people should "really think about who they're living with and if it's a safe place for them to be."

Amber said that becoming a responsible adult included managing money well:

The best thing about Opportunity Passport™ is it helps you to become a more structured, responsible adult with your money. It can truly help you out in times of crisis or where you really need something and you can't afford it and you can throw this money in and you get it matched.

Jessica credited the Opportunity Passport™ with helping her mature into a more financially capable adult:

[Opportunity Passport™] definitely was a push to go into adulthood for me...Let[s] you see where your money's going. 'Cause a lot of times when you're a teenager you can just spend your whole paycheck and be like, 'Where did my money go?' But when you actually . . . save your money and you buy something that's really worth something, you can actually see where your money went—like a computer or my first apartment or my car that I purchased with my IDA account.

Enhanced residential stability

For many young people, participation in Opportunity Passport™ helped them stabilize their housing and helped them avoid homelessness. Amber used her Opportunity Passport™ matched savings "a couple of times" when "I really needed to find someplace to stay, homeless time." Trent said the Opportunity Passport™ "helped me get my first place."

Trent, however, continued to struggle after getting his first apartment. His Opportunity Passport™ case manager helped him with a number of personal challenges:

I went homeless. I OD'd a couple times. In and out of jail. Suicide note. I mean, bad. Alcoholism. [An IDA] helped me get into our own place again after I got up on my feet and got sober.

Darla used matched savings for her first home in a trailer, where she shared expenses with a friend. The transition was a challenge, but it led to an improved relationship with her mother:

I had to get away from my mom and my stepdad. They were like parents, trying to tell me how to raise my kid. And I'm like, I don't need that. You're just making me more rebellious towards you. And so my mom respected that. And now she definitely doesn't do that. Getting the trailer helped out and I had a roommate.

Enhanced educational opportunities

Many asset investments were directed at paying for the costs of education, but the Opportunity Passport™ seemed to have broader effects in supporting postsecondary success for participants. Shondra and Yolanda invested in books. Several purchased computers. Beth explained that being able to purchase a car and a laptop and printer made it easier to attend classes and do well in school:

When I purchased my first asset, it was a car...So that meant that I didn't have to ride the bus anymore, and it kind of made college easier. I used it again for a laptop for school...and I still have that, and it's been really, really helpful in typing my papers and getting those in.

Despite the program's financial assistance and support, most participants continued to work while they attended school. Balancing work and school schedules was demanding, especially when other challenges arose. Beth remarked, "I was working a job and going to school. But that was really, really hard—especially after I wrecked the car that I got."

Intergenerational effects

Although many young people recognized various ways they personally benefited from participation, there are some indications that the effects may extend to their offspring. Mothers who participated in this study viewed the Opportunity Passport™ as an important part of their effort to create a healthy future for their children. Darla articulated what the Opportunity Passport™ meant to her and her family:

I'm sure I would be living somewhere I shouldn't be living with somebody. Trying to get away from my mom, being rebellious. And who knows if I would have had custody of my kid then. It's such a domino effect. If you hit one, they're all gonna fall. So I think having' the big piece, Opportunity Passport™, to help me a lot was the big thing. The biggest step to do was to go to that and then to realize, man, I do need to get out of my mom's!

Darla is one of two mothers who opened savings accounts for their children. She said she wanted to be a good role model for her son:

I want my son and I both to have a good future. I can't get him a good future if I don't have a good future...I can't fix something if I'm broke. So it's putting that perspective on to make myself healthy in every way possible besides my soul and faith.

Similarly, Alexis said the Opportunity Passport™ helped her to save, a habit that she planned to continue even after she transitioned out of the program. She planned to help her grandmother pay the mortgage on her house in hopes that she and her son would be able to live there after her grandmother was gone: "Knowing that I was a young mom, and that I felt at that point that I was in this on my own. I appreciated all the help I got, because I don't think I would be where I am now."

These young women said the Opportunity Passport™ played a major role in supporting their independence, providing the means to care for their children, and avoiding the pitfalls that stood in the way of future success.

Discussion

This study revealed a number of insights about the financial lives of young people transitioning from foster care to adult independent living within the context of the Opportunity Passport™. Individual young people we interviewed varied widely in their ability to manage their finances and in their saving performance and asset investments. The participants' financial skills and behaviors, their economic circumstances, access to financial services, and engagement with the Opportunity Passport™ "set the stage" for saving.

Financial management

For many participants, the Opportunity Passport™ guided their first real efforts to manage their finances. Most state services end by age 21, and in practice most end long before that. State law

dictates the age limit, not the realities of young people in care. As a consequence, young people who are transitioning from foster care are required to manage their own finances at a younger age than most of their peers. They leave foster care abruptly, usually around age 18, requiring them to make adult financial decisions with relatively little financial knowledge and experience, and little support and guidance.

Of critical importance in developing financial management skills are the lessons provided by experience, especially guidance from caring adults or professionals. Without the benefit of positive family guidance, however, many young people indicated that they lacked the socialization that provided many others financial sophistication as they entered adulthood. Nicole expressed a bleak view of her own future:

I thought I would be just like my parents and be broke just like everybody else in my family—or keep having boyfriends that use me for money, you know. I just assumed that I would stay on that path, I guess. When you haven't lived something different, it's kind of hard to have a hope that there will be.

Financial services

For the most part, the young people who took part in this study indicated a lack of access to quality financial services. They tended to rely heavily on cash transactions, out of the need for convenience and, for many, a sense of distrust of mainstream institutions. Although some used the personal debit account provided by the Opportunity Passport™, many either disregarded or closed this account. Some established other debit accounts that were more convenient, but many more turned to alternative financial services. In many cases, these choices were prudent, especially when they utilized inexpensive check cashing and some prepaid card services. Other choices were less sensible, such as obtaining furniture and other items from rent-to-own outlets. An increasingly complicated landscape of financial services, of which mainstream banking is only a part, added to the difficulty of making ends meet. Participants indicated that they borrowed money often—but generally reluctantly—occasionally making poor choices. Several indicated that they might have been compromising long-term educational prospects in an attempt to avoid accumulating debt.

Saving in Opportunity Passport™

The participants interviewed for this study said that low and erratic income streams made it difficult to cover living expenses and still have anything left over to save. Other research has shown that irregular income, especially when it is in the form of cash, adds to the challenge of converting financial resources into savings (Beverly, McBride, and Schreiner, 2003). The more successful savers in this study, not surprisingly, tended to have stable sources of income. Successful savers also tended to escape financial emergencies that confronted other participants. Some young people were able to take advantage of the modest windfall that arrived in the form of a tax refund. Some minimized expenses by sharing living costs with friends, a partner, or kin. Those with access to low cost transportation—through cheap public transit, a shared vehicle, or student discounts – not only tended to save more, but also avoid compromising their educational opportunities.

Given the marginal economic lives of young people, building savings required foregoing freedoms that many of their peers enjoyed, although not all young people were able to exercise such forbearance consistently. For some, significant individuals in their lives influenced their savings performance. Among the young people we interviewed, single mothers had a heightened sense of importance of saving, but often had fewer means to do so. Overall, the young people's harsh financial circumstances, lack of financial knowledge, and lack of support—along with youthful financial missteps and poor decision making—made it difficult to accumulate savings in Opportunity Passport™ accounts. The Opportunity

Passport™—with its financial incentives, guidance, and support for saving—offered young people a chance to gain financial skills and build financial assets. Participants indicated that they appreciated the assistance provided by Opportunity Passport™ and held it in high regard. Several features of the Opportunity Passport™, especially the benefit of the one-to-one savings match, appealed to participants and seemed to have a strong effect of encouraging saving. For many, participation stipends were important sources of income and strong incentives to continue engagement with the Opportunity Passport™; these stipends were also a major source of savings in Opportunity Passport™ accounts. Many participants believed that the ongoing guidance provided by staff reminded them to save and forego unwise spending. While some participants expressed some ambivalence about the restricted access to their Opportunity Passport™ account funds, most indicated that such restrictions protected their funds from being too easily spent.

Although most participants identified saving goals of some kind, they varied in nature. Often they were either vague (e.g., “a home or car someday”) or exceedingly immediate (e.g., books needed for the following semester). Others simply sought to set aside money when a surplus became available. A few were able to save more regularly, if they had a steady source of income, and generally set low and achievable goals for saving. Given their marginal financial circumstances and (often) irregular incomes, asset investments often resulted from the availability of money that was set aside for less clear purposes, which was not needed along the way to deal with unexpected expenses.

Overall, interviews indicated that the Opportunity Passport™ seemed to fall short of its goal to encourage regular saving behavior in the Opportunity Passport™ accounts. Although several participants reported that they were able to save regularly, most did so outside of the Opportunity Passport™ accounts. Although “lump-sum” deposits were an indication of saving success leading to an investment in a needed asset, program staff struggled to find a way to instill a habit of saving money. However, young people accumulated funds in their Opportunity Passport™ accounts in other important ways. For example, many participants relied on participation stipends—a version of direct deposit for those without regular employment—to build their Opportunity Passport™ accounts. This success points the way to possible approaches to increase savings performance in Opportunity Passport™ accounts.

Policy and program implications

Efforts to instill a “savings habit” may be a worthy goal in the sense that it raises in young people’s minds the importance of saving, but it is a limited strategy. The lack of a savings habit did not appear to be the biggest barrier to accumulating savings among the participants in this study. Among the many barriers to saving, perhaps the two largest obstacles were lack of predictable income streams with surpluses for saving and lack of adequate access to simple ways to get savings into an account, especially ways that allowed for automatic saving (Katona, 1975). Each is discussed below.

Guidance for building savings

The transition to adulthood and financial independence is complicated and challenging. Opportunity Passport™ seeks to guide participants toward a path of financial capability and successful saving primarily through three tools. The first is the strength of the program’s financial benefits of matches and participation stipends.

The second tool involves initiation and financial education upon entering the Opportunity Passport™. The formal training through the Opportunity Passport™ may hold less meaning for participants than other guidance and opportunities for learning and accomplishing financial goals. Many reported that the initial financial education was tedious and largely irrelevant because they were too young to absorb the

lessons or put the learning into practice. A few, however, sought more training. Jessica believes that saving can be learned and that she would have benefited from more training earlier:

It definitely is something that can be taught because if someone would have showed me the right ways of saving when I first got the account, I probably would have taken more advantage of it, but now that I'm a little older I really take advantage of it.

April also seemed to absorb lessons provided by the Opportunity Passport™. She said:

[T]hey really want you to budget and they really want you to save...If you're going to save for a car, you don't look at a car one day like that's the car I want. You'd probably have to do some research about the car. Before you get a car, you have to have your license. You have to have your insurance. You'd probably want to get the car checked out. You'd probably want to make sure about your payments and how that corresponds with your income. Anytime you have a purchase that you want to make, you always have to think about it ahead of time.

Although Jessica and April credited the financial education provided by Opportunity Passport™, it is hard to discern how much formal financial education and involvement in the Opportunity Passport™ contributed to the young people's growing sophistication beyond the natural process of maturation.

The third tool that may have contributed to increased saving was the guidance provided by Opportunity Passport™ staff. In providing this guidance, as discussed above, staff walked a thin line between paternalism and respecting the autonomy of young people and their need to learn from experience and mistakes. Many young people, especially those who had troublesome foster care experiences and recently left state care, were wary of paternalism. However, most recognized the need for some guidance and limits on their access to savings. As Tisha said:

At first I was like, 'Dang, I can't just get my money out when I want to! This is my money, why can't I get it out?' Then I realized, okay, this is to benefit me. It's just not for me to just have my money sitting here or just spend my money on ridiculous things—'cause a teenager would. Let's say I save a thousand. I have another thousand. A teenager with \$2,000 is like 'let's go bonkers!'

The role of staff as counselors in the Opportunity Passport™, however, appeared to be ill defined. On one hand, it was clear that agency resources were too thin to allow for all the counseling that might benefit participants, but these interactions took place with frequency. Staff understood that every young person saved in his or her own way, but there was little institutional capacity to identify individual needs as participants matured. Some young people required more guidance than others. Occasionally, participants needed an advocate to deal with complicated financial situations. Staff reported that they played this role, as their time allowed. In the general population, parents often speak up for their children to resolve thorny financial problems. Many of the young people in this study indicated that they faced such problems without having anyone to speak for them.

Involving caring adults and peers

Not all the guidance toward financial capability came from professionals. Taking the lead from those in this study who saved successfully, the Opportunity Passport™ would do well to leverage the assistance of adults and peers who can help young people save. Although participants seemed to bristle at times at the restrictions on their accounts and the paternalism that can characterize programs that serve them, they seemed to readily accept the prodding of kin and peers to save.

Young people transitioning from foster care may be especially wary of interference by adults, especially professionals. The reliance of many participants on program staff and other adults and peers suggested a willingness to seek help from those who respect their autonomy. Moreover, these attitudes were fluid. Monica said that her experience in the Opportunity Passport™ made her more appreciative of supportive adults in her life:

It taught me to be grateful. I have mother and a father, and had a home, so it's on me to be grateful. And a lot of the youth that I see they don't have a home. They don't stay with their mother. Open up my eyes and see that you need to see what you have 'cause it can all be taken in a matter of minutes, and tomorrow is not promised.

Learning by doing

As discussed above, the importance of learning through experience cannot be understated. Young people in foster care often lacked the socialization and experience handling money that many take for granted. The Opportunity Passport™ allowed participants to learn and gain experience in financial matters in an environment that provided guidance and some protection from poor decisions. By maintaining connection to program staff, participants had the opportunity to connect to some resources unavailable to other young people transitioning from foster care.

For the young people participating in the Opportunity Passport™, even a poor record of savings could be considered a success; these participants had the opportunity to make the mistakes and experience the loss of earnings that may have been denied them in earlier years. Unlike their peers who lived in stable families, these participants were less likely to have received allowances, have had their own bank accounts, or received the informal financial education training from caring adults that is developmentally normative. For these participants, the Opportunity Passport™ provided some of the socialization that others generally received earlier in childhood. To the extent that they were unable to save or purchase assets, these experienced “failures” may have help build a foundation for future success. Ashley, for example, learned a hard lesson after spending all her money:

Some people just spend money, just don't care: tattoos, piercings, clothes, shoes. A \$150 pair of shoes and stuff. It's a waste. I'd rather save my money now than spend it. But yeah, I did learn something. I'm glad I spent all that money though. I'm not glad, but I feel like I'm smarter with the money. I don't want to go broke again; that's my lesson.

Although only a few participants expressed enthusiasm for additional formal financial training, many indicated that they would be receptive to more personal guidance. Although ongoing financial counseling likely would be beyond the means of most programs, it may be helpful to identify ways to continue providing financial guidance to young people, especially in the critical period of transition from foster care.

Generating more surplus income

One staff person observed that young people were largely unprepared for the labor market and did not know “how to apply for a job, how to interview for a job, how to dress when you're looking for a job,” and so on. Very few appeared to receive much assistance with job training and placement. Few had experience with the Job Corps, a program that seems especially apt for this population, and none indicated they had joined the military or AmeriCorps. Some respondents expressed the opinion that the Opportunity Passport™ ought to do more to assist participants with employment. Given that most young people in the general population continue to receive considerable support from their parents well into their 20s (Schoeni & Ross, 2005), the state's role as parent could reasonably entail an extended

period of support. Federal law already extends some education benefits to young people in foster care, through the ETV program, to age 23. Many states have elected to extend Medicaid benefits for young people in foster care to age 21, and the Affordable Care Act may extend benefits well beyond that. Other benefits, however, including foster care, stipends, and other services are not available under law in many states beyond age 18. And even in states that allow young people to remain in care to 21, in practice, a small proportion of young people receive continued support from the state (Peters, forthcoming). Scholars have suggested that policymakers take seriously the role of the state as a parent and consider extending meaningful support into the mid-20s (Courtney, 2009). Doing so would go a long way in providing the means for young people transitioning from foster care to save effectively.

Beyond increasing income, participants indicated they needed more ways to divert the income they did receive directly into saving accounts. Few participants were able to directly deposit their employment earnings, but those who did showed high rates of savings, and research indicates that this strategy is effective. Many participants did not have this option, however, and finding creative ways to “save automatically” may be a critical component of programs seeking to encourage saving by disadvantaged young people (Choi, Laibson, & Madrian, 2004; Thaler & Benartzi, 2004).

One particular source of income, windfalls—especially those resulting from the high tax refunds that arise from the Earned Income Tax Credit (EITC)—deserve more attention by Opportunity Passport™ personnel. Scholars have suggested that the structure of tax refunds and the common use of tax preparation services provide a potential opportunity to encourage savings among disadvantaged populations (Tufano & Schneider, 2009). Participants in our study indicated that they already used these funds strategically, but many also seemed vulnerable to losing funds through for-profit tax preparers, especially if they succumbed to the temptation of obtaining a refund anticipation loan. The sudden infusion of funds is a tremendous temptation to splurge, but most participants in this study spoke of using the refunds, at least in part, for investing in assets. Anticipating the arrival of these funds provided an important opportunity for young people to learn and invest responsibly.

Protection

Everyone needs protection for health, safety, and well-being. Institutions that provide protection vary by stage of development. As infants, the institution of family plays the key protection role. In adulthood, protection shifts to other institutions, including those provided by public agencies (police, fire, financial regulation), and others, which must be purchased on the market (health and auto insurance).

In the case of young people in foster care, the state substitutes for family protection. As young people transition from dependent status to adulthood, the state continues to play an ongoing, but diminished, role in protection. Young people in foster care, who are usually emancipated at around age 18, turn to other institutions to protect their health, safety, and well-being. Unfortunately, among the participants we interviewed, important protections were missing, placing them at financial risk and curbing their ability to build a more stable and promising future. They could not afford to purchase protection.

Without protection from the financial risks, young people’s savings were at risk; many participants saved successfully for many months only to see their accumulated funds disappear with the arrival of an unfortunate—but by no means completely unpredictable—expense. For most people, car repairs or a high utility bill is not a calamity, but these types of setbacks frequently erased the efforts of young people in the Opportunity Passport™. Some participants spoke of emergency funds that were available through the agency administering Opportunity Passport™ accounts, but few had direct experience. Providing a kind of insurance for young people to protect their savings may be worth considering.

Protection for health was especially important. Although almost all participants had Medicaid coverage, several indicated they incurred high medical bills. Jasmine reported on her high outstanding medical bills, which she said she could not imagine being able to pay. “I owe hospital bills, but I can’t pay them so they’re gonna be on there forever,” she said. It seems critical to ensure that all young people transitioning from foster care have medical coverage to avoid expenses that can erode or wipe out accumulated savings. The Affordable Care Act, when implemented, will provide coverage for young people in foster care beyond the typical current limit of 21; this will provide an important protection to young people’s savings.

Adapt Opportunity Passport™ savings to developmental stage

It is important for programs that seek to build financial capability to take account of the developmental stage of participants. Developing skills in managing finances and saving is tied closely to other cognitive and intellectual development in young adults. As they seek greater autonomy, they also want guidance and reassurance (Jim Casey Youth Opportunities Initiative, 2011; Osgood, Foster, & Courtney, 2010). Christopher seemed to understand the interplay between his own maturation and the help of adults in his life: “I like to do it on my own, because I have my own opinions on how a man should be, and a man should be like strong and forthcoming with his self and know how to handle business.” But he was open to asking for help when he needed it: “But if I get discombobulated or confused, I will lean to somebody and get a little information and I like to see if it will match up with what I was thinking.” Nonetheless, he said, “The majority of the times I do something, I know I’m making the right decision.” The participants in this study indicated that successfully managing money and making ends meet may have been accelerated by financial education, but ultimately, they felt that it took practice in obtaining and holding employment, identifying regular sources of income, and controlling spending.

For all participants, the Opportunity Passport™ seemed to accelerate the development of financial capability and motivation to save. It provided financial education and, more importantly, the means to build savings through engagement with mainstream banking services, savings incentives, and direct financial assistance.

However, the effects of the Opportunity Passport™ varied somewhat by participant, and depended on the stage of development and whether the young person was still in foster care. For example, savings success appeared to be higher when young people were still in foster care, when they were less burdened by the costs of living independently.

The challenge of adapting the Opportunity Passport™ to a participant’s developmental stage has two components. First it requires successfully gauging the cognitive, emotional, and intellectual sophistication of young people. The second important developmental aspect involves foster care status. The Opportunity Passport™ had a very different meaning for those in care than it did for those out of care. When they were still in care, participants could focus on earning and spending; the challenge of making ends meet, even if addressed effectively in financial education sessions, was more or less an intellectual exercise. Indeed, the lessons learned by participating in the Opportunity Passport™ while in care—that savings will be available for investment and that financial misjudgments will not result in calamity—may conflict with the realities that young people face after leaving care.

Complicating the challenge is the paternalism that is an unavoidable component of programs that seek to build financial capability, and the natural resistance to paternalism that most young people experience at this stage of life. Foster care, which by nature tends to be highly paternalistic, contrasts sharply with the new freedom presented by independent living. However, young people in the

Opportunity Passport™ may interpret the guidance that seeks to direct them toward financial capability as unnecessary rules, which elicit resistance and discourage participation.

Complicating the developmental trajectory of these adolescents is the reality of foster care and the withdrawal of state support. Staff recognized an important distinction between the financial sophistication of younger children in foster care and older participants, who faced a different set of challenges:

They want to be on their own. They want to be independent. I feel like the asset matches are most critical are to the older kids. The young kids, they maybe want to do their first computer when they're 17. They haven't felt the harshness of life on their own. It doesn't really mean a lot to them, the asset trainings.

But the older kids, they're the ones out there struggling to have their lights kept on or from being homeless, and those matches are huge. I feel like those older kids are the ones we really, really help. They're the ones that are really fighting to make it. And it's good to intervene early and prepare them for transition. But once they transition, they struggle. I don't think the magnitude of it hits until you're actually out there and something fails and, "Oh my gosh! What do I do now? I don't have a workaround, and I don't have food. I got an eviction notice." That's when it hits them between the eyes.

Simplicity matters

Participants seemed unanimous in their positive regard for simplicity of the core component of Opportunity Passport™: the one-to-one savings match. Even those young people who experienced prolonged periods when they were unable to generate savings spoke of the appeal of the incentive. The alluring simplicity of the match, however, at times contrasted with more opaque, or changing, rules of the program. A number of participants indicated that complicated sets of incentives—however well intended—seemed to put them off and discourage them from engaging.

Ultimately, it may make sense to consider a savings program that is contractual and that uses electronic technology (perhaps even cell phones) to conduct transactions and assign flows to savings. The first advantage to this approach is that young people are accustomed to using electronic means for communication and it would be a relatively easy transition to conducting their financial transactions using similar technologies. It would also solve some of the access problems participants identified with mainstream banking. The second advantage is that it would make savings automatic. Currently, the participants have regular sources of income—which they often receive via electronic benefit payments—yet these sources are rarely tapped for savings. Young people could have the option of designating a small portion of various benefits (e.g., state assistance, EITC) to a savings account. Programs like Opportunity Passport™ could incentivize these savings by rewarding young people who leave their money in savings for a designated period of time without withdrawing it. Participants could also opt out during enrollment periods if they think they will need the entire check for a prescribed period. This is a contractual version of the common adage, "pay yourself first."

Implications for future research

The findings presented in this report corroborate some findings of earlier studies from the distinct fields of asset building and child welfare. They also call into question some accepted strategies of building financial capability for disadvantaged young people, as well as breaking ground in understanding the financial lives of young people in foster care and their experiences in the Opportunity Passport™. Future research that seeks to further illuminate this area should consider two key issues.

First, the frequent—and often well-justified—use of alternative financial services bears scrutiny. As mainstream institutions seem to grow less accommodating to the needs of disadvantaged populations, the participants in this study turned to check-cashing services and prepaid card services to save money on fees and penalties. While prudent, these financial services also seem to make saving more difficult by making spending easier. Understanding more about the entire financial services landscape that serves disadvantaged young people will be critical to expanding saving opportunities and behavior.

Second, of critical importance is the need to disentangle development of financial management skills from “natural” maturation. Ideally, future research would use experimental designs that could discern the effectiveness of specific interventions aimed at increasing assets, including those discussed here, such as savings matches, savings targets, and program support for building financial capability. Such studies could also identify the consequences that increases in savings have on improving outcomes in financial capability.

Conclusion

This study suggests that it is possible for young people transitioning from foster care to save. The young people in this study believed saving was important and recognized the chance that the Opportunity Passport™ offered to smooth—if not accelerate—a successful transition to adulthood. They engaged in a wide range of strategies to improve their financial decisions, and they found surpluses to save. They often reconnected with family members and shared costs with peers and partners in an effort to live economically and build savings. They yearned to be independent, successful, and contributing members of society. They held out the expectation that they would have savings and pay their own way in the world.

Nonetheless, they undertook saving with great difficulty. Few transitioned to adulthood from foster care with the preparation needed to make increasingly complex financial decisions. Without the education and training that might have prepared them for higher-income jobs with good benefits, they also lacked access to financial services and asset-building mechanisms that accompany such jobs. Few, if any, transitioned out of the child welfare system with a financial cushion that could have mitigated youthful mistakes and inevitable emergencies that often led to debt.

With many financial challenges and tasks ahead, young people transitioning from foster care to adulthood need a substantial period of support to build stable and hopeful financial lives. Policy and programs need to ensure that young people transitioning from foster care gain financial knowledge and skills to manage their financial lives, allow them to experiment with support and learn from their mistakes, and build savings that allow them to invest in their future.

Appendix A: Respondent Guide

Name	Employment/Education
Allison Female, white, 20 Lives in an apartment with her fiancé, pregnant.	Currently unemployed. Attended community college but dropped out due to workload and transportation issues.
Alexis Female, black, 22 Single, lives with grandmother and child.	Currently working as a waitress and attending community college, studying to be a medical assistant. Set up a savings account for her son.
Amanda Female, white, 21 Rents an apartment with her best friend.	Currently unemployed. Just moved back to the state.
Amber Female, African American, 22 Rents an apartment, has one child.	Currently unemployed. Taking a break from community college. Had been homeless. Suffers from depression.
Amy Female, white, 23 Rents an apartment with her boyfriend and has one child.	Currently unemployed. Attended trade school but dropped out due to transportation issues. Left a “good job” in another part of the state after leaving care early at age 17.
April Female, black, 21 Rents an apartment and has one child.	Graduated from a four-year college and employed as an elementary school teaching specialist. Considering graduate degree.
Ashley Female, black, 19 Rents an apartment.	Currently completing a GED program. Not planning to attend college.
Beth Female, white, 22 Rents an apartment with her boyfriend.	Currently unemployed, attending trade school for certificate in health sciences. Currently applying for disability benefits.
Cara Female, black, 22 Rents apartment with boyfriend, has four children.	Unemployed, enrolled in certificate program for culinary arts. Wants to open her own restaurant someday.
Christopher Male, black, 21 Pays rent to live with aunt in suburbs.	Currently working three jobs and attending community college.
Daniel Male, white, 23 Lives in an apartment with a roommate.	Currently working in construction industry. Planning to attend college. Likes art and music but realizes it would be difficult to find a job in those fields.
Darla Female, white, 23 Rents an apartment with her boyfriend, has one child.	Works part time with a cleaning company. Started community college but dropped out in order to work more. Opened a savings account for her child.
Emily Female, multiracial, 20 Rents a house with daughter and son.	Currently working two jobs. Considering program to be a Certified Nursing Assistant. Left care early at age 17.

<p>Hannah Female, white, 21 Lives with mother but will soon move out with boyfriend. Currently pregnant.</p>	<p>Currently unemployed. Started trade school for cosmetology but dropped out. Experienced period of homelessness.</p>
<p>Jacob Male, white, 22 Rents room in a house.</p>	<p>Works seasonally at a landscaping company, enrolled in community college. Had dropped out of college but re-enrolled.</p>
<p>Jade Female, black, 21 Owns her own home, lives there with her three children.</p>	<p>Works at a fast-food restaurant, enrolled in a certificate program to be a patient care technician. Wants to open a group home someday.</p>
<p>Jasmine Female, multiracial, 23 Rents a duplex and lives alone, has a boyfriend.</p>	<p>Owns her own cleaning business, enrolled in a community college, currently applying for disability. Wants to open her own auto shop someday.</p>
<p>Jessica Female, white, 22 Rents an apartment, has two children.</p>	<p>Works as a waitress, wants to go to school someday to train to be an ultrasound technician.</p>
<p>Justin Male, black, 19 Rents and apartment with a roommate, has a girlfriend.</p>	<p>Currently unemployed and finishing GED program. Plans to attend community college. Saving for college, a car, and a house.</p>
<p>Karen Female, black, 21 Rents a house.</p>	<p>Currently employed at a fast-food restaurant and enrolled in a community college.</p>
<p>Kiara Female, black, 20 Rents an apartment, lives with her child; has a boyfriend who also has a child.</p>	<p>Self-employed doing hair, will start certificate program in construction soon.</p>
<p>Kyle Male, black, 18 Rents an apartment, lives alone.</p>	<p>Currently finishing his GED and working part time for his father. Left care early at age 17.</p>
<p>Louise Female, black, 23 Rents a house, has a one-month old child.</p>	<p>Unemployed, trained as a Certified Nursing Assistant.</p>
<p>Megan Female, multiracial, 22 Rents an apartment, lives with a roommate.</p>	<p>Has two part-time jobs, one as a licensed cosmetologist. Reports that she has obsessive-compulsive disorder.</p>
<p>Melissa Female, black, 20 Lives in a rental house with her siblings and one of her two children.</p>	<p>Unemployed, enrolled in community college but dropped out due to child care issues.</p>
<p>Mike Male, white, 19 Currently lives with his adoptive mother.</p>	<p>Currently employed at a temporary employment service, was in community college but dropped out due to financial issues.</p>
<p>Monica</p>	<p>Enrolled in community college full time, will start a</p>

Female, black, 22 Rents a house with her boyfriend and child.	bachelor's program in the fall.
Nicole Female, white, 22 Rents apartment with boyfriend and child.	Employed full time in banking, graduated from for-profit university.
Rachel Female, white, 21 Rents an apartment with a roommate.	Employed part time at a retail store, was attending community college but dropped out due to financial reasons. Suffers from depression.
Rebecca Female, multiracial, 21 Married with child, rents a duplex.	Enrolled in private for-profit online university.
Samantha Female, white, 19 Rents room in house.	Working two part-time jobs and attending community college.
Shondra Female, black, 19 Lives with mother and pays part of the rent.	Currently working part time at a fast-food restaurant, taking time off from community college but planning to return.
Taylor Female, white, 20 Rents an apartment. Lives with her child, her boyfriend, and her boyfriend's nephew.	Unemployed, applying to work at retail stores, babysits for family for money. Suffers from ADHD.
Thomas Male, black, 21 Lives with father at his aunt's house.	Works for his uncle's lawn-care business, enrolled in community college.
Tiffany Female, black, 20 Rents apartment, lives alone.	Currently working part time at two different jobs, was enrolled in a certificate program but dropped out due to transportation issues.
Tisha Female, black, 20 Rents an apartment, lives alone.	Currently enrolled in a four-year college full time and working part time at a nonprofit agency.
Trent Male, white, 23 Rents an apartment with girlfriend.	Works full-time at a home improvement store. Was first in family to go to community college, but dropped out; might go back some day. Has struggled with addiction and alcoholism.
Yolanda Female, black, 22 Rents a house, has four children. Eviction pending.	Had attended a community college but dropped out.

Appendix B: Study Method

After reviewing the available scholarship on asset building and the transition to adulthood for young people in foster care, we developed an interview instrument that sought to capture information about participants' financial lives and their experiences in the Opportunity Passport™. The findings discussed in this report draw primarily from analysis of our interviews with participants, but we also made limited use of quantitative programmatic data from two sources: 1) the bi-annual survey completed by most participants, and 2) bank transaction data from the management information system for Individual Development Accounts ("MIS IDA"). We used these quantitative data for two purposes: to identify our sample and to supplement qualitative findings.

Sample

We piloted the interview instrument in one Jim Casey Initiative site, interviewing four participants in January 2011. These participants were somewhat younger (average age 19 years old) than those from other sites included in this study (average age 21.3 years old). Given that the interview instrument received only minor revision after piloting, we include the pilot interviews in this report.

Opportunity Passport™ sites that became part of this study, including the pilot site, were drawn from the eleven Jim Casey Initiative sites in operation at the time of the study. We worked with Jim Casey Initiative personnel to identify sites that were stable and mature and had sufficient numbers of active participants to provide an adequate pool of interviewees from different racial backgrounds and from rural and urban areas. Ultimately, including the pilot site, we targeted four sites in three different states.

In each of the three study sites, we invited 30 individuals for interviews, with the expectation of completing roughly ten interviews in each site. Site visits took place in April and May, 2011. To increase the diversity of experience among interviewees, we sought a strategy to identify at least some participants who were not among the most active participants in the Opportunity Passport™, and consequently may have been less likely to respond to an invitation to participate in our study. Drawing on the asset-building literature, we categorized participants into two groups, based on the frequency of their Opportunity Passport™ account deposits—including deposits arising from participation stipends—per year in the program. "High-deposit" participants were those who ranked in their respective site's top three quarters of deposits per year. "Low-deposit" participants were those in the site's bottom quartile of deposits per year. We randomly selected and invited 20 from the high-deposit group and 10 from the low-deposit group.

The local program agency sent each identified participant a letter to his or her mailing address. The letter explained the study and asked that they contact us if they were willing to participate.ⁱ Given the likelihood that low-deposit participants were less likely than high-deposit participants to respond to the invitation, we asked that the local agency make special efforts to contact the low-deposit participants and encourage them to contact us. Initial response rates were very low; the vast majority of study participants report not receiving the posted letter. Instead, they reported hearing about the study upon receiving a call, e-mail, or text message from agency personnel. All but one study participant had a cell phone, and in almost all cases, we conducted most communication with study participants via text messages. Each participant received a \$100 stipend for participating: \$50 deposited into his or her Opportunity Passport™ account, and \$50 in the form of a Walmart gift card. A few participants who sought to participate in the study but could not because of scheduling difficulties were also provided the \$100 stipend.

Two sites yielded 10 participant interviews each; the third site yielded 14. We interviewed a total of 38 youth participants, including four pilot interviews. Participants ranged in age from 18 to 23 years old.

Most (30) were female. About half were black, 15 were white, with others identifying as multiracial. Most respondents (31) had pursued some type of post-secondary education. Two were either enrolled in or completed a four-year degree, two had completed a certificate or training program of some kind; another six were working toward a certificate, one had graduated from a two-year for-profit university, and another was enrolled. Seventeen had completed courses at a local community college. None were in foster care at the time of the interview, though most remained engaged with some child welfare services. Eight lived alone, eight lived with just their children, and nine lived with a partner or fiancé; one was married, and five had roommates. A small number (seven) lived with a biological family member such as a grandmother, aunt, mother, father, or siblings. Sixteen were mothers, although one reported that one of her two children did not reside with her. Six women had more than one child. The majority of mothers lived with a boyfriend, husband, or fiancé (seven) or a relative (two). None of the male participants had children.

In each Opportunity Passport™ site, we also interviewed between one and four key staff members, yielding a total of eight staff interviews.

To protect participants' identities, we use pseudonyms in this report. In some cases we have changed minor details (e.g., the names of retailers) to further protect the identity of study participants. We have edited participants' quotes for grammar and clarity.

Analysis

All interviews were digitally recorded and transcribed, then coded and analyzed using NVivo 9® software. Three researchers drew on prior research to develop concepts and themes that were elaborated in an iterative process involving coding interviews, revising categories, and recoding. Initial codes were drawn primarily from previous research on asset accumulation. Other codes emerged from the data collected in this research. Ultimately 39 primary codes and 401 sub-codes were developed, though 45 were not used, leaving 395 codes for the data analysis process. Of these, 13 codes were developed for use with staff. In sum, 382 codes were used in the analysis of participant data.

Limitations

This study should be read in light of the limitations of this research project. Readers should not generalize our findings to financial lives of disadvantaged young people in and out of foster care due to the study's focus on a small sample of participants in a unique social program. Although we sought to draw on a diverse set of respondents, interviewees participated in a program that provided them resources unavailable to others similarly situated. Also, the fact that they were able to maintain activity in the Opportunity Passport™ and volunteered to participate in this study distinguished them from other young people in foster care. It is also likely that those who chose to participate in our study were among the more active program participants; a quarter indicated that they had spent time on their sites' Youth Advisory Boards. Finally, although we had hoped to supplement our qualitative work with some quantitative analysis of saving behavior drawing from program MIS IDA data, these data did not prove helpful, for three main reasons. First, discerning the active members of particular program sites proved to be a difficult challenge. Second, given the irregular savings behavior of young people (described below) that often took place outside of mainstream accounts, the data did not add much depth to our understanding of their financial lives. Finally, due to several bank consolidations, as well as the choice of many participants to use accounts without connections to the Opportunity Passport™, the data were incomplete regarding mainstream banking activity. Given the focus of the study on capturing the perspectives of young people in understanding their financial lives, the quantitative data ultimately were of limited benefit.

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About the Jim Casey Youth Opportunities Initiative

The mission of the Jim Casey Youth Opportunities Initiative is to ensure that young people—primarily those between ages 14 and 25—make successful transitions from foster care to adulthood. We do this by working nationally, in states, and locally to improve policies and practices, promote youth engagement, apply evaluation and research, and create community partnerships. Our work creates opportunities for young people to achieve positive outcomes in permanence, education, employment, housing, health, financial capability, and social capital.

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ⁱ In one site, the sample identified seven out of the 30 who were erroneously identified in the program data set as being associated with the selected site, and instead were part of a newer program elsewhere in the state. Two were from the group of “high-savers” and five were from the “low-savers.” Invitations were sent before the error came to light. Researchers were nevertheless able to schedule ten interviews from the remaining 23 identified participants.