RESEARCH STUDY OF AUSTIN COMMUNITY COLLEGE'S RAINY DAY SAVINGS PROGRAM

RAY MARSHALL CENTER FOR THE STUDY OF HUMAN RESOURCES

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

INTRODUCTION

BACKGROUND

Austin Community College's (ACC) Student Money Management Office (SMMO), established in 2016, supports Austin Community College student success by providing accessible and relevant money management education, enabling students to make informed financial decisions. In fall 2018, SMMO piloted the Rainy Day Savings Program[1], modeled after the successes of Individual Development Accounts (IDAs) which have helped low-income people save and attain assets.

In the Rainy Day Savings program pilot, students earned up to $100 in cash incentives for completing certain tasks and meeting milestones. These tasks and milestones were chosen because of their potential impact on future financial wellness, such as setting up direct deposit, completing the Free Application for Federal Student Aid (FAFSA), and meeting with a financial coach. Savings accounts were opened for students at University Federal Credit Union (UFCU) exclusively for the Rainy Day Savings Program, and students worked towards amassing at least $500 in total savings.

Based on the initial results, ACC believes that this program can help students address a financial emergency before it escalates to a financial crisis while also providing students with practical experience interacting with a financial institution, applying financial literacy skills, and experience managing a bank account. ACC sought to expand and refine the program and received funding from Trellis Foundation in January 2020 to support this effort.

ACC is partnering with the Ray Marshall Center (RMC) at The University of Texas at Austin to study the effectiveness of the Rainy Day Savings program. This research study will provide actionable information about the success of the intervention allowing for ACC and Trellis to make decisions about program modifications and sustainability.

METHODOLOGY

The research study focuses on three components: (1) program participation, (2) program outcomes, and (3) program impacts.

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[1] Serna, K. L., Eguiluz, L., & Taylor, Z. W. (2021). For When It Rains: How One Community College Established an Incentivized Student Savings Account. *Community College Journal of Research and Practice*, *45*(4), 238-244.

Program participation

RMC is studying program participation using data on participant characteristics from the program intake forms, data on account openings from University Federal Credit Union (UFCU), and self-reported data on account balances collected by SMMO. A key focus of this analysis is to understand how program participation patterns varied by student characteristics.

Program outcomes

RMC studies program outcomes by gathering institutional data from ACC on student academic and enrollment outcomes. Outcomes to be studied include GPA, credit hours, fall-to-spring retention, fall-to-fall retention, and credential attainment. A key focus of this analysis is to understand how program outcomes varied by student characteristics and program participation.

Program impacts

RMC examines program impacts by conducting a quasi-experimental impact analysis using propensity score matching to find statistically similar individuals who attended ACC and comparing the outcomes between those who received treatment and those who did not. A key focus of this analysis is to understand how program impacts varied by student characteristics and program participation.

DATA SOURCES

Table 1 describes the data sources and data types used for the study.

Table 1. Data sources for the research study

Data source	Data types
Rainy Day Savings Program's Apricot database	• Student-level demographic data from the program applications • Student-level program participation data • Student-level case notes • Student-level financial well-being survey data
UFCU database	• Anonymous student-level monthly account balance data
ACC's institution research database	• Student-level data on academic enrollment, academic outcomes, retention, and credential attainment

PROGRAM IMPLEMENTATION

OVERVIEW

ACC's Rainy Day Savings program incentivizes students to establish emergency savings of at least $500. This savings goal was selected because Trellis Company's national Student Financial Wellness survey of college students on financial wellness found that 63 percent of students would struggle to raise $500 in funds for an emergency.[2] Students can use their emergency savings to remain stress-free when a car repair, a reduction in work hours, or a surprise dentist appointment threatens to throw them off course. University Federal Credit Union supports the program by holding savings accounts and funding incentives. The Trellis Foundation supports the program by funding support staff and student incentives.

ELIGIBILITY

To be eligible to participate in the Rainy Day Savings Program, students must:

- Be 18 years old or older
- Have a valid driver's license, state ID, or passport
- Be enrolled in at least six credit hours at Austin Community College (ACC) during the fall 2020 semester
- Plan to enroll in at least six credit hours at ACC in spring 2021.
- Be seeking a degree or certificate at ACC.
- Not have participated previously in the Rainy Day Savings Program at ACC.

[2] Trellis Company. (2018). *Student financial wellness survey: Fall 2018 semester results*. Retrieved from https://www.
trelliscompany.org/wp-content/uploads/2019/06/Fall-2018-SFWS-Report.pdf

APPLICATION PROCESS

Students can apply for the program through an online application that takes less than 20 minutes to complete. Students will need their ACCeID, and their driver's license, state ID, or passport.

Program requirements

Students accepted into the program are required to:

- Attend a one-on-one 30-minute virtual welcome session
- Make the first deposit into their new University Federal Credit Union (UFCU) account within one month of opening their account.
- Continue to meet the eligibility requirements listed above.
- Claim all incentives by the end of May 2021.

PROGRAM DESCRIPTION

Participating students meet with ACC staff who provide the students with guidance on the account opening process at University Federal Credit Union.[3] The savings account is opened in the student's name and only the student has access to this account. There are no monthly fees, and the accounts earn interest. Students must maintain a balance of at least $5 in their account to keep it open.

Students can make deposits into their UFCU account in person at any UFCU branch, at shared-branch credit unions, or online. ACC's financial coaches can help students set up a savings plan, so they reach their savings goals.

To encourage students to reach their savings goals, ACC offers students up to $100 in cash incentives. The cash is deposited directly into their UFCU savings account. Students do not need to claim the incentives in any order. The four incentives are:

- $25 incentive to meet at least once with a financial coach.
- $25 incentive to set up a recurring direct deposit into the UFCU savings account OR direct a portion of their income tax refund into the account.

[3] After meeting virtually with the accepted participant, SMMO staff share a Docusign packet with the student that contains account opening documents. SMMO staff assist students in completing the documents. The student electronically signs the documents and submits them to UFCU. Documents contain a code that alert UFCU staff that the submission is from a Rainy Day Savings program participant.

- $25 incentive to complete the 2021/2022 FAFSA (Free Application for Federal Student Aid/Texas Application for State Financial Aid).
- $25 incentive to maintain a balance of $475 or more for 30 or more days.

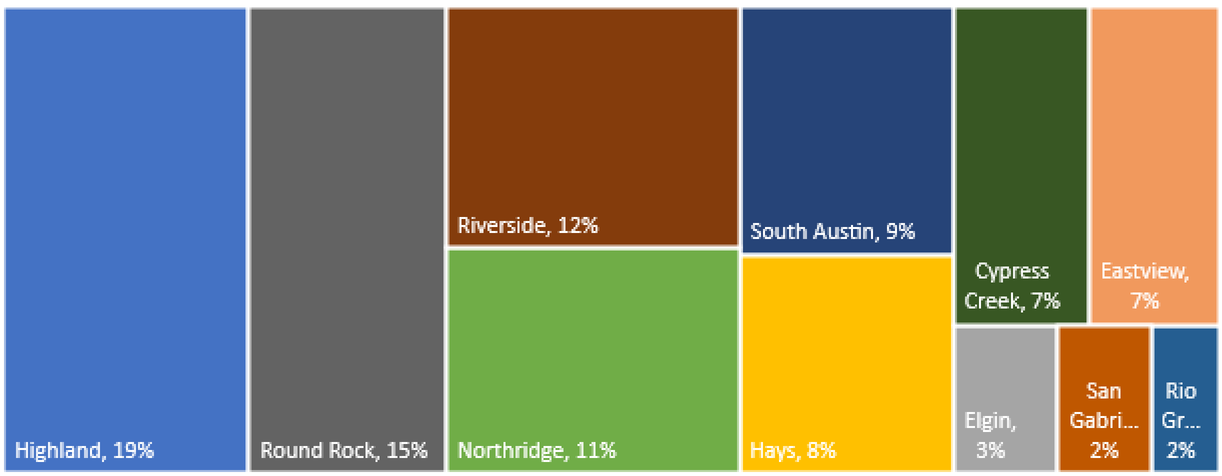
Each month, ACC announces a special task that students may choose to complete. If students complete that task, they are entered into a drawing for a $250 deposit into their UFCU Rainy Day Savings account.

The money in the account, including money deposited by students and cash incentives earned by students, can be used when students have a financial emergency. Students may withdraw and use their funds at any time during the program.

STUDY POPULATION

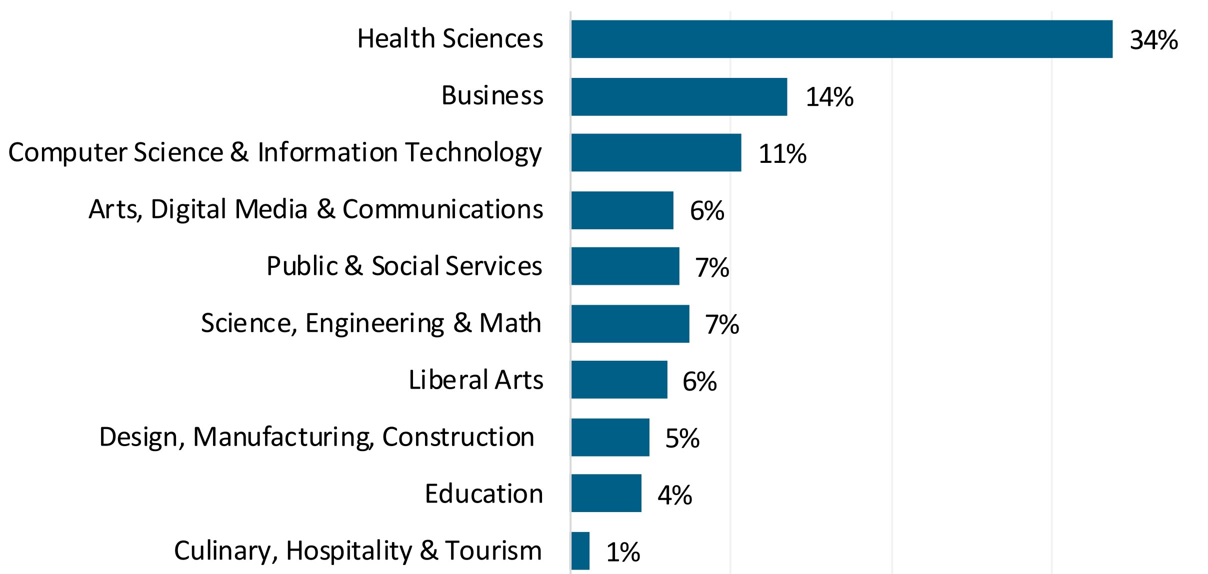
The Fall 2020 cohort of the ACC Rainy Day Savings Program included a total of 650 students. The program included participants from all eleven ACC campuses spanning Central Texas (see Figure 1). About a fifth of participants attended the Highland campus, which is ACC's largest campus and is in central Austin.

Figure 1. Home campus of program participants



The Rainy Day Savings Program included students from a wide variety of programs of study. Notably, a little over a third of students were enrolled in the Health Sciences program.

Figure 2. Area of study of program participants



Only a quarter of participants expected to graduate later that academic year (Spring 2021 or Summer 2021) while nearly two-thirds expected to graduate more than a year later (later than Fall 2021). Nearly half of students planned to transfer to a 4-year school after graduation while over a third planned to enter the workforce.

Figure 3. Expected completion semester of program participants

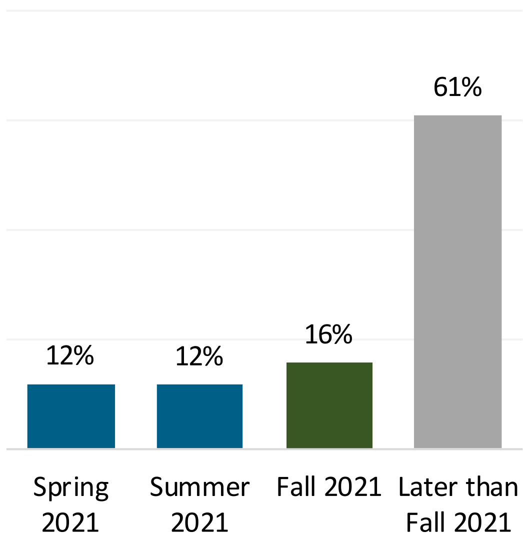
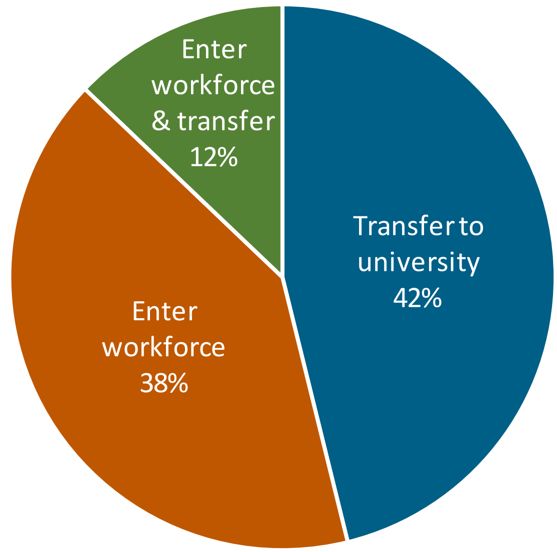


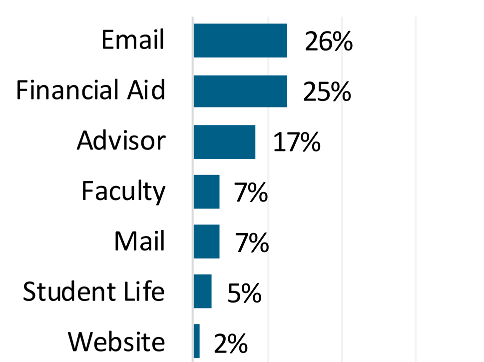
Figure 4. Post-graduation plans of program participants



RECRUITMENT

About a quarter of study participants reported learning about the Rainy Day Savings Program through email, while a quarter reported hearing about it from the Financial Aid Office. About a fifth also reported hearing about it from an advisor.

Figure 5. Outreach method



DEMOGRAPHIC CHARACTERISTICS

Figure 6 describes the demographic characteristics of study participants and compares them to the ACC student population.[4] More than half of all participants were aged 26 or older. Nearly three-quarters of all participants were female. Over a third of participants were Hispanic, over a quarter were White and about a fifth were Black. Notably, compared to the ACC student population in Fall 2020, the study population had a greater proportion of students aged 26 and older, female students, and black students.

Figure 6. Demographic characteristics

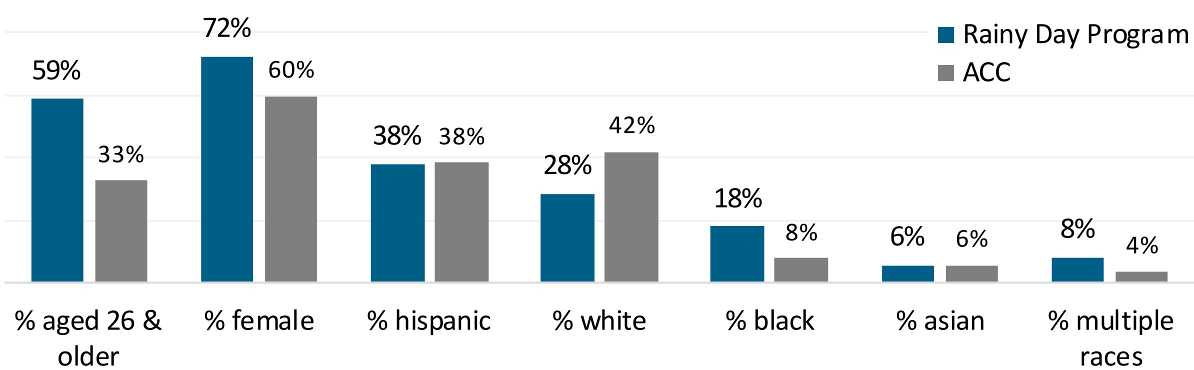
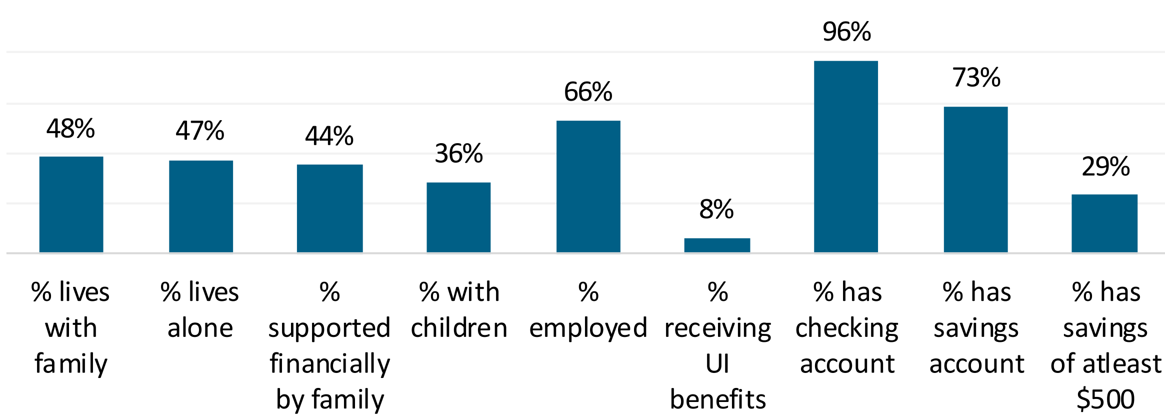


Figure 7 examines other participant characteristics for the study population. Study participants were about evenly split between those who lived with family and those who lived alone. Less than half of all participants reported being financially supported by their families. Over a third of all participants reported having children under the age of 18.

Figure 7. Participant characteristics



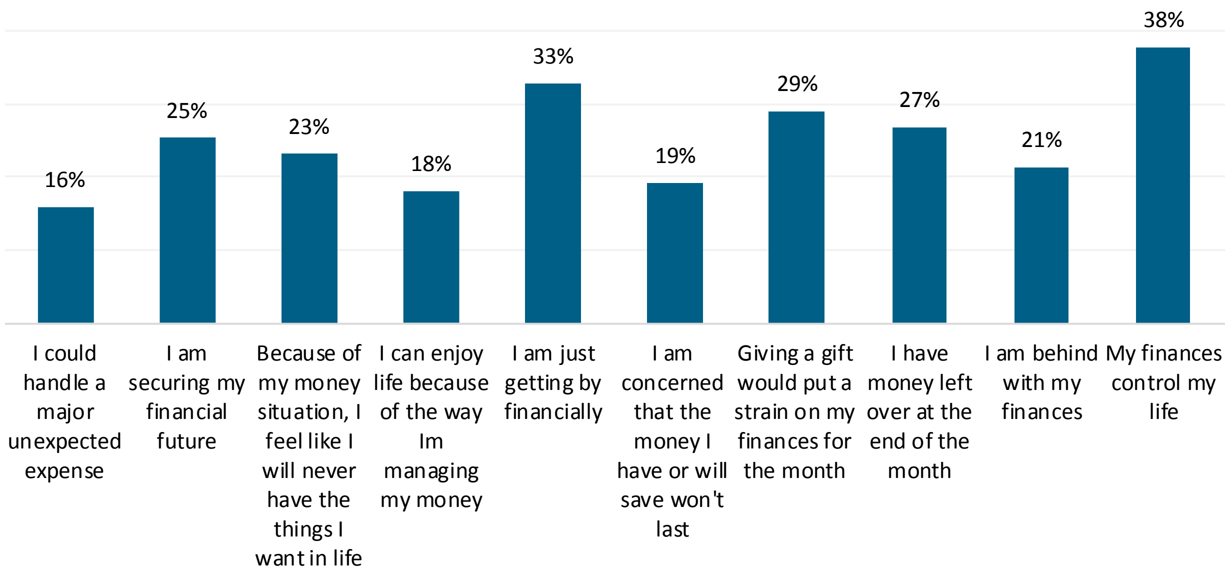
[4] ACC Fact Book 2020-21, available at https://www.austincc.edu/oira/pubs/factbook/2020-21/index.html

Two-thirds of all study participants were employed and less than a tenth of participants were receiving unemployment benefits. Study participants who were employed worked 30 hours per week on average and earned $14/hour on average. The vast majority of all participants had a checking account but only three-quarters had a savings account. Notably, the median savings account balance was only $174. Less than a third of all participants (29 percent) had a savings account balance of at least $500.

FINANCIAL WELL-BEING SCALE

All participants were invited to participate in a short survey that included questions from the Financial Well-Being Scale developed by the Consumer Financial Protection Bureau (CFPB).[5] The CFPB Financial Well-Being Scale scores are whole numbers between 0 and 100.[6] A total of 457 program participants responded to the survey at baseline. Overall, survey respondents had a median score of 44 at baseline; in comparison, a nationwide survey fielded by the CFPB in 2016 found that the average (and median) financial well-being score for U.S. adults was 54.[7]

Figure 8. Financial well-being survey responses of study participants.



[5] Bureau, Consumer Financial Protection (2017). *CFPB Financial Well-Being Scale: Scale development technical report*. Available at: consumerfinance.gov/data-research/research-reports/financial-well-being-technical-report/

[6] To get to the CFPB Financial Well-Being Scale metric from a raw IRT score, the value is multiplied by 15, added to 50, and then rounded to the nearest whole number. This provides a score distribution that ranges from approximately 0 to 100 and is centered at 50.

[7] Bureau, Consumer Financial Protection. (2017). *Financial well-being in America*. Available at https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-america/

Figure 8 illustrates the responses of study participants to the individual questions in the CFPB financial wellness scale. Only a quarter of survey respondents reported that they always or often had money left over at the end of the month and that they were securing their future. Only 16 percent reported that they could handle a major unexpected expense. A third of survey respondents reported that they were just getting by financially and more than a third felt that their finances controlled their lives.

PROGRAM PARTICIPATION

OVERALL PARTICIPATION

Account openings

Of the 650 students who applied to participate, the vast majority were accepted into the program (97 percent). Of the 633 accepted participants, nearly three-quarters opened a savings account with UFCU (N=453). Among those who opened a savings account, a little less than a third of students opened their account within a week of applying, while half opened their account within a month.

Figure 9. Account status of program participants

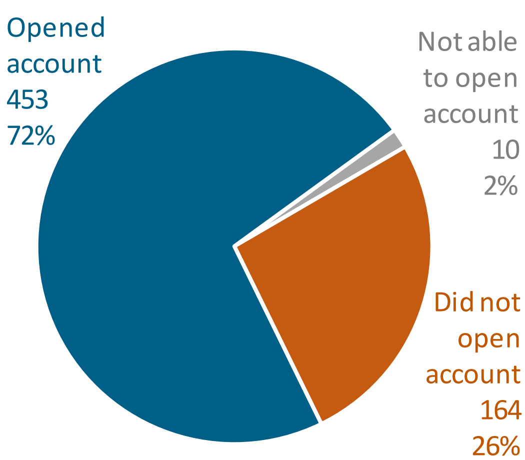
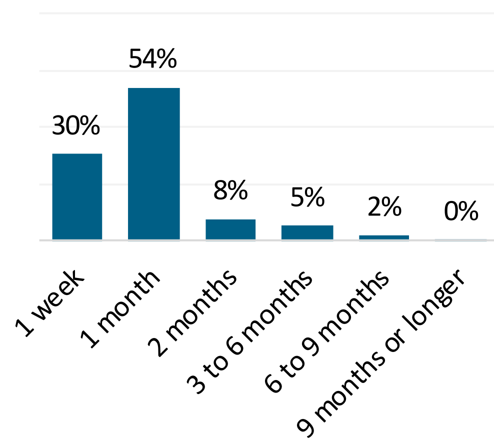


Figure 10. Time taken to open savings accounts



A small proportion of accepted participants (N=10) were unable to have a savings account opened on their behalf because UFCU did not approve their account application. The most common reasons why UFCU would not be able to open an account include: lack of proper identification ex. government-issued ID or passport, the student owes UFCU funds from a negative account or charged-off loan, or a negative record on the Chex Systems consumer report (that includes charge off accounts at other financial institutions). Students with a negative Chex Systems record receive a letter from UFCU notifying them about the negative record and providing them with contact information so that they can obtain a free copy of their Chex Systems consumer report and dispute the completeness or accuracy of any information contained in the report by notifying Chex Systems directly. UFCU also refers these students back to SMMO for support. SMMO's financial coaches meet with students who have a debt to identify the debt and make plans to repay the debt.

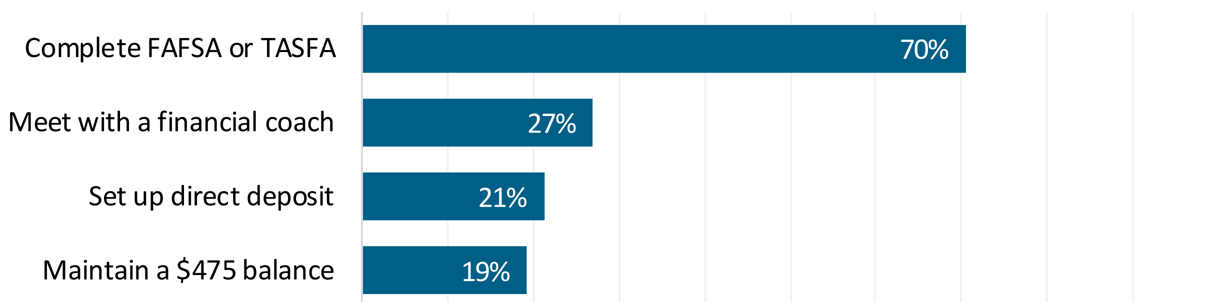
Incentives

To encourage students to reach their savings goal, ACC offered students up to $100 in cash incentives. The four incentives were:

- $25 incentive to meet at least once with a financial coach.
- $25 incentive to set up a recurring direct deposit into the UFCU savings account OR direct a portion of their income tax refund into the account.
- $25 incentive to complete the 2021/2022 FAFSA/TASFA.
- $25 incentive to maintain a balance of $475 or more for 30 or more days.

Figure 11 illustrates the incentives claimed by active participants over the program period. Of the 453 active participants who opened a bank account, nearly three-quarters claimed the incentive for FAFSA/TASFA completion and over a quarter claimed the incentive for meeting a financial coach. Only a fifth claimed the incentives for setting up direct deposit and maintaining a $475 balance.[8] About a quarter of active participants (n=119) did not claim any of the four incentives while a little over a tenth (n=53) claimed all four incentives.

Figure 11. Incentives claimed

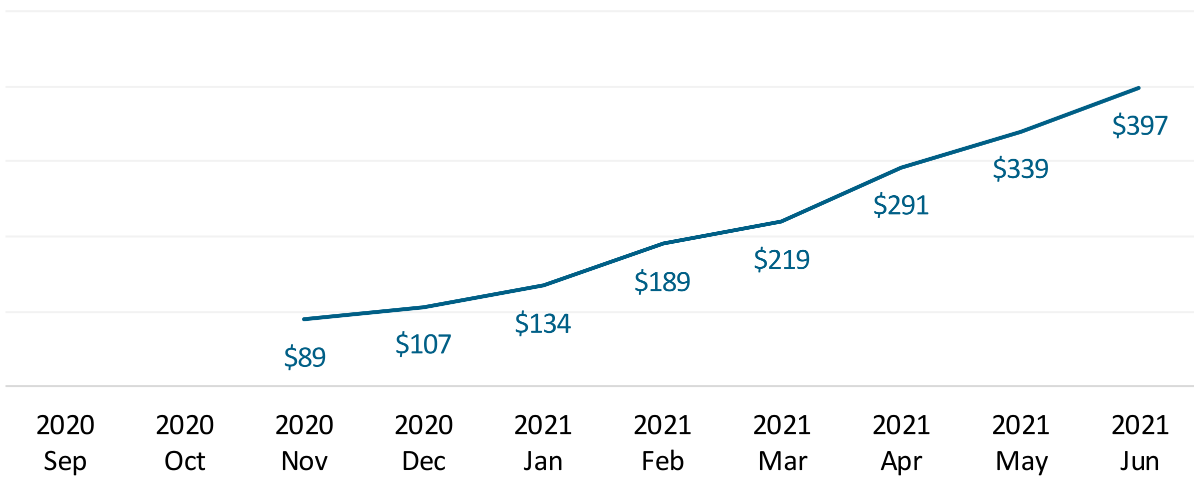


Account balances

UFCU shared de-identified monthly account balances with Rainy Day Savings program staff. Figure 12 illustrates the average savings account balance for program participants over the program period. Savings account balances grew from an average of $89 in November 2020 to an average of $397 in June 2021.

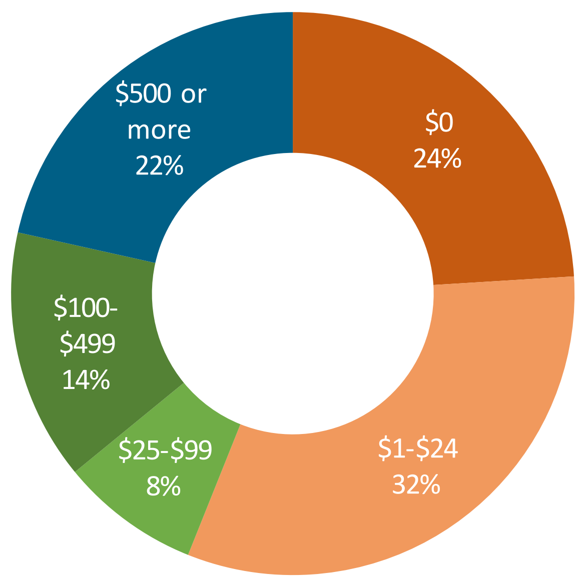
[8] Notably, a third of active participants (n=129) reported having a savings account balance of $500 before joining the program, but only a quarter of these 129 participants claimed the incentive for achieving a $475 balance. It is possible that their prior savings were intended for a specific goal (such as tuition, buying a car, or paying off a debt) and hence they chose not to transfer those savings to their Rainy Day savings account.

Figure 12. Account balances of program participants



We also examined growth in savings by comparing a student's minimum account balance to the maximum account balance during the program period; we found that program participants grew their savings by $449 on average. Notably, the median growth in savings was only $25. About a quarter of participants had $0 growth in saving, while about a third had a growth of $25 or less. However, over a fifth of participants had growths in savings of $500 or more. The highest growth in savings reported was $14,915.

Figure 13. Growth in savings



Account closings

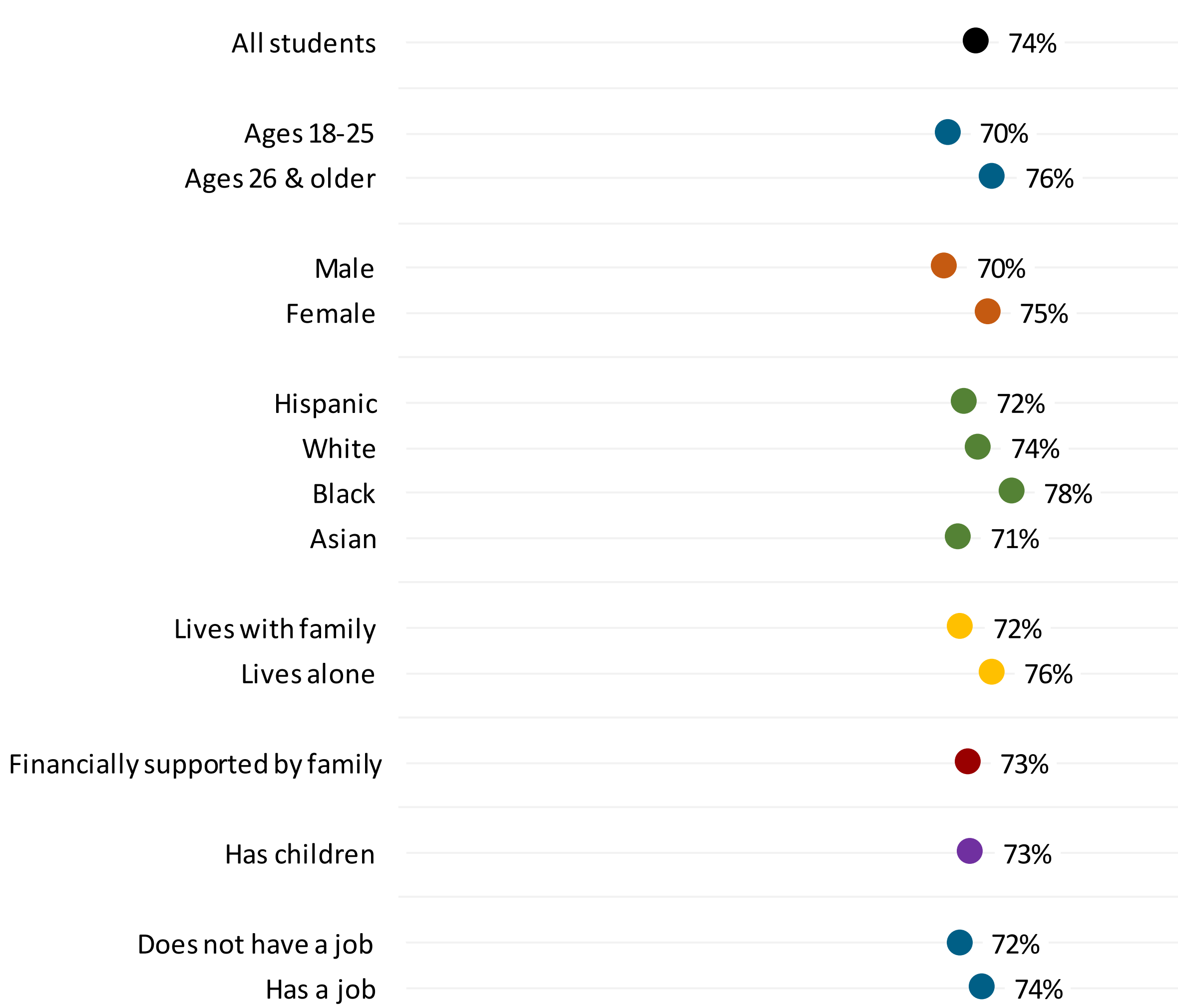
As of June 2021, only a very small proportion (2 percent) of students had closed their savings accounts (N=10). Reasons for account closings included dropping out of the program and having insufficient funds to maintain the savings account.

PARTICIPATION PATTERNS

Account openings

Figure 14 reports the proportions of approved program participants who opened an account, broken down by demographic characteristics. Most demographic subgroups opened their savings account at a similar rate, with a few small differences. A slightly higher proportion of students aged 26 and older opened an account, compared to students aged 18 to 25. A slightly higher proportion of female students opened an account, compared to male students. A slightly higher proportion of Black students opened an account, compared to students of other races. A slightly higher proportion of students who lived alone opened an account, compared to students who lived with their families.

Figure 14. Account openings by demographic characteristics



Incentives

Figure 15 illustrates FAFSA completion incentive take up among active program participants who opened a bank account, broken down by demographic characteristics. The proportion of students receiving the incentive for FAFSA/TASFA completion is similar across most demographic groups, with one notable exception: a much higher proportion of White students claimed this incentive, compared to students of other races. We also observe small gaps by gender and living alone status.

Figure 15. FAFSA completion incentive take-up, by demographic characteristics

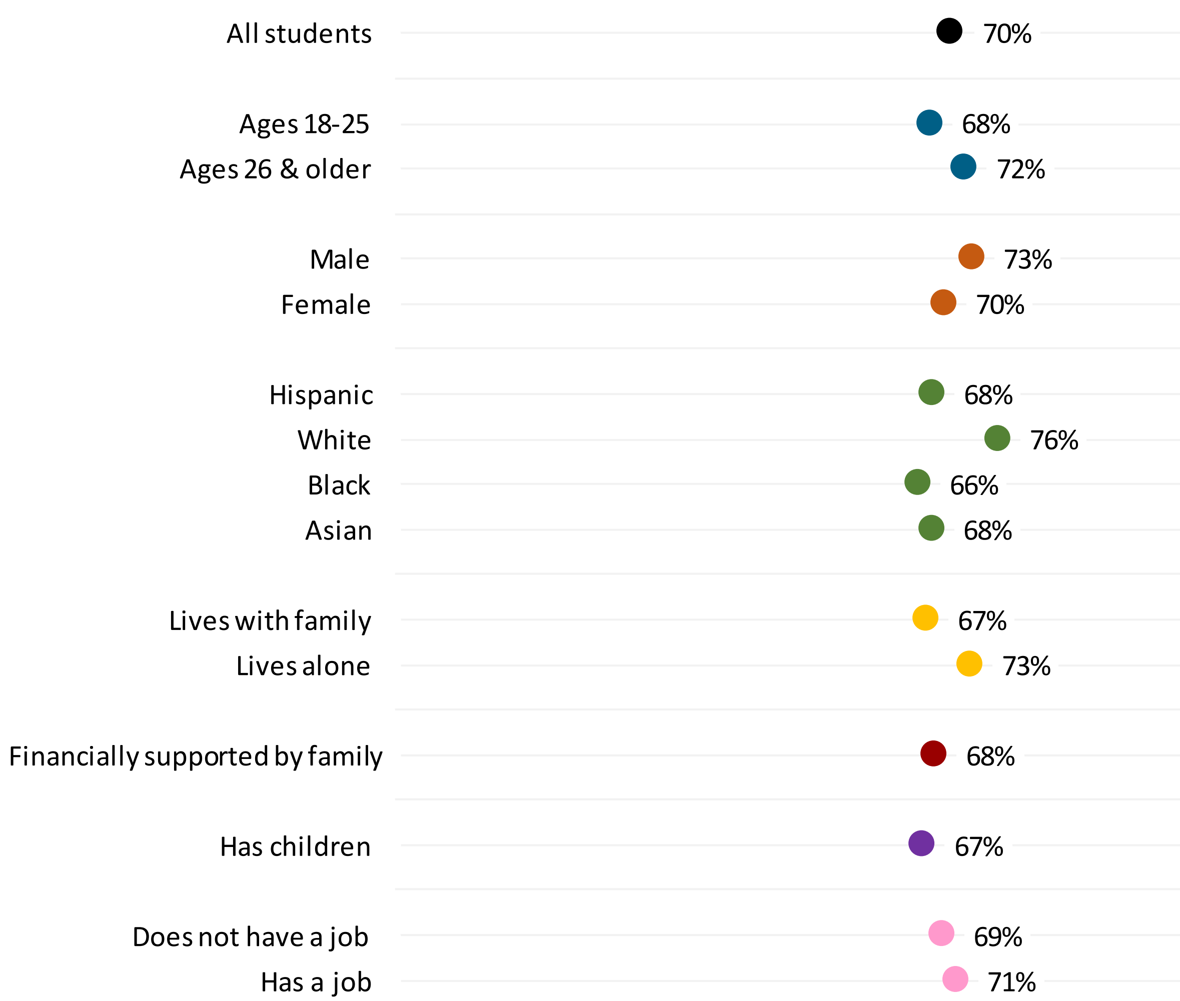


Figure 16 illustrates financial coach incentive take up among active program participants who opened a bank account, broken down by demographic characteristics. Compared to the FAFSA incentive, we observe more variation across the demographic subgroups. Notably, there are large gaps by race/ethnicity: a third of White participants claimed this incentive compared to only a fifth of Hispanic participants. There is also a large gap by age: a third of participants aged 26 and older claimed this incentive compared to only a fifth of participants aged 18 to 25. We also observe small gaps by gender and employment status.

Figure 16. Financial coach incentive take-up, by demographic characteristics

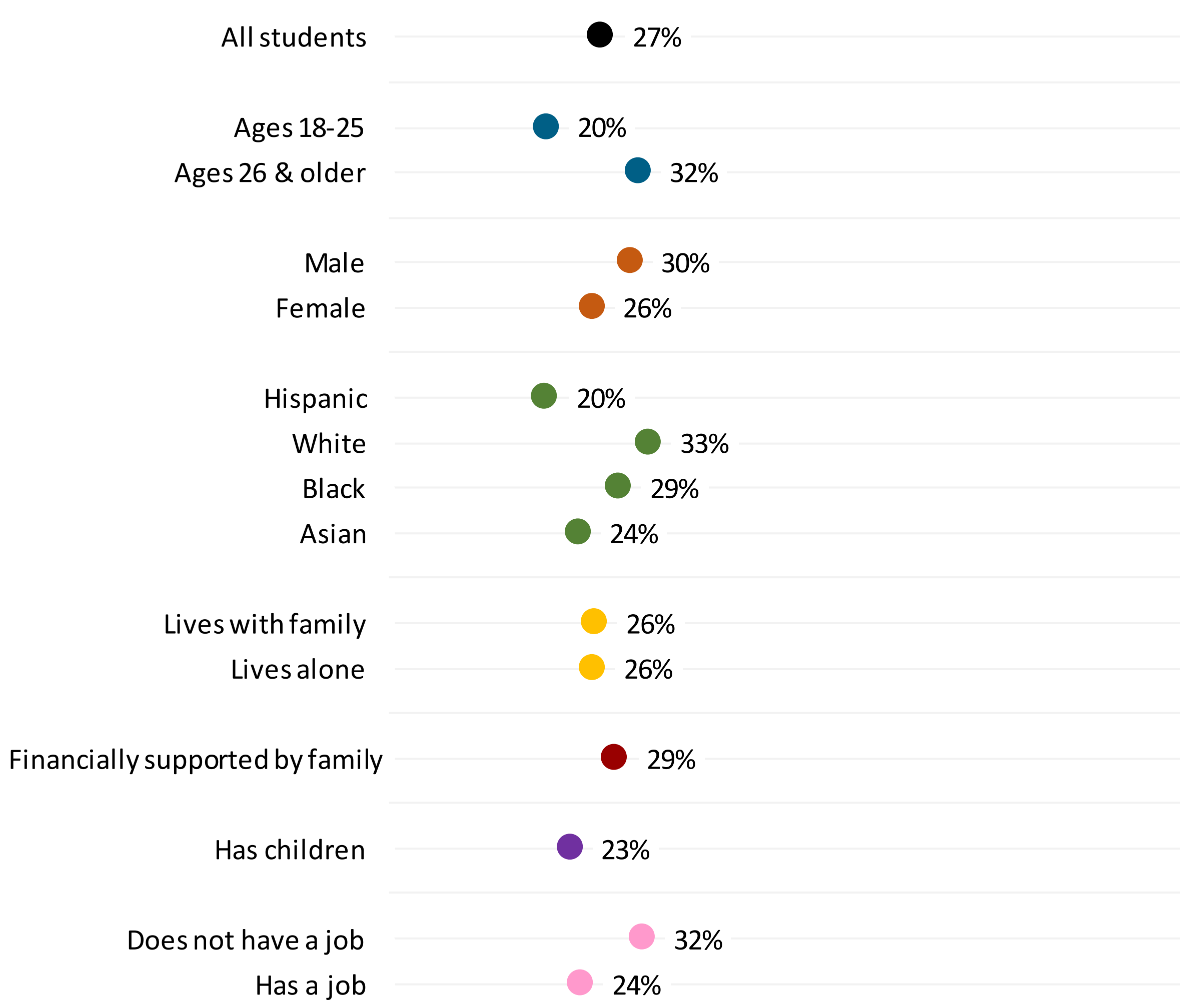


Figure 17 illustrates direct deposit completion incentive take up among active program participants who opened a bank account, broken down by demographic characteristics. Notably, there are large gaps by race/ethnicity: nearly a third of White participants claimed this incentive compared to less than a fifth of Hispanic participants. There is also a large gap by age: more than a quarter of participants aged 26 and older claimed this incentive compared to only a tenth of participants aged 18 to 25. We also observe a small gap by living alone status.

Figure 17. Direct deposit completion incentive take-up, by demographic characteristics

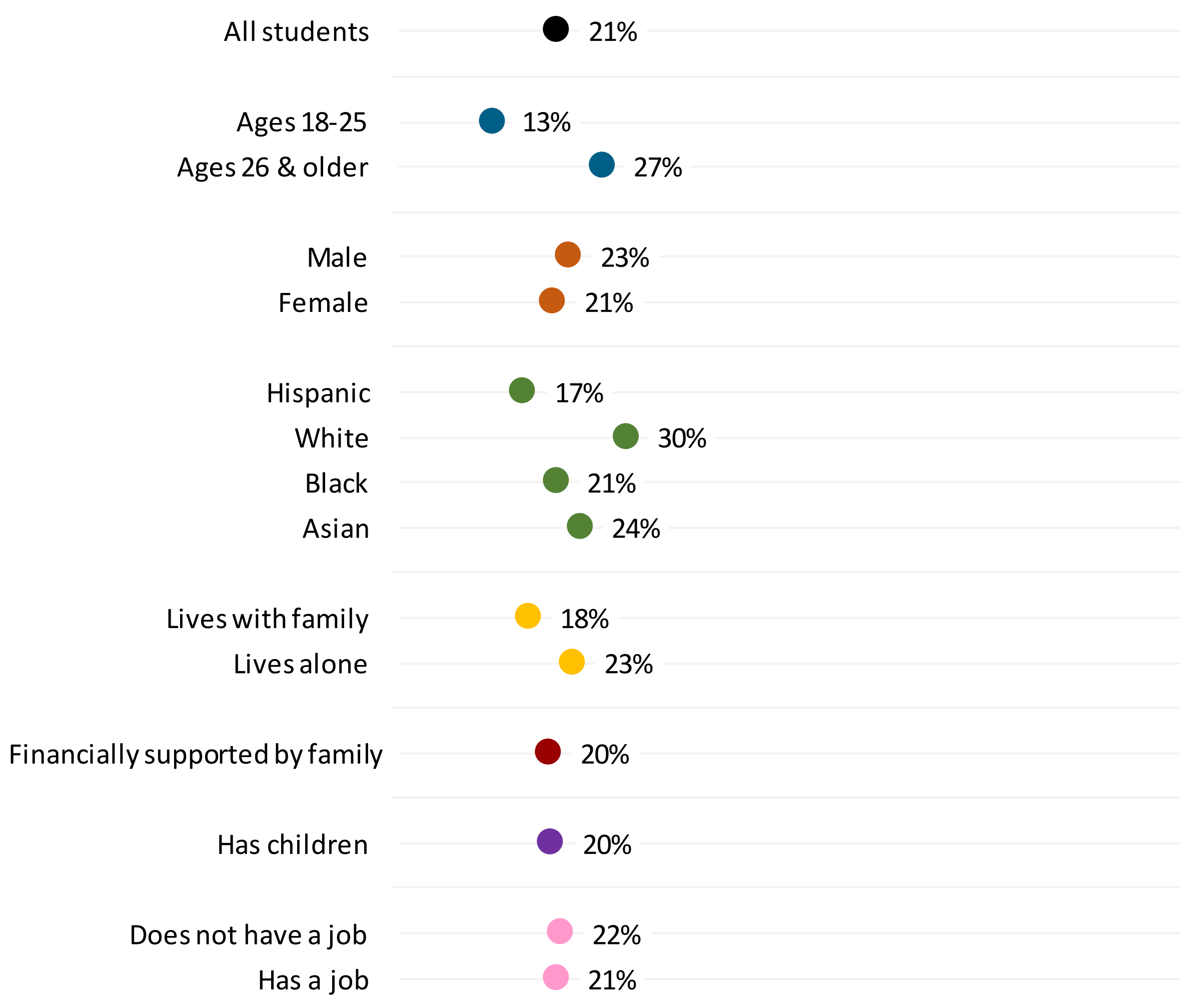
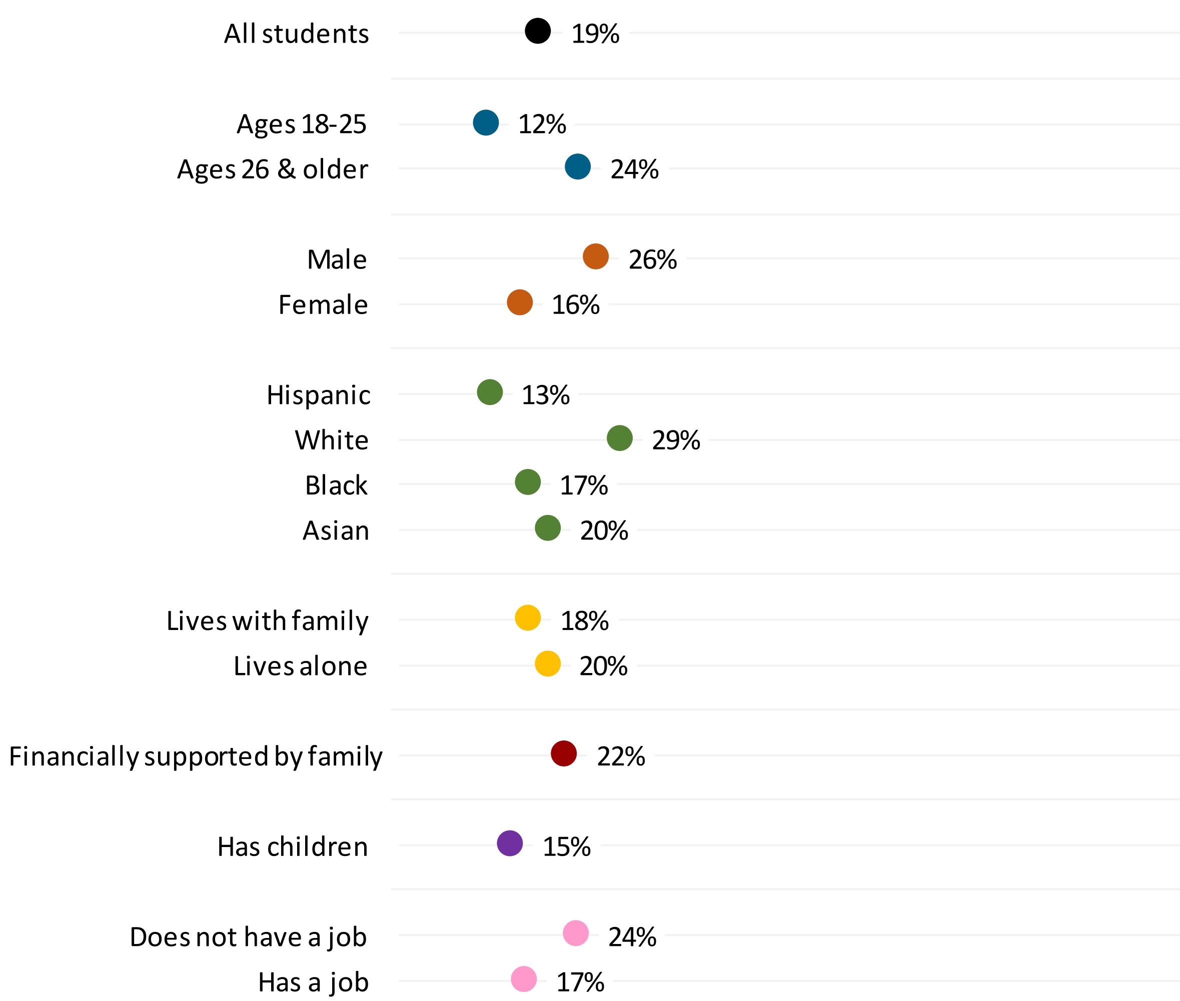


Figure 18 illustrates the $475 balance incentive take up among active program participants who opened a bank account, broken down by demographic characteristics. Notably, there is a large difference by age: a quarter of participants aged 26 and older saved $475 and claimed this incentive, compared to only 12 percent of participants aged 18 to 25. There is also a large difference by gender: more than a quarter of male participants saved $475 and claimed this incentive, compared to only 16 percent of female participants. There are also large gaps by race/ethnicity: nearly a third of White participants claimed this incentive compared to only 13 percent of Hispanic participants. Only 15 percent of students with children were able to claim this incentive.

Figure 18. $475 balance completion incentive take-up, by demographic characteristics



Account balances

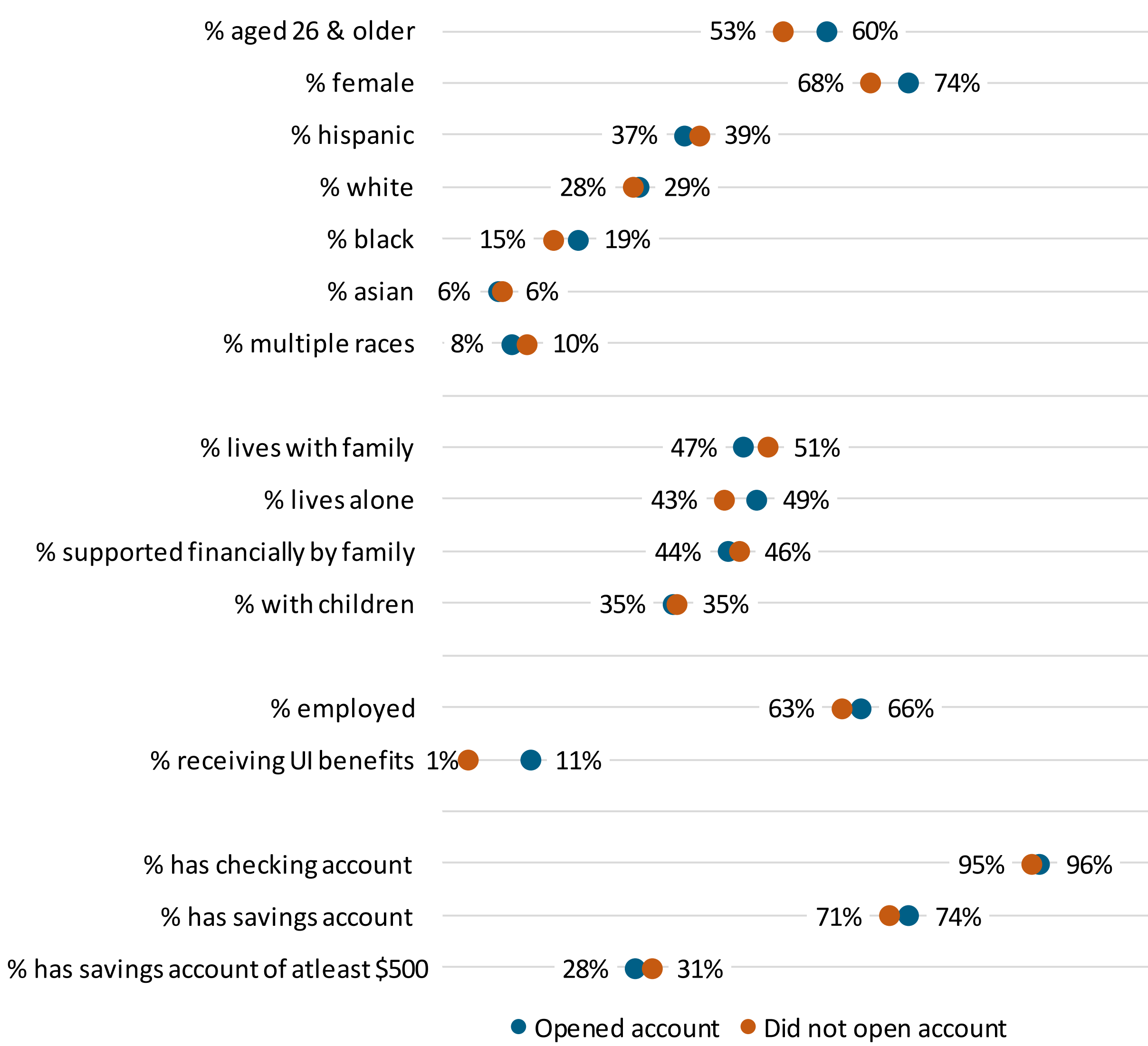
The monthly account balance data provided by UFCU is de-identified and cannot be linked to the program data. Hence, researchers are unable to examine savings patterns by demographic characteristics. Participating students were also asked to self-report monthly account balances. However, this data is only available for some months of the implementation period and is only available for 163 students. Hence, researchers are unable to use this data to examine savings patterns by demographic characteristics.

EARLY PROGRAM OUTCOMES

COMPARISON GROUP SELECTION

Figure 19 compares the demographic characteristics of approved participants who opened an account with those of approved participants who did not open an account. There appear to be little to no demographic differences between the two groups. Both groups are very similar across race and ethnicity, family status, dependent status, employment status, and financial account status. Thus, for the outcomes study, we include the approved participants who opened an account in the treatment group, and we include the approved participants who did not open an account in the comparison group.

Figure 19. Demographic characteristics by participation status



FINANCIAL WELL-BEING

In summer 2020, all participants were invited to participate in another short survey that included questions from the Financial Well-Being Scale developed by the Consumer Financial Protection Bureau (CFPB). The CFPB Financial Well-Being Scale scores are whole numbers between 0 and 100. The CFPB's nationwide survey in 2016 found that disparities in financial well-being were greatest between subgroups that had different levels of liquid savings. The average financial well-being for adults with the lowest level of savings (less than $250) was 41, compared to 68 for adults with the highest level of liquid savings ($75,000 or more). These findings suggest that building up savings and financial cushions may help people feel financially secure. Hence, the Rainy Day Savings Program implementation team hopes to see the program's impacts reflected in participants' Financial Well-Being Scale scores.

A total of 166 participants responded to the follow-up survey. Of these, 156 respondents were from the treatment group while 10 students were from the comparison group. The small sample size of the comparison groups prevents us from comparing outcomes for the two groups. Examining only the treatment group, we find that the median Financial Well-Being Scale score increased significantly by 4 points, from 49 at baseline to 53 at follow-up. These findings should be interpreted with caution - there is likely a self-selection bias as the more active program participants eager to save more money were more likely to take the post-survey.

Figure 20 examines the increase in scale scores, broken down by demographic characteristics. Male students and students who lived alone reported the highest increase in scale scores (approximately six-point increases) while black students reported the lowest increase in scale scores (approximately a two-point increase). Notably, younger students (i.e., participants aged 18 to 25) also reported a relatively higher increase in scale scores (approximately a six-point increase).

Figure 21 illustrates the change in the responses of the treatment group to the individual questions in the CFPB financial wellness scale. The proportion of students reporting that they always or often had money left over at the end of the month and that they could handle a major unexpected expense nearly doubled, from about a quarter at baseline to about half at follow-up.

Figure 20. Change in CFPB financial wellness scale, by demographic characteristics

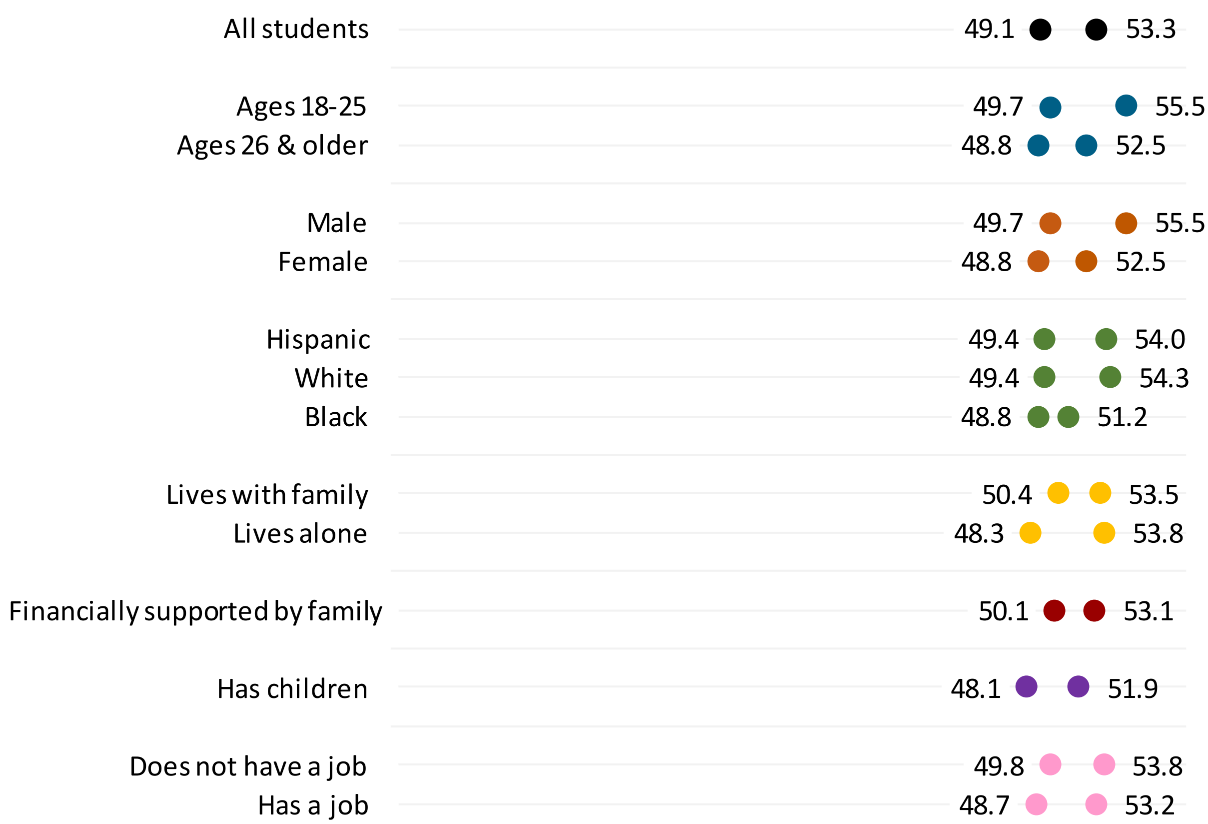
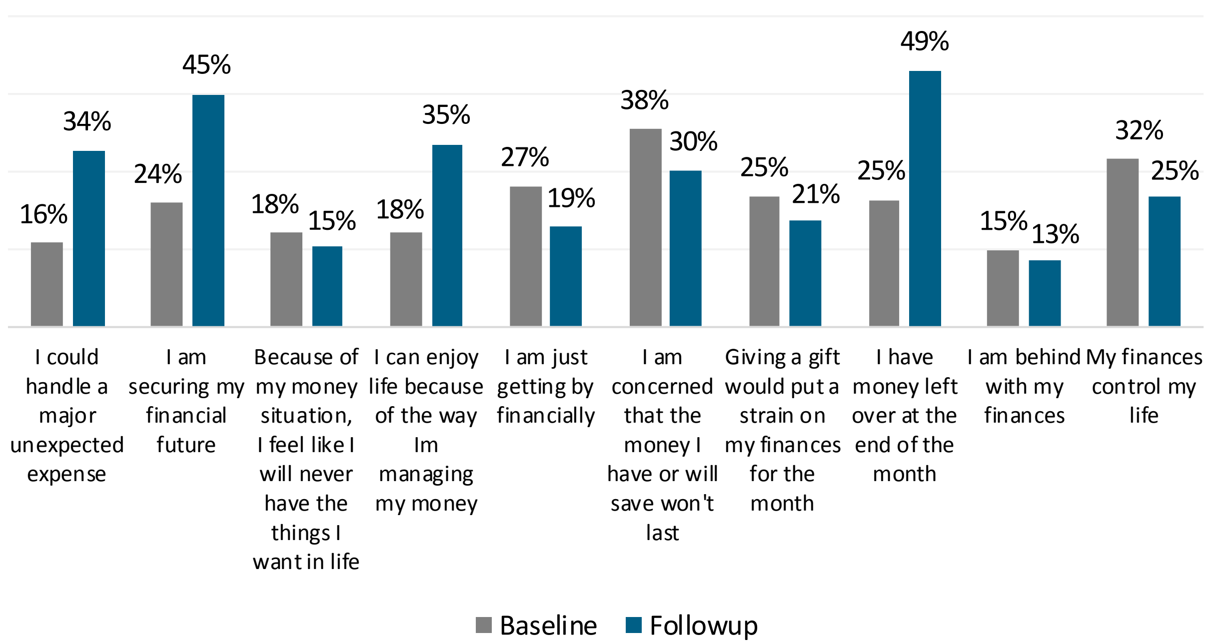


Figure 21. Change in CFPB financial wellness scale indicators



DISCUSSION

KEY FINDINGS

In this interim report, we examined participation patterns and early outcomes for ACC's Rainy Day Savings Program. The vast majority of program applicants were accepted into the program. Among the students who were accepted, three-quarters opened a savings account and actively participated in the program.

Program participants were offered incentives to encourage them to reach their savings goal. While nearly three-quarters of active participants took up the FAFSA/TASFA completion incentive, only a quarter took up the incentive to meet with a financial coach and only a fifth took up the incentive to set up direct deposit. Overall, about a quarter of active participants did not claim any of the four incentives while a little over a tenth claimed all four incentives.

We examined program participation and incentive take-up disaggregated by demographic characteristics. We found that female students were more likely than male students and Black students were more likely than students of other races to open a bank account and participate in the program. However, male students were more likely than female students and White students were more likely than students of other races to claim incentives by completing the assigned tasks. Notably, 26 percent of male students earned the incentive for maintaining a $475 balance compared to only 16 percent of female students, while 29 percent of White students earned the incentive for maintaining a $475 balance compared to only 13 percent of Hispanic students. The incentive take-up patterns suggest that women, underrepresented minorities, and students with children likely need additional prompts and assistance to complete the tasks necessary to earn the incentives.

We also examined individual-level monthly account balance data provided by UFCU. While there is clear evidence that participants saved money and grew their savings, the results also suggest considerable variation in the amount that students are saving. Notably, the median growth in savings over these eight months was only $25. About a quarter of participants had $0 growth in saving, while about a third had a growth of $25 or less. However, over a fifth of participants had growths in savings of $500 or more.

Program participants completed the CFPB Financial Well-Being survey both before and after participating in the program. We were thus able to compare the pre- and post-survey responses and scale scores. The median Financial Well-Being Scale score increased significantly for program participants by 6 points, from 49 at baseline to 55 at follow-up. Notably, the proportion of students reporting that they always or often had money left over at the end of the month and that they could handle a major unexpected expense nearly doubled from about a quarter at baseline to about half at follow-up. These results suggest that by helping build up participants' savings and financial cushions, the Rainy Day Savings Program helped increase participants' perceived financial well-being. The analysis of the increase in scale scores disaggregated by demographic characteristics also suggests some equity gaps: Black students reported only a two-point increase in their scale scores, compared to five-point increases for White and Hispanic students.

NEXT STEPS

In September 2021, researchers will survey participants about their experience with the Rainy Day Savings program. Through the survey, researchers hope to understand program elements that worked well for participating students, as well as program elements that proved to be challenges for the opt-out students. The survey will also include questions about financial well-being and emergency savings adapted from the Federal Reserve Board's Survey of Household Economics and Decision-making (SHED). Researchers hope to compare survey responses between participating students and opt-out students.

Researchers will also obtain administrative data from ACC's institutional research data system and examine FAFSA completion, fall-to-spring retention, fall-to-fall retention, GPA, credit accumulation, and credential attainment. Researchers plan to use the opt-out group as a comparison group and utilize propensity score matching to conduct impact analyses. Program outcomes and program impacts will be disaggregated by demographic characteristics.