

Our Children's Education, Our Greatest Investment

By Ricardo Estrada
Erie Elementary Charter School

Here in the Humboldt Park community, we have at least 24,197 opportunities to invest in the lives of children. That's the number of children under 18 who reside in our diverse community located on Chicago's near-northwest side. Proud as we are of our community, it still suffers from widespread poverty, too much violence, low educational attainment among parents, and a low level of English literacy among immigrant families.

Erie Neighborhood House is a community-based comprehensive social services organization whose programs assist low-income families and immigrant residents in reaching their full potential. Top-quality educational opportunities for the community's youngest residents are essential for achieving that mission. After two years of planning and a rigorous application process, I am proud to say that Erie Elementary Charter School opened its doors on Sept. 6, 2005 to 80 kindergarten and first-grade students.

Erie Neighborhood House's nationally accredited child care program has helped children succeed for many years. The Charter School grew out of our desire to have even more impact on young lives. Evidence clearly demonstrates that children who receive a quality preschool experience are more likely to do well in school, stay out of trouble, and find good jobs. Helping more children attend quality preschool and early education programs today means they will be better prepared tomorrow for the responsibilities of citizenship, community leadership, and the workplace.

The opening of Erie Elementary Charter School fulfills the dreams of many individuals and honors their hard, dedicated work. A new grade will be added each year until the goal of 240 kindergarten through fifth-grade students is reached in the fall of 2009. Erie House's after-school program, featuring a choice-based curriculum including homework time, technology access, sports, arts, and literacy, will also be available at the school.

Erie Elementary Charter School is one of just eight organizations citywide awarded funding from New Schools for Chicago, a non-profit organization partnering with Chicago Public Schools and the city's business community to champion the creation of new, high performing schools. "We are honored to be entrusted our society's greatest privilege — the education of our community's children. Our children's success will



be a testament to this important public partnership we call the Erie Elementary Charter School," Principal Linda Ponce de Leon said.

The 80 children who enter Erie Elementary Charter School this year constitute just a small part of those 24,197 young lives in our community. Erie Neighborhood House serves many of the others in many ways, but we see this year's kindergarteners and first-graders as some of the future leaders of our community, our city, and our country. Making a difference with them is one primary way that everything else can start changing, too.

Ricardo Estrada is President and CEO of Erie Elementary Charter School, located at 2510 W. Cortez, Chicago. He previously worked with Latino Youth Inc., Orphanlink International, University of Chicago Gang Violence Prevention Program, United Charities and Chicago Commons, and serves on a number of advisory boards including Illinois Department of Human Services Child Care and Development Advisory Council, Loyola University's Latino Alumni Board and the Mayor's Council of Technology Advisors.

Universal Children's Accounts: An Investment in Our Future

By Dory Rand, Sargent Shriver
National Center on Poverty Law

What difference would it make if every child were born with an account that he or she could use at maturity to go to college, buy a home, start a business, or save for retirement? A number of state and federal initiatives and privately funded programs have been launched in the belief that an investment in universal children's accounts, like investments in early childhood education and healthcare, will produce huge long-term returns for children and for society.

Voices for Illinois Children and the Sargent Shriver National Center on Poverty Law are working with CFED (a nonprofit dedicated to expanding economic opportunity) and partners in three other states (Kentucky, Michigan and Oklahoma) to explore the development of universal, progressive children's accounts in Illinois. These accounts would be opened at birth, endowed with an initial deposit, and structured so that lower-income families receive greater incentives to build savings.

In the United States, the concept first appeared in print in 1991 in the seminal book "Assets and the Poor: A New American Welfare Policy," by Professor Michael Sherraden of Washington University in St. Louis. The book explained how government policy promoting assets (in addition to income) could provide "hope in concrete form" for poor families. Around the same time, Oregon

became the first state to pass legislation to establish kids' accounts.

Sherraden's asset-building theories have now been widely tested in the field of matched savings accounts, often called individual development accounts or IDAs, with adults. The American Dream Demonstration proved that low-income adults can and will save and build assets, given the opportunity, financial education, and incentives. Nationwide, over 20,000 low-income adults have successfully completed financial education programs and used IDAs for college, homeownership, small business, and other assets through programs supported by federal, state, and private funds. Building on this track record, the United Kingdom already passed national child trust fund legislation under which the British government opens an account for every child at birth and endows it with an initial deposit.

People in the United States are becoming increasingly interested in asset building for children and youth, too. In 2003, CFED launched Savings for Education, Entrepreneurship, and Downpayment (SEED), a multi-year policy and practice initiative to develop, test, and impel universal children's accounts at 12 sites throughout the country, including a Chicago site administered by the Shriver Center. Even before the SEED results could be established, the kids' accounts concept caught fire and a bipartisan group in Congress, led by Sen. Rick Santorum (R-PA) and Sen. Jon Corzine (D-NJ), launched the Americans Saving for



Personal Investment, Retirement, and Education Act, first introduced in 2004 and reintroduced in 2005.

Meanwhile, at least five states have added a matched savings component to their 529 college savings plans (available in every state through the state treasurer). Under section 529 of the Internal Revenue Code, earnings may be withdrawn tax-free for qualified higher education expenses. These 529 plans, like most provisions of the tax code that primarily benefit the wealthy, are underutilized by lower-income families. By providing an initial deposit and matched savings incentive through the existing infrastructure of 529 plans, states could expand college opportunities and change the expectations and outcomes for generations to come.

Dory Rand is Supervising Attorney for Community Investment at the Sargent Shriver National Center on Poverty Law, a Chicago-based organization that champions law and policy promoting equal opportunity and support for low-income individuals, families, and communities so that they can escape poverty permanently. To learn more or get involved in efforts to establish universal, progressive children's accounts in Illinois, please contact Dory Rand at 312-368-2007 or doryrand@povertylaw.org or Ann Courter at Voices for Illinois Children at 312-516-5556 or acourter@voices4kids.org.

What I Learned as a Teenage Banker

By Rudi Morales
Curie Metropolitan High School graduate

Ten Chicago high school students operate a new, full-service bank branch inside their inner-city school and receive financial education instruction from the bank partners as part of the Curie Branch Education to Careers Project. The project is an initiative spearheaded by the Sargent Shriver National Center on Poverty Law with Park Federal Savings Bank, Chicago Public Schools Office of Education to Careers, Curie Metropolitan High School, Federal Deposit Insurance Corporation, Center for Economic Education at University of Illinois at Chicago, and private donors. The first group of student bankers graduated in June 2005.

I have learned a lot from my experiences with the Curie Branch of Park Federal Savings Bank. Before working at the Curie Branch, I didn't know too much about the banking world. Through my training as a student banker, and as a new owner of my own bank account, I learned how to manage my money and how to get by on a budget. I pay a lot more attention to prices while shopping, save a lot more now, and I check my balance all the time. Also, because I had to speak in front of large audiences about my experiences with the bank—and just working with the other student customers—I was amazed at how much my public speaking abilities improved.

I think the best part about working at the bank was finding out that other students, my age or younger, were really interested. I didn't expect the bank to have such a big impact, but

word spread quickly and I helped a lot of students open up accounts. I even shared a lot of the information that I was learning with my close family and cousins; I'm still trying to pull them in and get them to open an account!

As for future endeavors, I am planning to attend college and pursue a career in financial services based on my experience as the student banker president of the Curie Branch of Park Federal Savings Bank. It helped me realize that I want to become an accountant and appreciate what I can do with a degree in that field.

Rudi Morales is a 2005 graduate of Curie High School, where she was student president of the Curie bank branch during the inaugural year of the program.

Rudi Morales (next to top at right) is pictured with fellow members and supporters of the Curie bank branch.



Saving for the Future with Individual Development Accounts

By Cassandra Kaufman
United Way of Greater St. Louis



For decades social welfare policies and programs directed to poverty alleviation have focused on income, ignoring the relationship between assets and income. While it appears that welfare programs have sustained the poor, it also appears that they have not helped the poor to gain economic self-sufficiency and lift themselves from poverty. Michael Sherraden, in his 1991 book “Assets and the Poor,” advocated that welfare policy should be based on the concepts of saving, investment and accumulation of assets, rather than upon income, spending and consumption.

Sherraden’s new concept included the establishment of Individual Development Accounts (IDAs), similar in concept and design to Individual Retirement Accounts (IRAs). IDAs are matched savings accounts for low- to moderate-income working families that are used to acquire assets such as purchase of a first home, post-secondary education or small business capitalization. IDAs differ from IRAs in that matching deposits are used instead of tax breaks as the incentive to save, and those participating in an IDA do so with the assistance of non-profit organizations which require financial education and regular saving as conditions for participation.

In 1998, in an effort to improve economic self-sufficiency of low-income families in the St. Louis region, the United Way of Greater St. Louis formed a collaborative of eight agencies to target asset accumulation among low-income households through IDAs. The Great Rivers IDA Collaborative has since expanded to include 14 partners, over 1,000 IDA accounts opened and over 500 participants actively saving. Together these IDA asset purchases have generated an economic impact of over \$2.4 million in the metro area. We believe that by empowering the IDA participants with opportunity, information and service supports, they will acquire high-return assets that will enable them and their children to become economically secure.

Over the past seven years, the Urban League of Metropolitan St. Louis has been a collaborative partner in offering IDAs to low-income families in the East St. Louis area. To receive matching funds, participants must save their own funds, participate in budget and credit counseling, and learn the basics of money management through successful completion of financial education. The typical Urban League IDA participant is a single, African-

American female head of household with two children and an annual income between \$12,500 and \$19,000. A significant number of participants were former welfare recipients or received some other form of public assistance.

The Urban League has worked diligently to ensure that IDA participants maintain employment, complete the required financial education and continue to save. The Urban League also offers education and job training, employment counseling and placement services, housing assistance, weatherization, emergency financial aid, and a variety of educational programs including assistance in preparing for the GED. As a key partner in the Great Rivers IDA Collaborative, the Urban League has been successful in helping many low-income individuals and families achieve their dream of home ownership, attending college or vocational school, starting their own small business, repairing their home or purchasing a car. The program is limited to these five high-return assets, as a result of research which has demonstrated their capacity to help move low-income families above the poverty threshold and on the road toward economic security.

Cassandra Kaufman is a Director in the Community Investment Division of the United Way of Greater St. Louis. She works in the initiatives area specifically on services to support self-sufficiency, which includes a strong focus on asset development including IDAs, free income tax preparation for low-income families, predatory lending, banking for people without bank accounts, and financial education. She has 15 years of experience in non-profit administration and human services.

Owning a Small Business Can Lead to Financial Security

By Brenda Baker
Voices for Illinois Children



Toni Frazier, pictured in her home-based child care program.

“**M**s. Toni is my best friend,” remarked 3-year-old Kamari. He and his 4 month-old brother Cameron are two of the six children who attend Toni Frazier’s home-based child care program.

Frazier always knew that one day she wanted her own child care business, even as a working single mother of three struggling to raise her family in Chicago’s Englewood community. After working in banking as a mortgage closer for many years, Frazier decided to go back to school in 1984 to earn an associate’s degree in child development, specializing in preschool education. Frazier began her career in education as a volunteer at her youngest daughter’s preschool and later was hired as head teacher. However, because her daughter suffered with asthma and because

her employment came without health insurance, Frazier made the decision to take a job as a teacher’s assistant with the Chicago Public Schools.

Over time, Frazier developed a friendship with Gail Paty, who worked with Children’s Home and Aid Society of Illinois (CHASI) and who at one time had been Frazier’s grandson’s Head Start teacher. With the encouragement of both her eldest daughter and Paty, Frazier began the licensing and accreditation process required to open her child care program.

Through CHASI, Frazier was able to participate in several programs to enhance her small business skills, such as a financial literacy program through Marquette Bank. In addition to offering education about budgeting, record keeping and establishing and maintaining good credit, the program also offered a matched savings program. Upon saving up to \$2,000 within a two-year period, the bank would match that amount and the funds could be used to purchase a car or home, pay for education or save for retirement. Frazier opted to invest her savings in a retirement account. Frazier also attended a Bank One family literacy program that gave her the skills to enable her to address literacy issues with parents and stress the importance of parents reading to their children.

Frazier said there were many barriers along the way to becoming a small business owner. She became frustrated with getting turned down for a mortgage because she didn’t make enough money or didn’t have a positive credit report. Eventually Premier Mortgage assisted her with identifying problem areas on her

credit report and instructed her on how to strengthen her credit. Frazier then took advantage of the Section 8 Home Ownership Program and used her income tax refund for a down payment on a mortgage for her new home.

Frazier opened her home-based child care program in July 2002. Her program is an approved Head Start home and meets federal standards. A CHASI resource teacher and other staff visit weekly to help with lesson planning and programming. “It hasn’t always been easy. For approximately four months, I only had one child. I was living off of \$75 a week,” she said. Her program currently has the capacity for eight children ages six weeks to 5 years. In the near future, she will make evening slots available for parents working second and third shift schedules.

Frazier has many lessons to share with not only her own children, but also with the parents whose children she cares for daily. “You must make the time to sit down and think about saving for the future. People must make sacrifices and have short- and long-term financial goals. You can’t live for the moment,” Frazier said.

As she is Kamari’s best friend, Frazier has learned the lasting lesson that persistence and quality information can be a consumer’s best friend.

Brenda Baker is a senior program associate and Illinois Kids Count project co-director at Voices for Illinois Children, where she has worked for 6 years. The Children’s Home and Aid Society gives help, hope and opportunity to children with a variety of emotional, physical and behavioral needs. CHASI serves nearly 44,000 children and families in Illinois each year with adoption, foster care, education, counseling and abuse prevention services.