



Mercy Corps Northwest's IDA Pilot Project with Oregon Youth Authority: Helping Youth Build Assets for a New Future

Without Assets, Youth Exiting Incarceration Face Barriers to Financial Independence

Our communities are safer when youth leaving juvenile corrections facilities have financial stability on which to build a successful adulthood and reconnect with society. Working together, Mercy Corps Northwest and the Oregon Youth Authority are promoting the financial capabilities of youth in the justice system with Individual Development Accounts (IDAs). IDAs address the practical challenges youth face and help them build assets to support their long-term success in the community.

The Oregon Youth Authority (OYA) is the state's juvenile corrections agency. Its mission is to protect the public and reduce crime by holding youth accountable and providing them with the education, guidance, and support they need to be crime-free and productive members of the community. OYA provides a range of treatment, education and job training services to youth. In 2013, OYA benefits administrator Kevin Nygren reached out to Neighborhood Partnerships, the Oregon Individual Development Account (IDA) Initiative's administrator, to explore how IDAs could provide financial resources to youth who have been in OYA custody.

The IDA Initiative introduced Kevin and his colleagues to Mercy Corps Northwest (Mercy Corps), an IDA provider with organizational experience helping adult offenders reenter society. Through a series of discussions, OYA staff learned how IDAs work, through providing financial education, promoting savings habits, and helping individuals establish banking accounts and pursue assets such as higher education or small business ownership. While OYA originally conceived of IDAs as a resource for youth in transitional housing, they became interested in exploring how IDAs could be a tool for youth while they are held in correctional facilities.

The IDA Solution

The IDA Initiative, Mercy Corps, and OYA teamed up to launch an IDA pilot program at MacLaren Youth Correctional Facility. The young men detained there are generally aged 18 to 25 and earn between \$0.25 to \$1.00 per hour through their onsite work experiences. Youth in OYA custody are required to pursue a high school diploma or GED and many go on to pursue two- and four-year college degrees online. In addition, the young men at MacLaren can pursue vocational education opportunities in automotive mechanics, computer science, and barbering, among other options.

MacLaren Training Coordinator Jeff Canfield began recruiting young men to participate in the IDA pilot, who were authorized to set aside a portion of their work earnings and deposit them in an IDA. Mercy Corps staff met with the youth to identify their asset goal and savings targets. They brought in a banking partner, Albina Community Bank, who agreed to set up custodial savings accounts for the youth. Together, OYA and Mercy Corps staff developed procedures for keeping youth connected to the IDA program when they are transferred out of MacLaren to another facility, as well as when they are released from custody.

Project Reach

The pilot started with its first cohort of seven youth in October 2014. It has grown gradually as program procedures have become more fully developed and adapted to fit the needs and constraints of serving incarcerated youth. Youth who transferred out of MacLaren to the Camp Florence Youth Transitional Facility helped to spread the word about the program, which led to additional youth enrollments at that facility. In February 2017, Mercy Corps and OYA expanded the program to Oak Creek, a facility for young women.

As of August 2017, 21 young men and 10 young women have opened an IDA. These 31 participants have saved a total of \$11,863 of their own funds to date. When participants in this pilot project complete the program requirements and meet their individual savings goal, each \$1 in savings can be matched with \$4 by the Oregon IDA Initiative to pay for post-secondary educational expenses or to capitalize a small business. For qualifying youth, the federal Assets for Independence (AFI) program provides an additional \$4 match for every \$1 saved.

Mercy Corps and the IDA Initiative will continue to monitor the degree to which participating youth make regular deposits to their IDAs, complete all program components successfully, and continue to grow in their financial capabilities and asset ownership.

Partnership Accomplishments

“It’s changed the conversation,” notes Jeff, as he explains how the program has helped OYA staff talk with youth about building their financial muscles. Getting to the point where those conversations can happen required collaboration and trust between the two organizations. Together, the two organizations had to develop an understanding of how each other’s systems are designed, and to establish how IDAs could fit into the OYA system.

An openness to try doing things differently was critical to keeping the pilot moving forward. For example, the two organizations demonstrated this openness when it came to establishing the system for making deposits: While IDA participants who are not incarcerated can go to the bank, write a check, or set up direct deposit on their own, youth in an OYA facility make a check request that then has to be handled by OYA staff. This extra administrative task meant that OYA staff originally thought they only had the capacity to process IDA participants’ checks once or twice a year. While this went against the IDA program’s goal of monthly deposits (to promote regular savings activity), Mercy Corps agreed to try semiannual deposits for the pilot. However, after some time and experience, OYA staff agreed to process check requests from youth on a monthly basis.

With this pilot program, the Oregon IDA Initiative has achieved the following:

1. **Expanded opportunity for incarcerated youth.** Tracie Hightower, the Education and Vocation Coordinator for OYA, says, “[The youth] are gaining skill sets that they would not have otherwise gotten.” Citing the lack of a robust money management course prior to starting the IDA program, Tracie continues, “These guys are learning how to save, and how to be better stewards of their money.” The OYA staff also appreciate the “soft skills” that the program strengthens: many youth are for the first time developing a plan and sticking to it, following through on a commitment they have made, and developing trust in institutions such as banks and government. These practical skills often trip up youth when they reenter society. Noah Schultz, the first participant to successfully

complete the program, expresses this point, and points out how the benefits extend beyond the youth to their families, whom many of the youth financially support:



Noah Schultz

“It built a little more trust in feeling that you can reach out to people and that when people see that you are doing something positive and you’re moving in the right direction, then the support will be there. The financial literacy is a huge benefit when you get out. Being able to manage your finances is one of the biggest ways to prevent you from not going back to previous patterns. Another big thing is giving me a step into the business world that I would not previously have had any access to. Not only does it support us, it supports our families and ultimately our communities.”

The importance of planning skills and the adoption of beneficial financial habits related to saving for long term financial health continues to be affirmed by research such as that from the Center for Financial Services Innovation (CFSI)¹.

2. **Contributed to OYA goals to help youth lead productive lives in the community.** IDAs have been a tool to reinforce OYA goals for youth. Youth are incentivized to continue their onsite employment, which gives them work skills in addition to earnings to deposit to the IDA. To integrate IDAs with existing education, mentoring and reentry services, Mercy Corps developed relationships and coordinated with other OYA partners, such as Janus Youth Services’ Hope Partnership, Portland Community College’s Opening Doors Project, and Neighborhood Economic Development Corporation (NEDCO). Mercy Corps refers youth to their own Reentry Transition Center and other services, providing a warm hand-off to supportive systems. In addition, they have built plans with OYA’s research unit to share data so that together the two agencies can monitor the long-term success of pilot participants.
3. **Demonstrated its ability to adapt IDA service models.** Through the pilot, Mercy Corps has taken their IDA program and adapted it to work in a system with its own rules and norms. Working with OYA, they developed systems for communicating with youth, keeping abreast of youth transitions, and planning for release. Mercy Corps brought in a banking partner willing to meet with youth at OYA facilities and open custodial accounts remotely. Mercy Corps also learned that by tailoring savings goals and timelines to the youth (often starting smaller and shorter), youth were able to better work towards their goal.

OYA and Mercy Corps are expanding opportunity and promoting financial stability with this collaborative pilot project. Through IDAs, youth are leaving OYA facilities with practical skills and assets that they can use as they reestablish themselves in society. Oregonians know that our communities are safer when we come together and support the long-term success of our youth as stable and productive members of our communities.

¹ Gutman, A., Garon, T., Hogarth, J. & Schneider, R. (2015). *Understanding and Improving Consumer Financial Health in America*. Center for Financial Services Innovation. Retrieved September 29, 2017: <https://s3.amazonaws.com/cfsi-innovation-files/wp-content/uploads/2017/01/24183123/Understanding-and-Improving-Consumer-Financial-Health-in-America.pdf>.