



#### INTRODUCTION:

A national, innovative approach to financial aid is needed to increase post-secondary educational access and completion, especially for students from lower socio-economic backgrounds. A reduced borrowing initiative is critical considering the tremendous growth in national debt related to higher education borrowing.

Established in 2013, *Earn to Learn* operates the largest and most successful matched-savings scholarship program in the country. It combines student savings with scholarships, financial education, and college success coaching to help low-to moderate-income and underrepresented students obtain a college education and graduate ready to enter the workforce with little or no student loan debt. Students and their families who income-qualify, deposit \$500 into a savings account each year, which is then matched 8:1 through combined university support and other public and philanthropic funding. This bringing their total available funds to \$4,500 per academic year, to be used for tuition, books, fees and other approved educational related expenses.

The holistic approach is already showing promising results. Initial data demonstrates *Earn to Learn's* first-year retention rate approaching 90%. Over half of *Earn to Learn* students are first-generation college students, who often have difficulty financing college while also balancing the challenges of daily life. *Earn to Learn* can be the difference between dropping out and earning a degree which may alter the course of their lives. Students are supported in graduating from college at rates well above the national average, with nearly half of these graduates *avoiding any student loan debt*. Those who do borrow are expected to carry much less debt than other borrowers. *Earn to Learn* changes lives and opens the doors of higher education to those who may not otherwise have considered that they too could share the American dream of achieving advanced educational attainment.

#### OVERVIEW:

- Shared Responsibility Model and a Reduced Borrowing Initiative
- Multi-investor Strategy to Financing Higher Education
- 8:1 Matched College Savings Strategy
- Workforce Development Strategy: *Earn to Learn* is not simply about building a pipeline into higher education but is focused on developing a talent pipeline into the workforce.
- There is significant interest from the private sector including Chambers of Commerce who have investors (large, medium, and small employers) that are excited to connect to the talented and workforce prepared students of *Earn to Learn*.

#### BACKGROUND:

- Arizona is the first state in the country to implement a program like *Earn to Learn* to support students with matched college savings.
- *Earn to Learn* received \$21M in seed money to get the program off the ground beginning in 2013.
- *Earn to Learn* is currently partnered with Arizona State University, Northern Arizona University, University of Arizona, Maricopa Community College District, Pima Community College and planning to expand to the rural community colleges.
- *Earn to Learn* is based on a public private funding model with a 60/40 split which launched in the 2019/2020 academic year.
- The program has garnered attention from the Governor's office under the umbrella of workforce development and they are providing additional programmatic support.
- *Earn to Learn* may be considered a supplement to the Federal Pell Grant Program – helping students to further offset educational related expenses, effectively picking up where Pell is falling short. The purchasing power of Federal Pell Grants has fallen precipitously over the years.



#### PROGRAM SUCCESS:

- *Earn to Learn* has already seen promising results in the three Arizona public universities, including high first-year retention, persistence, and graduation rates for its students.
- The business community is increasingly aware of its stake in ensuring the success of their future employee pipeline, and states and communities want to attract and retain bright minds into their workforce.
- Approximately 2000 *Earn to Learn* students have enrolled in the program and walked on campus. Target population includes traditional students from public, private and charter high schools who income qualify and are eligible for in-state tuition and federal financial aid; and community college transfer students are also eligible to participate if they income qualify and are eligible for instate tuition and federal financial aid.

#### EARLY SUCCESS METRICS:

- The breakdown of the program's annual overall first-year retention rate is provided in the Earn to Learn Report Card and appears to be approaching 90% statewide since the program's launch in January of 2013.
- *Earn to Learn* students have invested over \$3M in their education and have earned an additional \$24M in grant aid through the program's 8:1 match.
- *Earn to Learn* has provided nearly 36,000 hours of personal finance training to approximately 5600 students in Arizona. Personal finance training is a prerequisite to apply to the program.
- *Earn to Learn's* projected 6-year graduation rate appears to be approaching 80%. The program serves families up to 200% of the Federal Poverty Level which means most of the students served are Pell eligible. As a point of comparison, the national 6-year graduation rate for the Pell eligible target population is less than 40% according to reports from the Department of Education.
- *Earn to Learn* students are borrowing significantly less than their peers. The average student loan debt of student borrowers from ASU, NAU and UA is approximately \$23,000 by the time of graduation. *Earn to Learn* students on average are graduating with little to no student loan debt – ranging from zero student loan debt to less than \$10,000.

#### NATIONAL INTEREST:

- *Earn to Learn* has garnered national attention with over 25 states expressing interest in replicating the model including university systems and community college systems from across the country. Arizona has a tremendous opportunity to lead the nation in a highly innovative approach to financing higher education.
- The Federal Reserve, the Office of the Comptroller of the Currency, FDIC and the US Treasury have been very positive about the model for multiple reasons including their focus on the unbanked and underbanked and the importance of financial literacy. Additionally, they have been looking at this innovative workforce development strategy and/or shared responsibility model through the lens of the Community Reinvestment Act and meeting CRA obligations.
- As *Earn to Learn* continues to gain momentum as an innovative financial aid model given its financial literacy training, personalized success coaching, and unparalleled savings match, this program has the capacity to provide a new playbook for financial aid. The enthusiasm generated by *Earn to Learn* is grounded in simple, fundamental economics and gets back to the principles on which our nation was founded: Teaching citizens financial fundamentals and expanding access to education to enhance their economic mobility, avoid the burden of debt, and improve societal outcomes.

SEE ATTACHED DOCUMENTS: Earn to Learn Report Card

KEY DEFINITION: Earn to Learn's First-Year Retention Rate—a key programmatic outcome is the percentage of students who walk on campus their first year and return to campus for a second year. This key metric includes both traditional students and community college transfer students actively participating in the Earn to Learn program who are attending Arizona State University, Northern Arizona University and University of Arizona. It is important to note in the outcome data that Earn to Learn allows for participants to transfer among the partner institutions of higher education and continue in the program.



### Saver Enrollment and Retention Since Inception

Enterprise		ASU	NAU	UA
2,034	Awarded Savers <sup>2</sup>	743	409	882
88%	First Year Retention <sup>4</sup>	90%	81%	89%
77%	On Track to Graduate <sup>5</sup>	540	322	697

<sup>1</sup>Enrolled Savers are students who were confirmed eligible and successfully enrolled in the program, which included the opening a Matched Savings Account; Savers who attended more than one partner university are only counted in the university they attended first

<sup>2</sup>Awarded Savers are Savers who have received an 8:1 match on their savings via a scholarship disbursed through ASU, NAU, or UA

<sup>3</sup>Yield Rate is defined as the percentage of Savers who successfully started at the university and received the ETL scholarship after enrolling

<sup>4</sup>First Year Retention is the percentage of freshmen and transfer students who enroll in courses at ASU, NAU, or UA the fall term following their first year at ASU, NAU, or UA

<sup>5</sup>On Track to Graduate are students that are still participating in Earn to Learn at ASU, NAU, or UA or have earned a Bachelor's degree from ASU, NAU, or UA of the Awarded Savers; students are counted under the university they initially enrolled with during their first semester

### Savings and Match Earned Since Inception

Enterprise		ASU	NAU	UA
\$3,061,206	Deposits made by Savers	\$1,131,622	\$544,283	\$1,385,302
\$24,489,651	Match Earned <sup>7</sup>	\$9,052,975	\$4,354,263	\$11,082,413

<sup>6</sup>Match Dollars Awarded are the total amount of scholarship dollars disbursed to Savers, which were provided as an 8:1 match on their savings; the savings and match are both applied to the students' accounts at ASU, NAU, or UA simultaneously at the 8:1 ratio

<sup>7</sup>Match Earned = Deposits made by Savers multiplied by 8 to show the potential match that Savers have earned through their deposits

### Saver Demographics

Enterprise		ASU	NAU	UA
67%	<b>First Generation College Students<sup>8</sup></b>	67%	65%	68%
52.6%	<b>STEM Majors<sup>9</sup></b>	54%	55%	50%
<b>Gender</b>				
66%	Female	64%	69%	66%
34%	Male	36%	31%	34%
<b>Ethnicity</b>				
84%	Ethnic Minorities	83%	73%	90%
6%	African American <sup>10</sup>	7%	3%	6%
4%	Asian <sup>10</sup>	4%	2%	5%
14%	Caucasian	15%	27%	8%
67%	Hispanic <sup>10</sup>	66%	53%	74%
4%	Multi-Ethnic <sup>10</sup>	3%	5%	4%
3%	Native American <sup>10</sup>	2%	9%	1%
0%	Pacific Islander <sup>10</sup>	1%	1%	0%
2%	Declined to ID	2%	0%	2%

<sup>8</sup>First Generation College Students are defined as students whose biological or adoptive parents have not obtained a Bachelor's degree, as well as students who are/were considered wards of the state

<sup>9</sup>Based on the National Science Foundation (NSF) STEM Major Listing

<sup>10</sup>Considered a minority group

Financial Capability Training				
Total Hours	Total Student Count	Partner	Total Hours	Student Count
35,846	5,633	ASU	8,447	991
		NAU	4,563	519
		UA	10,862	1,104
		Applicants	11,974	3,019

Retention and Attainment by Cohort				
Enterprise		ASU	NAU	UA
Fall 2013 Cohort				
73	Awarded Savers <sup>2</sup>	13	11	49
89%	First Year Retention <sup>4</sup>	91%	86%	89%
Fall 2014 Cohort				
160	Awarded Savers <sup>2</sup>	61	27	72
87%	First Year Retention <sup>4</sup>	87%	79%	89%
Fall 2015 Cohort				
220	Awarded Savers <sup>2</sup>	83	36	101
88%	First Year Retention <sup>4</sup>	90%	73%	89%
Fall 2016 Cohort				
367	Awarded Savers <sup>2</sup>	141	70	156
88%	First Year Retention <sup>4</sup>	89%	79%	90%
Fall 2017 Cohort				
520	Awarded Savers <sup>2</sup>	187	94	239
86%	First Year Retention <sup>4</sup>	89%	81%	86%
Fall 2018 Cohort				
469	Awarded Savers <sup>2</sup>	194	97	178
90%	First Year Retention <sup>4</sup>	90%	88%	89%
All Cohorts				
2,034	Awarded Savers <sup>2</sup>	743	409	882
88%	First Year Retention <sup>4</sup>	89%	81%	89%
77%	On Track to Graduate <sup>5</sup>	540	322	697

Data through September 30, 2019  
Updated: December 2019

