

SCIENCE & EDUCATION Impact

Benefits from USDA/Land-Grant Partnership

Saving More and Spending Less

Changing the way we manage our money.

Consumer debt exceeded \$1 trillion in 1999. As personal consumer debt in America climbs higher, rural and urban families are feeling the pressure of poor money management choices. Financial insecurity is forcing many people to live from paycheck to paycheck with little hope of saving for the future. The U. S. Department of Agriculture (USDA) and Land-Grant universities are using money management programs to help people get out of debt and change their spending habits.

Payoff

- **Women on the move.** Single women in Connecticut are three times more likely to live below the poverty level. A **Connecticut** Extension program trained 52 women on how to increase their savings and reduce debt. After a six-week Women's Financial Information Program, two investment clubs were formed, one woman started her own publishing business and another began a record-keeping business. A participant in an **Idaho** Extension program is using the knowledge she gained to teach money management to parolees.
- **Avoiding bankruptcy.** In 1998, Tennessee ranked second nationally in personal bankruptcies filed. Bankruptcy trustees attribute the high number of filings to a lack of money management skills. Using workshops and individual consultation, **Tennessee's** Extension program conducted debt management training for 2,158 individuals. Ninety-five of the participants reduced their total debt by \$134,580. Meanwhile, 285 reported a total savings of \$125,575 after improving their consumer management skills.
- **Not in my court.** Repeat bad-check-writing offenders in Indiana can opt for an educational sentence, if they are willing. When the number of check-writing cases reached 150, the Hancock County Superior Court Judge asked **Purdue** Extension to help reduce the case load and educate offenders on money matters. Purdue, Hancock County and the court system, devised a money management plan, and since then the judge has sentenced 70 offenders to attend the class. Offenders completing the class have not returned to the court system on bad-check-writing charges. The program has a 100 percent success rate, and 90 percent of the participants developed a financial plan.

**RESEARCH,
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<http://www.reeusda.gov/success/impact.htm>

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- **It's your choice.** Young people from low-income families in Maryland are learning to make money decisions at an early age. **Maryland** Extension educators designed "Money Choices for Young People," a course taught during summer camp at city recreation centers. Youth ages 8-13 spend a week learning debt management, banking skills and the influences of advertising. The program is in such high demand that extension educators have trained 22 community residents to help implement the program.
- **Teen buying power.** Teen-agers spend a lot of money, but they don't always spend it wisely. Many can't write a check, balance a checkbook or set financial goals. Several Land-Grant universities used the High School Financial Planning Program to change the spending attitudes of teens. An **Arizona** Extension program taught comparative shopping, budgeting and expense tracking to 38,255 students. With these skills, 86 percent of the students are ready to address money issues. One student said, "I compare prices when I shop. I know more about credit and insurance and I feel more confident about money." Similar programs in **Arkansas, Montana, South Carolina** and **Tennessee** have produced excellent results.
- **Show me the money.** With many Americans living on the verge of financial disaster, land-grant universities in several states have implemented Money 2000, a comprehensive debt management program that will help participants pay off their debts and become debt free by 2003. Using this program, **Cornell University** has helped residents decrease their debt by \$12 million. Participants have also improved their budgeting skills and learned to pay bills on time to reduce late fees. An **Arkansas** Extension program has helped 896 people from 64 counties save \$251,654 and reduce their debt by \$394,401. A survey of participants in an **Illinois** Extension program said 144 participants have saved \$377,825 and reduced their debt by \$231,424. The University of **Idaho** focused on reducing the debt of single and married adults who have collectively saved \$18,839. Other states finding success with the program are **New Jersey, Ohio, Illinois, Connecticut** and **Iowa**. An **Arizona** program participant said, "Money 2000 keeps me focused on being out of debt within two years."
- **Credit trouble.** Credit cards and college students are a bad combination. An **Iowa State** study found that college students have an average of three credit cards and that by graduation their total debt is \$12,353. An **Iowa State** Extension program conducted credit workshops for parents of prospective students during summer orientation. Of the 48 participants, 30 parents said they learned new credit management skills that they can now pass on to their children. As a result of the workshop, parents plan to discuss budgeting and managing money with their children.



**Cooperative State Research, Education,
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Cooperative State Research, Education, and Extension Service in cooperation with the Extension Committee on Organization and Policy, the Experiment Station Committee on Organization and Policy, the Academic Programs Committee on Organization and Policy, the International Programs Committee on Organization and Policy, and the Louisiana State University Agricultural Center.

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