

## Community Investments Vol 15, Issue 3 Providing a HEAD START with CRA

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The thing that keeps CRA interesting is that one project often uncovers another opportunity that leads to another project. Westamerica Bank discovered this when a simple plan to expand our financial literacy training for adults (*How to Budget Your Money and Save*) led to the opportunity to promote computer training for children.

Financial literacy has always been a core value of Westamerica Bank. We developed custom financial literacy training materials and used them to sponsor community seminars for many years. However, the bank was at a point where we wanted to take this training to a larger audience. We began the search for a new partner; an organization that offered a valuable service in the community, with a successful track record and strong grassroots support. We learned about Head Start and it seemed to be the perfect opportunity.



Head Start agencies have a mission to help provide learning skills to children of low-income families, to emphasize early childhood health and to provide social services to Head Start families. We felt Head Start families would really benefit from financial literacy training so it seemed like a natural fit to us.

Initially, it was difficult to convince Head Start that a bank wanted to help. At my first meeting with Edward Condon, executive director of the California Head Start Association, he was perplexed about why someone from a bank was sitting in his office offering to provide free basic budget training. This was not something he typically heard from bankers, but it wasn't long before he realized it made sense. Head Start families face immense financial hurdles. Raising a child is expensive anywhere, but raising a child in California with high costs for housing, food, vehicles and child care can be daunting.

After our meeting it was decided. Westamerica Bank would attend the next Head Start state conference, set up a booth to display our basic budgeting curriculum, teach three breakout sessions on budgeting, and offer to teach additional Basic Budgeting seminars with any Head Start agency that

expressed interest. The response overwhelmed us. Our supply of handouts disappeared the first day of the three-day conference and we had to put out a call for a new supply by express mail. Plus, all three basic budgeting sessions had overflow crowds.

We learned a lot from the conference. For instance, in the budgeting sessions, we learned that families are really struggling with budgeting. We learned that budgeting is much more than just balancing a checkbook and opening a savings account; it has a lot to do with controlling the expenses of everyday life and the pressures to spend. We learned that budgeting success is essential to the stability and welfare of families, and that managing money successfully is crucial to success in America. Now, when we teach any budgeting seminar we display a large poster that reads: *"Money doesn't come with instructions (see box 1)."*

Head Start also taught us an important lesson about early childhood education, which eventually steered Westamerica into a new CRA direction. We learned from Head Start that a child's early school success has a direct correlation on their future success in school and as an adult. If a child from a low-income family is to compete successfully in society, the child needs to be given basic educational tools. Head Start has an amazingly successful record in giving children these tools. According to studies:

- One-third more at-risk children who attended a quality early childhood program graduate from high school than those who did not attend
- Children at-risk who have been enrolled in a quality early childhood program are 25 percent less likely to be retained a grade
- In a study comparing matched groups of low-income children attending Head Start, other preschool or no preschool, the Head Start children scored higher on school readiness measures
- As adults, those who attended a quality early childhood program are three times as likely to be homeowners by age 27<sup>1</sup>

These statistics made it obvious to us that we could make a significant and long-lasting difference in our communities by doing more. We felt we could be of direct help to the children by providing them with educational materials. In discussions and brainstorming with Head Start management, we formed the commitment to help increase the children's' computer, reading and math skills through interactive software programs. We bought 25 computers and installed in each the highly-rated educational software programs "Reader Rabbit" and "Math Blaster." We asked Ed Condon to distribute the computers to various Head Start agencies throughout our service area. It worked great. The children had fun with the interactive educational games and the bank realized its investment was a tangible contribution to the success of at-risk children in our communities.

Through our experience with Head Start, Westamerica Bank discovered that helping our communities is an on-going process. It means always looking for new and more effective tools. Effectiveness in CRA means finding new ideas that lead to better approaches. The process never ends. Head Start is wonderful organization and now we ask ourselves where do we go from here?

*To learn more about the partnership between Head Start and Westamerica Bank, email [Ed Condon](#) or phone: 916/44-7760. Email [Brian Scrip](#) or phone: 707/863-6801.*

## **Box 1**

### **Lessons Learned from Head Start Families**

*After teaching basic budgeting for three years we have come to the conclusion we need to refresh our basic budgeting materials to better reflect the financial needs of our communities. Following are some of the candid comments we received from Head Start participants.*

- During a speech at the Head Start conference, I asked everyone to raise their hand if they wished a bank would move into their neighborhood. The room fell silent and no one raised their hand, so I moved on with the speech. After the speech one of the senior managers at Head Start came up to me and politely said, "What we need is not another bank in our neighborhood; we need are jobs so we have something to take to a bank."
- The question of how to manage credit card debt comes up in every class. High credit card debt is a burden that is hurting all of these families. We often hear comments like, "some months I have a choice of paying my credit card minimum or my electric bill." After doing a monthly budget, many of the families barely have enough money to live on or they have none. It is not unusual to see a family making \$28,000 per year with \$9,000 in credit card debt. It is clear that the banking industry needs to be more responsible in giving out multiple credit cards with no thought of repayment ability. We have found that giving someone too much credit can hurt as much as unfairly denying credit. Now we teach in every seminar how to avoid the "credit card trap" and will include this in the basic budget rewrite.
- We often get questions about the best way to search for a loan. With approximately one FDIC-insured branch for every 250 people in San Francisco and many other loan companies, people simply get confused trying to find the best loan program.
- Another question we hear asked in a lot of different ways is, "I have poor credit what can I do?" About 26 percent of low-income families have what would be considered poor credit. WestAmerica Bank is not a credit repair counseling agency so we have stayed away from this

issue. However, it is becoming too important a topic to skip over and we plan to address it in the rewrite.

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<sup>1</sup> Head Start facts provided by the National Head Start Association ([http://www.nhsa.org/research/research\\_re\\_bites.htm](http://www.nhsa.org/research/research_re_bites.htm))

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## Biography



For the past five years, **Brian Scrip** has been the vice president and compliance manager for Westamerica Bank and its affiliates as well as the community reinvestment officer for the Bank. As compliance manager, Brian monitors the bank's regulatory compliance program. As CRA officer, he is responsible for creating the bank's CRA plan, developing a strategy for implementing the plan and creating new ways to help the community and the bank's CRA efforts.

Brian's CRA motto: "there is always better idea and approach, we just haven't thought of it yet" precisely reflects his creative, "outside the box" attitude towards CRA. His CRA dream is to create a giant web site dedicated to all things CRA that could provide a one stop place to convene CRA people, projects, ideas and opportunities.

Prior to working for Westamerica Bank, Brian was an examiner for the Federal Reserve Bank of San Francisco and the Office of Thrift Supervision. As an examiner, he worked in all areas of regulatory compliance and examination. He also completed several special projects concerning fair

lending. Before becoming a regulator, Brian worked for 12 years at various financial and mortgage banking institutions. There he performed compliance and research duties. Brian earned a B.A. from the University of the Pacific.