Acara Challenge: Domestic Division
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CollegeCREDIT

CollegeCredit is an educational venture creating targeted courses and tools to increase students' ownership of their financial situations in and beyond college.

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EXECUTIVE SUMMARY

At a time when college loan balances are increasing and the financial choices that young students make during their college years can have a lifelong impact, financial education startup CollegeCredit seeks to fill the knowledge gap by providing financial decision-making information to college students through schools. CollegeCredit delivers engaging and informative online videos and tailored tools to colleges and universities to help their students make the best financial choices. With thousands of higher education institutions in the U.S. who serve millions of students and struggle to communicate complex information in a relevant and engaging format, CollegeCredit sees a market ripe for innovation.

Through CollegeCredit, students make better financial choices and improve their long term financial health. Colleges and universities gain the power to make college financially plausible for more students, the knowledge and proof that they are helping students tackle tough financial choices related to education, and a stronger alumni base that is more ready to give back. CollegeCredit's expert team is ready to pilot their product, take it to market, and start improving the financial health of college students around the United States.

capabilities? or skills?

shouldn't this push against accumulating debt?

THE PROBLEM

Many students lack the financial capabilities to manage their financing and spending options in college. The rise in students financing their education through debt and making other poor financial choices during school is related to the recent decrease in the perception of the value of higher education. In the U.S., there is currently over $1 trillion dollars of student debt; this is more than U.S. credit card debt, which is widely recognized as a threat to the financial stability of individuals and families.

Students often lack relevant information about the best choices they can make on these issues (**see Appendix 1**). When burdened with debt, young people lose the ability to follow their passions in life and remain chained to jobs which can simply pay the bills. This phenomenon can stifle innovation, delay the accumulation of assets, and prevents people from saving.

THE SOLUTION

CollegeCredit will deliver engaging and informative online videos on select topics relevant to college students and provide access to online calculation and estimation tools tailored to the student financial situation in order to help student estimate and plan their college costs and spending. Students currently either do not get this information at all, or do not have ready and clear access to it. College financial counselors can provide some guidance but often do not have the time to provide individualized guidance to each student, especially in an increasingly automated financial aid environment. While some college and universities compile financial literacy information for their students or provide links to government websites on these topics, these websites typically consists of laundry lists of information on a broad range of topics or large chunks of texts that are dense, boring, and require some knowledge and investigative ability.

CollegeCredit innovates by delivering well-designed, youthful, engaging online financial literacy courses and proprietary tools through partnerships with colleges and universities. Streamlined, relevant information is delivered in a clear and tailored manner (**see Appendix 2**). Our online

?? locale?

courses and tools put information directly into students' hands, encouraging them to make decisions while still in college that will improve their financial situations for today and the future. CollegeCredit focuses on narrow topics which are directly applicable to student life: loans and interest, credit, banking, and taxes. Our tools and calculators allow students to input information about their lives – their debt load, intended major, geography – in order to give them a more accurate picture of their finances. For instance our Estimator tool allows students to estimate their monthly loan payment and compare to their income based on their major or career field. These tools then link to an action plan tailored to each user.

CollegeCredit intends to sell subscriptions to its online content and tools to colleges and universities, much like Lynda.com or AlcoholEdu. The subscriptions would allow access codes for all enrolled students and potentially alumni as a continuing benefit. We believe these institutions of higher learning have an interest in increasing access to education by supporting financially healthy students. In addition, as students continue to struggle with rising tuition and college costs, the public eye is turned to what colleges and universities can do. Enrolling students in programs like CollegeCredit demonstrates institutional efforts to help students make good choices and make college affordable. Additionally, graduates with good financial standing will be better able to give back to their alma maters as well. For these reasons we believe that colleges and universities will be willing to pay for our services. Under our subscription model, we intend to give discounts to institutions as the percentage of students accessing the site increases in order to help encourage uptake among students.

Therefore, CollegeCredit needs to target two different population segments to achieve its financial and social missions: colleges and universities serve as the direct customer, while college students are the end user. This results in two different value propositions, outlined below.

Target Segment	Value Created
Customer: Colleges and Universities	• Makes college attendance more possible for students, curbing the trend of decreasing enrollment • Demonstrates interest and action on the student financial crisis, generating reputational benefits • Creates a stronger, more supportive alumni base • Produces more financial healthy students at graduation
End User: College Students	• Presents engaging material rather than dense confusing information • Directs towards an action plan to improve financial health • Decreases stress in financing college, and increases choice in employment options • Teaches lifelong financial knowledge and health

The market for online education is maturing, and there are many online course models already in use from Massive Online Open Courses to smaller online work trainings. CollegeCredit seeks to take this education distribution model and apply it to a social problem that is a forefront issue in colleges and universities.

platitude... say more these seem like economic effects, perhaps it is the economy that is affected?

THE SOCIAL GOOD

We believe that student debt and new graduate financial instability are major societal issues. Within five years of graduation, 41% of students will be delinquent on a loan payment. Emerging evidence shows that some people are delaying other major life milestones - such as marriage and homeownership - due to financial instability caused by higher education. By helping students make better decisions while still in school CollegeCredit can set them up for better financial prospects in the future. Society as a whole is also affected by graduates who are unable to take risks in their careers, to save for their futures, and have less disposable income. Finally, CollegeCredit helps to address access to higher education by improving the perception of affordability and providing ways that students from a variety of backgrounds can responsibly pursue a degree.

THE MARKET

Financial literacy is certainly not a topic which has been ignored, but CollegeCredit approaches student learning in a unique way. We view our main competitors as in-house financial counselors in universities, government-sponsored websites, comprehensive financial management websites such as Mint.com, and nonprofit financial literacy organizations like Thrivent Financial for Lutherans. Each offers valuable material, but we do not believe that they are able to reach enough students in a way which is sufficiently relevant to each user's situation for immediate effect. The most attractive alternative to students is Mint.com, and the most appealing to universities is likely financial aid counselors, though they are quite costly and we are in the process of validating this assumption.

CollegeCredit integrates the expertise of financial counselors with the ease of access of online information (**see Appendix 3**). We exceed the competition in appeal and relevance to students, as well as in ability to tailor content directly to the user. Our expertise in the field is also high, similar to financial aid counselors in universities, but with greater accessibility and lower cost. As CollegeCredit launches, we will capitalize on this comparative advantage in our strategic positioning and communications.

good

Our solution has not previously emerged because organizations which truly have social and financial incentives to ameliorate student spending have not had the capacity or know-how to design products which encourage use by the end users while simultaneously incentivizing engagement from the institutions which are their customers. Additionally, this is the time for a solution like CollegeCredit, as internet access is pervasive, students are increasingly internet savvy, and national attention has been drawn to the problem of student financial illiteracy.

THE FINANCES

As CollegeCredit is still in the early stages in developing, we have included projected costs for two pilot programs (see below for a more detailed description of these) and the projected costs of an initial product which would be created based on responses from the pilots (**see Appendix 4**).

Without either of the founders taking a salary during the first year, our projected budget for the initial launch is $55,000. CollegeCredit will be priced so that it costs less than an in-house financial aid counselor for a university (approximately $53,600 per year, Bureau of Labor Statistics), though the pricing algorithms will need to be tested. As a back of the envelop

Consider an early adopter package: cheap early on with value added by helping tune product. Price goes up for version 2.

calculation, if we can sell yearly subscriptions at $20,000 we could break even in our first year after launch with three university subscribers. From there we would refine the product and reinvest subsequent subscription revenues into the company to create an improved Version 2.0.

THE PILOT PROJECTS

Our pilot will be done in two phases. First, we will develop the curriculum we intend to use and test it on students in actual college settings. We will do pre- and post-tests to measure changes in financial understanding from taking our courses. We will also conduct focus groups with to students to ensure the topics we cover match their needs and interests. Based on these results, we will refine our curriculum.

The second part of our pilot is to launch an initial website using the refined curriculum in order to test the design aspects and user experience. Our goal is to be accessible and understandable, which means delivery of information is critical to our value proposition and should be piloted as well. Both content and design will be improved and go through many iterations throughout CollegeCredit's development. Our first pilot will allow us to put out a compelling minimum viable product that can be the basis for our future work.

THE SCALE AND IMPACT

According to The Chronicle of Higher Education, about 60% of all college attendees take out loans to finance their college education each year. The Institute for Higher Education Policy estimates that within five years of college graduation 41% of those with loans will be delinquent at some point. We believe that eventually we can expand CollegeCredit to cover all students who borrow to go to school, no matter what type of institution they attend. This bleak picture does not even incorporate other kinds of borrowing and financial choices made by students while in school, so we also aim to reach their peers who do not borrow, but still make important financial decisions while in school.

According to the U.S. Department of Education, there are about 2,700 four-year institutio institutions serving about 13 million students in the United States. Each year there would b opportunity to teach a new cohort of students about financial knowledge necessary during Reaching other types of institutions such as two-year colleges or graduate schools would e the population we impact as well. Because CollegeCredit's products and services are predominantly delivered online, we expect that scaling will be relatively straightforward. We would continue to tailor our content to address the unique concerns of students on different educational paths, but building technological infrastructure will be the largest component of scaling.

What about differences between small liberal arts and large publics?

THE ASSUMPTIONS

Assumption 1: Colleges and universities want to hire external parties to develop and deliver content.

- Embedded: They don't believe they are providing enough and need more formal routes to encouraging students to understand their finances.
- Validation method: CollegeCredit will continue to have conversations with decision-makers and influencers in higher education to better understand their thinking about inancial education provision. We will target offices of financial aid, admissions, alumni, nd governance bodies to make sure we are providing a service they view as a need.

have you talked to people at UMN?

- Associated risk: If this assumption is wrong, then we need to fundamentally rework the CollegeCredit business model.
- Mitigation technique: Talk to as many knowledgeable people as possible, as early as possible.

Assumption 2: Students will use our product.

- Embedded: They feel they don’t know enough about their finances already. They want more information, but are dissatisfied with the available services. Our product is an improvement over existing ones.
- Validation method: Anecdotal evidence and research already supports this idea, but we will work with focus groups of students and conduct pilots with our material before launching full-scale.
- Associated risk: Even if we sell our product to colleges and universities, we will not have the desired social impact because students won’t use the materials.
- Mitigation technique: Engage directly with students to better understand their needs and barriers.

Assumption 3: CollegeCredit’s products will change behavior.

have you budgeted for assessment expertise?

- Validation method: This would require longitudinal data on product users, including baseline assessment and follow-ups immediately after engagement with CollegeCredit, throughout college, and two to five years post-graduation. A control group would also be required to demonstrate impact.
- Associated risk: Even if students use our product, we will not have the desired social impact because it does not actually affect their choices and behavior.
- Mitigation technique: We will construct our content based on the findings of others who strive for behavioral change to ensure impact even before we would be able to validate it through observational studies. Theory and immediate effects will inform our iterations in the short and medium terms.

THE TEAM

CollegeCredit is founded by Ify Onyiah,a Certified Public Accountant with experience in financial literacy education, and Patricia Dorsher, a social-sector manager with experience in curriculum development. Both of us are masters students who have successfully navigated the financial aid process twice. Our combined expertise effectively positions us to deliver accurate and accessible information to students. We also participated in the Acara Create J-term course at the Institute on the Environment and strengthened our idea and commitment through that process. We are currently building an advisory board with relevant expertise to support and guide our progress.

We are committed to sustainably addressing the pressing social problem of financial literacy. While we have given substantial thought to the possibilities available for our venture and conducted research that we believe supports our business model, we continue to refine the enterprise. We are committed to the end result, not the means of reaching it.

APPENDIX 1: Literature Review for Problem Statement and Solution Evidence

Many papers and texts have the examined the reasons behind the rising costs of college, citing market changes such as the increase in demand for college degrees, as well as changes in administrative structure and state and federal government policies including grants and student loan policy (Hoxby 1997, Ehrenberg 2000). At the same time many colleges and universities have experienced fluctuating funding from governments which have contributed to rising tuition and decreasing aid (McPherson and Schapiro 2003). These changes seem to have added to the increase in student loan balances, which have increased dramatically over the last decade, from around $400 billion in 2005 to near $1trillion in 2012 (Federal Reserve Bank of New York 2014). These changes represent a shift in the financing of education from the public to students and parents. The shift in financing higher education from public funds to increasingly private ones continues to be debated in higher education policy. Advocates of education as a public good appear to view higher education in general as a mechanism for equality and efficiency while others focus on social mobility as a private good (Labaree 1997).

Many studies have looked at optimal investment in education while assuming that information on income outcomes is known to the student – a presumption of a market for education in which there is no information asymmetry. Over the last 15 years, research has begun to examine the question of exactly what students and their parents know about obtaining a college degree, financing a degree, and earnings outcomes.

The most relevant literature surround our startup appears to be on how students currently make financial choices related to college, what information they need to make financial choices, and how they gather information to make the best decisions.

On the subject of what students and families know, findings include that many families do not obtain cost information on their institutions of choice (Horn et al; U.S. Dept of Education 2003). Additionally, through regression analysis of survey data, it appears that students overestimate their potential wages after graduation (Betts 1996). Recent studies have also attempted to address if that information is being used to make the best financing decisions by creating a framework to examine whether students optimally invest in a college education through loan financing (Avery and Turner 2012, Shireman et al 2012). Over the last decade, studies have also demonstrated the importance of information on college costs, education financing, and financial aid to help students make the best decisions about higher education (Grodsky and Jones 2004; Hoxby and Turner 2013).

Lastly, scholars have looked into how and when parents and students obtain information on loans, family contributions, scholarships, grants and personal finance from peers, high school counselors, financial aid offices and demonstrated that the timing and quality of this information is important (Olsen and Rosenfeld 1984, McDonough and Calderone 2006, Horn et al; U.S. Dept of Education 2003, Tierney and Venegas 2009, Perna 2006).

Additionally, attention has been brought to financial aid as an area of needed reform by organizations such as the Gates Foundation, which recently solicited grant proposals for ideas in reforming financial aid (Gates Foundation).

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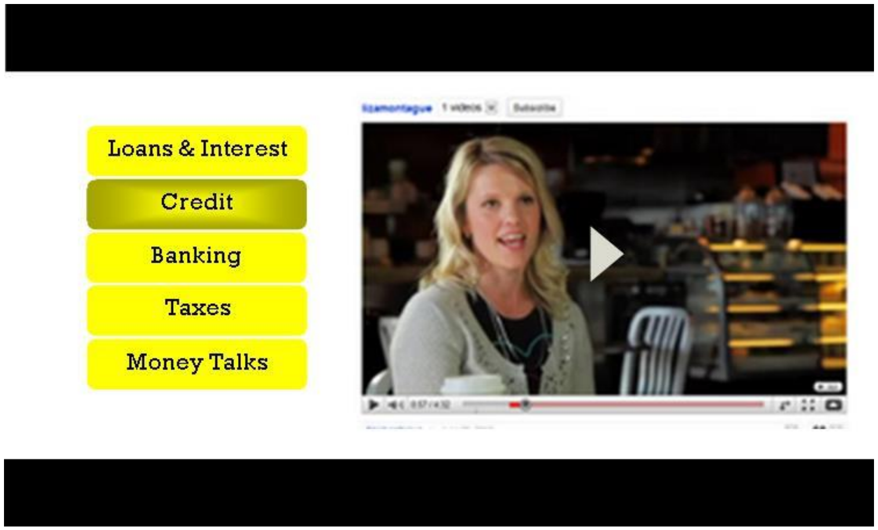
APPENDIX 2: Product Comparison

CollegeCREDIT



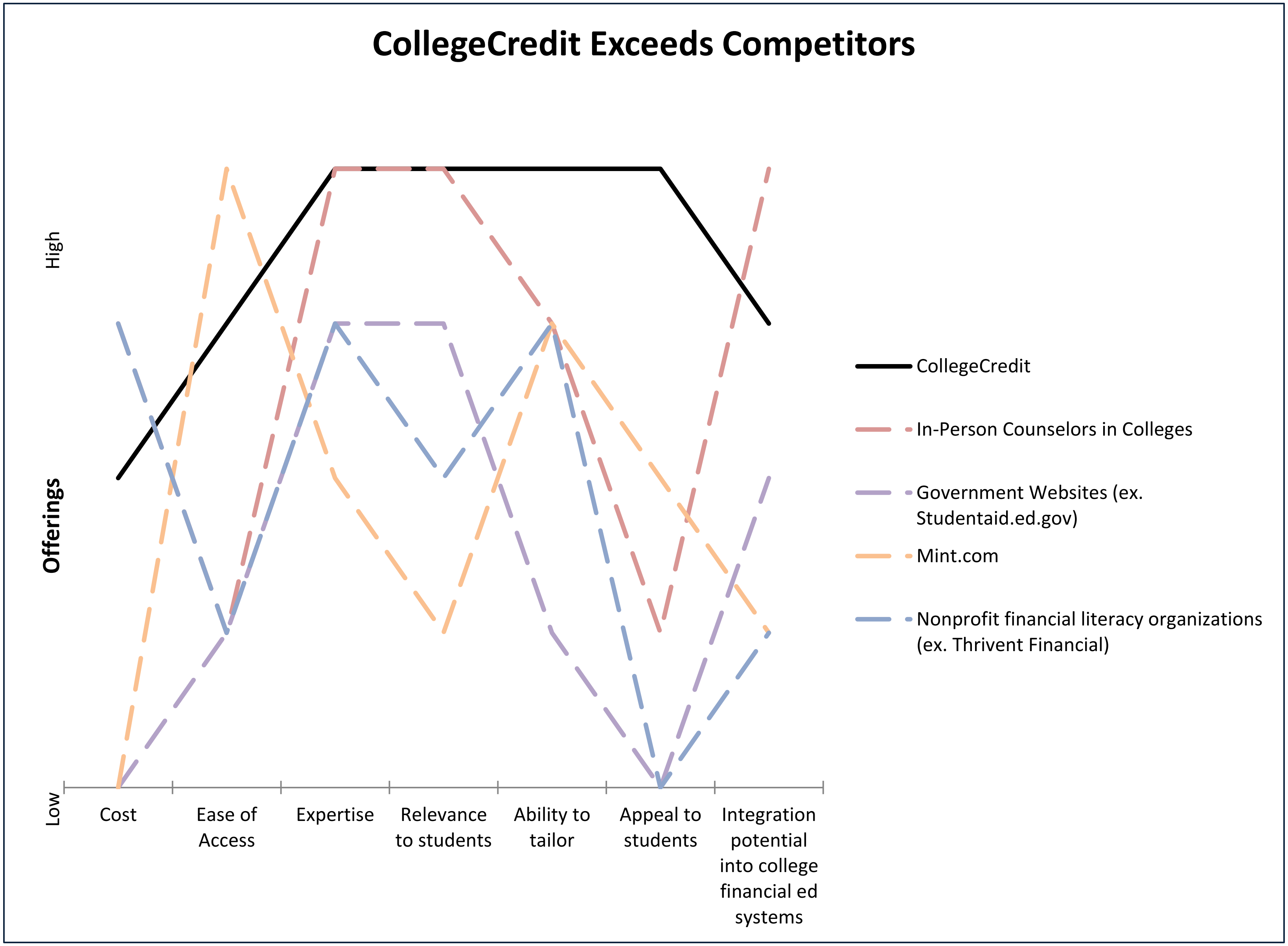
CollegeCREDIT Estimator Tool	
IN SCHOOL	$
How much did you borrow this year?	
How long have you been in school?	
When will you graduate? x	
What's your major or what career are you looking into to?	acupunture aeroscience engineer astronaut aviation ballistic weapons expert
Estimated total borrowing	
AFTER SCHOOL	
Here's what we think your monthly payments will be!	
Here's how much income you'll need to payoff your loans comfortably*	
Here's how much people get paid in that major/career out of college	
Here's the percent of people make enough to pay of loans comfortably	
Look rough? Click here for information on how CollegeCREDIT can help	
*Using 10% of income guidelines	

Engaging and tailored content

U.S. Department of Education Information

Text blocks with generalized information

APPENDIX 3: Market Analysis



Appendix 4: Financial Projections

Projected Costs for Pilots

Content Pilot	
Content printing	$50
Recruitment printing	$50
Incentives/Thank you's	$50
Travel	$50
Total	**$200**

Website Pilot	
Video production software	$400
WordPress Business Bundle	$300
Initial graphics/branding	$300
Recruitment	$300
Incentives/Thank you's	$500
Surveys & focus groups	$400
Travel	$500
Total	**$2,700**

Projected Costs for Version 1.0

Product Cost	
Graphics package	$500
Website development	$6,000
Website hosting (annual)	$500
Website maintenance (annual)	$3,000
Content development	$500
Video development	$15,000
Support Expenses	
Sales (annual)	$10,000
Marketing (annual)	$10,000
Customer support (annual)	$10,000
Total	**$55,500**

Note: For Version 1.0, founders intend to do most support work themselves and will refrain from taking salary.