

Where the Boys (and Girls) Are: Putting Credit Unions in Schools

by Bonnie Miller

To accommodate adult members, credit unions often have service personnel or small branches in the workplace. Why aren't there more conveniently located credit union service facilities for young members?

Some credit unions understand this need and have established branches in schools. Besides serving young members, these in-school branches educate students about how credit unions work, train them to manage their personal finances, and build relationships with them for the future.

Elementary school and beyond

Elementary school credit unions usually encourage students to open savings accounts. Credit union personnel supervise all transactions and often rely on teachers to assist with activities. Emphasis is on practical learning, such as through math exercises based upon credit union transactions.

The Berrien Teachers Credit Union in St. Joseph, Mich., established an in-school credit union in 1993 and now has 10 in elementary schools. Each of these is called Students 1st Credit Union plus the name of the school.

Lynn Warner, the Students' 1st Credit Union coordinator, explains, "We don't solicit. Schools approach us. We meet with school personnel and set up a time line." She also emphasizes that by being in the schools, "We remain in the 'eye' of our regular members. As a convenience, we make deposits for them and feel this is a good role



The staff of Students' First CU (left to right: Tori Zimmerman, Ian Greenlee, and Amanda Oberheu) prepare to open for the day at E.P. Clarke Elementary Branch, in St. Joseph, Mich., under the supervision of Charlene Cundiff of Berrien Teachers CU.

model for students to see grownups making deposits at the school." Students help with savings and withdrawals, monthly statements, savings incentives, and web page activities.

In-school credit unions can increase membership, build lifelong member relationships, develop future employees, and win recognition.

At the high school and college level, the majority of in-school credit unions operate as a branch of the parent credit union, offering full products and services. Students receive teller training and can progress to be loan officers or managers. Usually, students are volunteers, but some are paid to work, especially at the main office during the summer.

Many in-school branches are online with the main credit union computer and conduct live transactions. Others are not online, but credit union personnel take all transactions to the main office for processing each day.

Liz Bohren, mortgage loan processor at TLC Federal Credit Union in Tillamook, Ore., says that setting up their in-school credit unions at Tillamook High

School, in 1995, and Noah-kah-nie High, School in 1999, took the same effort “as setting up a miniature branch with computers, cash drawers, etc.”

All successful in-school credit unions are the products of careful planning and long-term commitment.

Generally, schools require students to complete specific economics or business management courses before working in the branch. Some even give students course credit for work on the job. For example, a career coordinator at Layton High School in Layton, Utah, sends students to Davis Schools Credit Union for interviews to work in the Lancer Branch, Layton High’s in-school credit union, which opened in January 1999. Selected students receive high school credit for one semester of training at the main office, preparing to work in the Lancer Branch the second semester. Ruth Sweat, in the Human Resources/Training division at Davis Schools Credit Union, says, “Layton High came to us; however, we already had thoughts about establishing an in-school credit union.”

Some college and university student-run credit unions stand alone with no sponsoring credit union. They have their own charter and provide a convenient service on campus for faculty and students. In fact, Adam J. Mears, senior manager at Virginia Credit Union at Mary Washington College, Richmond, Va., says, “We offer more than 70 services to faculty, staff, and students, and over 65 percent of them hold accounts at the credit union.” Student employees manage the

credit unions. Some are volunteers and some are paid.

All successful in-school credit unions are the products of careful planning and long-term commitment. (See “Steps to In-School Success.”)

Anticipating legal issues

Check with your state league and your credit union attorney for state laws affecting your in-school branch. Make sure your regulator will allow you to operate an in-school branch under your original charter. Depending on their location and various state, county, or city laws, credit unions wanting to establish in-school branches face requirements, such as the following:

- State and city licenses
- School board approval
- Student employee work permits
- State banking commission approval
- Amendments to bylaws to include in-school branches
- Presence of a credit union employee on-site during hours of operation
- Worker’s Compensation Insurance for student employees

- Modification of insurance coverage and risk management plans to provide liability protection and on-site security.

The *FCU Bylaws and FCU Standard Bylaws Amendments and Guidelines* don’t provide a minimum age for a minor to open a share account or requirements for specific types of accounts for minors. The FCU Bylaws provide a minimum age of 16 to hold elective or appointed office or to vote at member meetings. Further, loan agreements without adult co-signers are not recommended because contractual obligations are unenforceable against minors.

How everyone benefits

Some in-school credit unions have been in operation for up to 20 years. They’re successful because of a good working partnership with the local school system; the loyalty and commitment of the sponsoring credit union (if there is one); the enthusiasm and motivation of students, parents, faculty, and staff; the support of the community; and, best of all, recognition of the rewards of helping students learn and prepare



Teller Andrew MacGregor (left), manager Denise Cherba, and teller Allison Glaske wait on Students’ First CU members Janet Caswell, Alysssa Dunning, and Jamie Lietz at Roosevelt Elementary Branch, in Stevensville, Mich., with the help of Berrien Teachers CU (St. Joseph).

Steps to In-School Success

Appoint a committee of enthusiastic employees.

Research in-school branches with your league, other credit unions, and the Internet.

Educate local school leaders about credit unions.

Prepare your preliminary proposal, including program mission, accounts of other credit unions' successes, planned products and services, staff support, student participation, and estimated costs.

Get senior management approval of your preliminary proposal.

Consult with your credit union's attorney about local, state, and federal laws.

Solicit ideas from staff.

Prepare your final proposal, incorporating suggestions and revisions.

Get board approval of the final proposal.

Establish criteria for selecting a school, such as location, space, grade levels, and faculty support.

Get the approval of local school leaders and faculty by thoroughly explaining your program's benefits.

Select a school.

Select one or more employees to work with students.

Prepare a partnership agreement with school personnel. List what the credit union will provide, such as teller and ATM equipment, student training and supervision, participation in the selection of student staff, membership cards and promotional materials, and transportation of funds. List what the school will provide, such as publicity, space, participation in the selection of student staff, and coverage in economics or business courses.

Supervise branch construction.

Install equipment and train students.

Invite students, parents, school officials, faculty, and local media to your grand opening.

Promote the in-school branch to build participation enough to sustain the program and ensure that its potential rewards become a reality for all concerned.

and services, insight into personal financial responsibility, and the rewards of saving for short- and long-term goals. They gain practical knowledge of computer applications, on-the-job training for a career, and possible opportunities for part-time and summer work with the sponsoring credit union.

College students not only have the convenience of saving and borrowing money on campus as they learn to manage their personal finances. Some also have the chance to manage student-run credit unions or accept internships that prepare them for jobs in a financial institution.

The benefits to credit unions of sponsoring in-school branches are numerous, including the opportunity to increase membership, build lifelong relationships with student members and their parents, develop well-trained, experienced future employees, and win recognition from the community.

Communities benefit, too, from improvements in the school curriculum, increased awareness of school and business partnerships, and the maturing of youth into financially literate adults.

We know where the boys and the girls are who need our assistance to become financially literate credit union members. We can prepare them through in-school branches. In helping them, we are helping our credit unions, our communities, and our future. ❄

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for the future.

Credit unions with in-school branches report widespread benefits. Elementary students develop skill with decimals, percents, and other math functions by balancing cash drawers and using calculators. They increase their financial vocabulary and learn money de-

terminations and values. They also learn the rewards of saving money, the importance of accuracy, the credit union philosophy, and the difference between credit unions and banks.

In addition, middle and high school students acquire basic understanding of financial products