Building financial capability in youth employment programs

Insights from a roundtable with practitioners

Consumer Financial Protection Bureau

ADMINISTRATION FOR CHILDREN & FAMILIES

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About this report

This report is based on information from a roundtable convened by the Consumer Financial Protection Bureau. It was prepared by the Corporation for Enterprise Development (CFED) under the Assets for Independence Program's ASSET Initiative Partnership for the Administration for Children and Families at the U.S. Department of Health and Human Services.

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1. Executive summary

Financial capability is "the capacity, based on knowledge, skills, and access, to manage financial resources effectively."[1] Many Americans, including a large number of young people, currently experience low levels of financial capability, high levels of economic vulnerability, and barriers to building economic stability. Developing strong financial skills is important to young people, especially to disadvantaged youth who may have limited resources and access to financial education and services.

One promising opportunity for teaching young people about financial capability occurs when they are participating in programs that provide youth training and employment. Nearly 20 million youth were employed in July 2013 alone,[2] so youth employment programs offered in local communities represent a potentially powerful delivery mechanism for financial capability services. In recognition of this, the Consumer Financial Protection Bureau, along with its federal agency partners on the Financial Literacy and Education Commission, convened a roundtable of national and local leaders on November 6, 2013 to discuss current efforts to help youth build financial capability through employment programs. This document provides an overview of lessons drawn from that meeting for increasing the financial capability of young people through youth employment programs.

The meeting brought together leaders from promising programs that included three important components: integrating financial education into youth employment programs, establishing partnerships with employers, and identifying effective strategies to collaborate with financial institutions. The key takeaways from the roundtable are:

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[1] Department of the Treasury, *Amended Charter: President's Advisory Council on Financial Capability*. http://www.treasury.gov/resource-center/financial-education/Documents/PACFC%202010%20Amended%20Charter.pdf.

[2] The U.S. Bureau of Labor Statistics, *Employment and Unemployment Among Youth – Summer 2013*, August 2013, http://www.bls.gov/news.release/youth.nr0.htm.

- **Lesson 1: Partnerships with the private sector, nonprofit organizations, government agencies, financial institutions, and youth are necessary for successful program implementation.** The key to creating successful partnerships is to identify overlapping priorities or goals of each participating organization, and to align the role of each partner with the resources (time, money, etc.) that they can dedicate to the effort. The extent to which partners directly provide financial capability services in a youth employment program will vary depending on how they are participating and their motivation for doing so.

- **Lesson 2: Financial education should be tailored to the needs of youth, employers, and financial education providers.** Financial education is more efficient when seamlessly integrated into a program's structure to account for the time and resource constraints of youth, employers, and financial education providers. In addition to structure and delivery, financial information should be tailored to address a young person's specific needs and priorities. Youth are a diverse population, and financial information delivered in a youth employment program should be "just in time," or relevant at the time someone is facing a particular life choice or for a decision they will face in the near future. Financial education should also be actionable and provide opportunities to apply knowledge in real time so that it is appropriate to a young person's current life priorities.

- **Lesson 3: Financial products offered to youth should be carefully selected by weighing the costs and risks of various options**. All of the communities highlighted here seek to capitalize on the "teachable moment" of employment to provide safe and affordable financial products for youth to use, with the goals of helping youth avoid high fees, encouraging savings, and connecting young people to mainstream financial services. However, financial institutions' understanding of, and compliance with, identification, residency and "know your customer" regulatory requirements may pose barriers to entry into the financial system for youth. Ongoing dialogue with the financial services industry and regulators will help determine what risk and cost factors are most important in creating and offering products for young consumers.

- **Lesson 4: Organizations should develop explicit strategies for engaging youth in the short and long term. Efforts to engage youth are important both during and after the employment program**. During employment programs, organizations have used social media, peer training facilitators, and incentives to encourage more youth to adopt positive financial habits. Organizations have a captive audience while the young people are employed. However, organizations struggle to make the financial components persistent, or “sticky,” after youth exit the program. Long-term engagement strategies include involving family members and friends, and providing access to financial education and products outside the employment program.

While this was not an exhaustive review of current efforts to build financial capability through youth employment programs, conversations with roundtable participants revealed valuable lessons and resources that leaders in communities of all sizes can learn from and replicate. Stakeholders such as federal program managers, municipal leaders, financial institutions, national intermediaries, philanthropic partners, private sector employers, and community-based organizations will be key to building upon the work already done and moving it forward.

2. Introduction

Financial capability is "the capacity, based on knowledge, skills, and access, to manage financial resources effectively."[3] Many Americans, including a large number of young people, currently experience low levels of financial capability, suffer from high levels of economic vulnerability, and encounter barriers to building economic stability. Developing financial skills is important for all young people, especially for disadvantaged youth who may have limited resources and access to financial education and services.

One promising opportunity to provide information about financial capability arises when young people are participating in youth employment programs. Nearly 20 million youth were employed in July 2013 alone.[4] Youth employment programs offered in local communities represent a potentially powerful delivery system for financial capability services. In recognition of this, the Consumer Financial Protection Bureau (CFPB) with its federal agency partners on the Financial Literacy and Education Commission (FLEC), as part of its "Starting Early for Financial Success" initiative, convened a roundtable of national and local leaders on November 6, 2013. This document provides an overview of lessons drawn from that meeting for increasing the financial capability of young people through youth employment programs.

The purpose of the roundtable was to bring together examples of promising programs that were integrating financial capability services, such as access to bank or credit union accounts and financial education, as part of their existing youth employment efforts. FLEC and the CFPB wanted to gather information from the field to determine what was working, identify barriers to expanding existing efforts to other programs, and develop new ideas that may be used to

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[3] Department of the Treasury, "Amended Charter: President's Advisory Council on Financial Capability." http://www.treasury.gov/resource-center/financial-education/Documents/PACFC%202010%20Amended%20Charter.pdf

[4] The U.S. Bureau of Labor Statistics, "Employment and Unemployment Among Youth – Summer 2013," August 2013, http://www.bls.gov/news.release/youth.nr0.htm.

enhance existing programs. Emphasis was placed on programs that enroll large numbers of low-income youth and those programs with several years of experience. It was also deemed important to identify programs that included three key components: integration of financial education into youth employment programming; programs with promising partnerships with employers; and strategies to collaborate with financial institutions. The goal of the roundtable was to identify specific strategies and innovative programs that other communities could learn from and emulate, regardless of size.

The purpose of this report is to share the discussion from that roundtable and subsequent follow-up conversations, including lessons learned and several considerations for implementation. It offers direction for future work and investment in this arena.

2.1 The importance of building youth financial capability

Developing financial skills is important to all young people. It is especially important to disadvantaged youth who may have limited resources and access to financial education and services. High school students are not very literate when it comes to financial matters. In a 2008 financial literacy survey, the average score among high school students was just 48.3 percent, the lowest level ever.[5] Approximately 17.4 percent of households with members under age 24 do not have a bank account, which is an important tool for managing income and building assets.[6] And in 2013, 17 percent of American youth – some 6.7 million young people ages 16 to 24 – were out of school, out of work, or otherwise disconnected from the systems and opportunities that lead to a financially secure adulthood.[7]

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[5] Lewis Mandell, The Financial Literacy of Young American Adults: Results of the 2008 National Jump$tart Coalition Survey of High School Seniors and College Students, Jump$tart, http://www.jumpstart.org/assets/files/2008SurveyBook.pdf.

[6] FDIC, *2011 FDIC National Survey of Unbanked and Underbanked Households*, December 2012, http://www.fdic.gov/householdsurvey/.

[7] John Bridgeland and Tess Mason-Elder, *National Roadmap for Opportunity Youth, Civic Enterprises*, September 2012, http://www.civicenterprises.net/MediaLibrary/Docs/Opportunity%20Youth%20National%20Roadmap%20Final%202012.pdf.

Momentum has grown in recent years to improve youth financial literacy. Research has shown that in states where financial education is a high school graduation requirement, youth are more likely to create and adhere to a budget and less likely to engage in risky credit behaviors.[8] Yet while financial literacy is important, financial literacy initiatives should also include opportunities for youth to build the skills they need to manage their finances; programs should provide a stronger focus on expanding access to financial services that youth can use to successfully apply their financial knowledge. Financial capability initiatives take financial education to the next level, and encourage young people to transform knowledge into behavior by coupling learning with access to financial products and services.[9]

2.2 Financial capability in youth employment programs

While youth employment has declined overall in recent years due to the economic recession and its aftermath, nearly 20 million youth (ages 16 to 24) were employed in July 2013.[10] In addition, the number of young workers increases dramatically each summer, when school is out. Between April and July 2013, the number of employed youth increased by 2 million.[11]

This relatively large cohort of working youth presents an opportunity to deliver financial capability services. Research suggests that financial education is most effective when provided at a point in time when people feel that the information is relevant to their lives and can apply their new knowledge promptly.[12] These findings suggest that targeting young workers to receive financial education and services when receiving their first paychecks is a logical way to boost financial capability. These young workers may be especially receptive to information about

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[8] Michael Gutter, Financial Capability of College Students from States with Varying Financial Education Policies, (Denver, CO: National Endowment for Financial Education, 2009).

[9] Elizabeth Johnson and Margaret S. Sherraden, From Financial Literacy to Financial Capability Among Youth, Journal of Sociology & Social Welfare XXXIV, no. 3 (2007).

[10] The U.S. Bureau of Labor Statistics, *Employment and Unemployment Among Youth – Summer 2013*, August 2013, http://www.bls.gov/news.release/youth.nr0.htm.

[11] Ibid.

[12] Daniel Fernandes and John G.Lynch and Richard G. Netemeyer, *Financial Literacy, Financial Education and Downstream Financial Behaviors*, Forthcoming in *Management Science*, January 6, 2014, http://ssrn.com/abstract=2333898.

financial management and more likely to take up opportunities to apply this knowledge – and build behaviors that may last a lifetime.

Below are some examples of ways youth employment programs can help their participants build financial capability:

- Young workers can identify savings goals and work with mentors or coaches to employ budgeting skills to work toward these goals. Savings goals can include emergency funds to weather a crisis; funds to invest in job tools, training, or higher education; or funds to use for more immediate things like the latest video game or mobile phone. Programs can also provide incentives to develop these savings habits.

- Young workers can learn about building or repairing credit and work with mentors or coaches to take actions that create a credit history (or repair it). Teaching young people how to manage credit and debt effectively can also prevent them from incurring large amounts of bad debt or misusing credit.

- Programs can provide youth with information about and access to a range of financial products and services available to them so that they can make informed decisions about which best meet their needs. This can range from directing them to free or low-cost direct deposit accounts to providing connections to free tax preparation assistance so they can avoid high-cost tax preparers.

In Section 3, we outline the main characteristics of the youth employment programs that participants presented at the roundtable. The appendix provides further information on federal interest in building financial capability for youth.

2.3 Implementation in communities large and small

2.3.1 Lessons from Bank On

The framework for the roundtable and the ongoing work to increase youth financial capability through employment programs is drawing important lessons from the Bank On movement. Bank On programs work with banks and credit unions in local communities to reduce barriers to banking and increase access to the financial mainstream. Bank On programs are typically led by local government or state public officials and are voluntary, public-private partnerships between local or state government, financial institutions, and community-based organizations that provide low-income, unbanked, and underbanked people with free or low-cost starter or "second chance" bank accounts and access to financial education.

Bank On provides a unique example of how innovative strategies can be tailored to meet the specific needs of, and be replicated in, communities of all sizes. Since the first Bank On program was launched in San Francisco in 2006, this model of financial access has been refined and replicated in large and small communities across the country. Regardless of the community size, the fundamental strategy to improve access to banking and transactional account services to traditionally unbanked and underbanked consumers has remained the same. Bank On provides a template for replicating employment-based youth financial capability programs in both rural and urban communities. In fact, by collaborating with existing Bank On partners, youth employment programs in communities as varied as Evansville, IN and Washington, DC have developed strategies to improve financial services for young workers.[13]

2.3.2 DollarWise: Mayors for Financial Literacy

The United States Conference of Mayors (USCM) launched the DollarWise initiative in 2004 to incorporate financial education into summer youth employment programs in cities across the nation. The initiative is aligned with FLEC's national financial education strategies and invites mayors and city staff to launch financial literacy initiatives in partnership with financial institutions, faith-based groups, nonprofits, and local businesses. USCM provides innovation grants, technical assistance, and access to five online financial literacy modules to participating cities. USCM encourages youth to complete the modules through a video contest and raffle, and they hope to incorporate a financial education component into every summer youth jobs program in the nation by 2015.[14]

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[13] For more information about Bank On, see http://joinbankon.org.

[14] For more information about DollarWise, see: http://www.bedollarwise.org.

3. A selection of community efforts

In recent years, a growing number of municipalities, community-based organizations, and national organizations have begun to explore strategies for helping youth build financial capability as they participate in local youth employment programs. They pursued this work as they recognized that, in addition to job training, youth need financial knowledge, skills and access to succeed as adults. Specific strategies include financial education classes and online training, incentive programs to encourage youth to save, and access to safe and affordable financial products.

This section highlights the efforts of four communities where employment programs are helping youth gain not just job skills and experience, but also financial knowledge and skills. While each location approaches this work differently, all four are partnering with the private sector, financial institutions, and nonprofit organizations to provide financial education and safe financial products. In some cases, the local partners also receive support from federal agencies and national programs such as America Saves[15] and the U.S. Conference of Mayors.[16]

It is important to note that these four examples by no means represent the totality of efforts to build financial capability in the youth employment space. This brief highlights the work of these four communities because they represent a range of strategies for integration and offer a variety of financial products to young workers; they also bring a number of years of experience in

[15] America Saves is a campaign managed by the nonprofit Consumer Federation of America that seeks to motivate, encourage, and support low- to moderate-income households to save money, reduce debt, and build wealth. For more information, see: http://www.americasaves.org/.

[16] The U.S. Conference of Mayors is the official non-partisan organization of cities with populations of 30,000 or more. There are 1,399 such cities in the country today. Each city is represented in the Conference by its chief elected official, the mayor. For more information, see: http://www.usmayors.org/.

embedding financial capability into youth employment services. While the four communities spotlighted here – Chicago, Philadelphia, Washington, D.C., and San Francisco – are all larger urban settings, similar promising work is also underway in many smaller and rural communities.

3.1 Chicago, IL

- **Lead agency:** The Economic Awareness Council (EAC), a nonprofit organization in Chicago that prepares students and families for economic and financial decisions.[17] The EAC has partnered with local schools and youth services sites to provide financial education for more than a decade.

- **Project description:** In 2010, EAC and Young America Saves (a campaign to help young people make savings a habit by pledging to save as little as $5 a month and by receiving special Saver Benefits as a reward for consistent saving) partnered to launch Young Illinois Saves.[18] Through the Young Illinois Saves initiative, EAC is working with ten youth employment sites to provide financial education, enroll youth in direct deposit, and encourage young workers to make a goal-based savings pledge.

- **Key partners:** The City Treasurer of Chicago and the Chicago Department of Youth and Family Services have been supportive of this effort, along with local employers and the 50 agencies in the Young Illinois Saves coalition.

- **Financial institution partners:** The initiative partners with several financial institutions to enroll youth in direct deposit and to connect them with safe and affordable financial products. Participating financial instutions include ABC Bank,

[17] For more information about the Economic Awareness Council, see: http://www.illinoisassetbuilding.org/content/economic-awareness-council.

[18] Young Illinois Saves is a statewide initiative supported by Young America Saves and local partners working to help young people develop savings habits. Young America Saves is seeking to expand the number of municipalities who participate in its saving pledge, and is currently partnering with youth employment programs in Cleveland and Indianapolis to encourage program participants to make a goal-based savings commitment and sign up for direct deposit. For more information about Young America Saves, see: http://americasaves.org/for-savers/young-america-saves.

Citibank, Community Plus Federal Credit Union, Guaranty Bank, MB Financial, TCF Bank, and Marquette Bank.

- **Key outcomes:** In 2013, 308 youth (74 percent of program participants) opened new bank accounts or signed up for direct deposit. Two hundred and fifty-five youth (62 percent) took a savings pledge and pledged to save an average of $54 per month. Of those who took the pledge, 78 percent pledged to save for education, 8 percent for a vehicle, and 5 percent to put aside money for emergencies.[19] In previous years, youth employees reported that they saved between $94 and $442 over the summer.

3.2 Philadelphia, PA

- **Lead agency:** The Philadelphia Youth Network (PYN) is a nonprofit intermediary organization that prepares young people for both educational and economic success. PYN serves as the managing partner of WorkReady Philadelphia, a nationally-recognized youth workforce development system.

- **Project description:** PYN provides payroll cards with linked savings accounts and financial education to youth in the WorkReady program in Philadelphia. PYN manages WorkReady, which is the City of Philadelphia's youth workforce development system. This city-wide initiative is a cross-sector partnership that combines public and private funding to improve the economic outcomes of youth through six- to eight-week paid work experiences. PYN sub-contracts with more than 50 programs that provide work experiences and job training programs to youth workers. PYN coordinates the payroll for these youth through a payroll card that provides a young person a noncustodial bank account. WorkReady experiences include the opportunity to participate in financial education.

- **Key partners:** City of Philadelphia, Council for College and Career Success, Greater Philadelphia Chamber of Commerce, investors, more than 1,000 youth worksites, 50

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[19] These represent the top three savings goals. Nine percent of youth saved for something other than education, a vehicle, or emergencies.

nonprofit organizations that run financial education programs, and the Pennsylvania Institute of Certified Public Accountants.

- **Financial institution partners:** FSV Payments Systems is PYN's Paycard provider. FSV creates the accounts and provides customer support for the paycards and accounts that are created for PYN youth. PYN partners with Citizens Bank to provide PYN youth with surcharge-free access to the Citizens Bank ATM network. Also, PNC Bank partners with Wawa stores to provide access to financial services at PNC ATMs with no fees for PYN cardholders.
- **Key outcomes:** In 2013, WorkReady programs served 7,667 youth in the summer, with a total of 9,813 served throughout the year. From July to September 2013, 4,807 youth received a payroll debit card from PYN. Of these youth, 506 opted to have a portion of their earnings automatically deposited into a savings account. The associated banking website which contains budgeting and financial literacy information, recorded 11,212 hits during this time period.

3.3 Washington, D.C.

- **Lead agency:** The D.C. Department of Employment Services (DC DOES) and Bank on DC[20], which is run by the D.C. Department of Insurance, Securities, and Banking.
- **Project description:** DC DOES and Bank on DC partner to offer financial education and access to a checking and savings account to participants in the Summer Youth Employment Program (SYEP). The Washington, D.C. SYEP is a six-week employment program run by DC DOES. In 2013, nearly 500 employers provided jobs for almost 15,000 youth ages 14 to 21 enrolled in SYEP.
- **Key partners:** Bank on DC leverages its network of partners to provide financial education and access to bank accounts to youth employees. Partners include financial education providers such as Junior Achievement, Operation Hope, and Capital Area

[20] Bank on DC is a collaborative effort between district government, financial institutions, and nonprofits to provide access to financial services and products to unbanked and underbanked households in the DC Metro Area. For more information, see: http://www.bankondc.org/.

Asset Builders; technology partners such as EverFi and HelloWallet; and the Financial Literacy Education Advisors, summer youth employers, local bank partners, and the Executive Office of the Mayor.

- **Financial institution partners:** SYEP offers direct deposit and partners with Citibank, HEW Federal Credit Union, and the District Government Employees Federal Credit Union to get young workers banked.
- **Key outcomes:** In 2013, nearly 49 percent of eligible youth (more than 5,200) opened accounts through the program. SYEP also provides instructor-led and web-based financial education; more than 3,600 youth participated in these workshops in 2013. Participants completed pre- and post-tests and increased their scores by 19 percent.

3.4 San Francisco, CA

- **Lead agency:** MyPath, formerly known as Mission SF Community Financial Center, is a nonprofit organization that works to position low-income youth and young adults to take control of their financial lives and achieve economic mobility.
- **Project description:** The MyPath: Savings program provides peer-to-peer financial education, a savings account tied to an ATM card, enrollment in direct deposit, and incentives to set and meet personal financial goals to youth. Participants are drawn from the workforce development programs throughout the city, including the Mayor's Youth Employment and Education Program (MYEEP).
- **Key partners:** MyPath partners with the City of San Francisco's Department of Children, Youth and Their Families and its Office of Financial Empowerment, as well as numerous local youth employment providers. MyPath receives evaluation support from the Federal Reserve Bank of San Francisco, Washington University in St. Louis Center for Social Development, and Eastern Washington University. MyPath also receives extensive funding support from local and national foundations and banks.
- **Financial institution partner:** Self-Help Federal Credit Union
- **Key outcomes:** The evaluators found that the 197 program participants saved an average of $1,210 in their accounts. Specifically, 39 percent of participants reported that

they saved most of their income each month, 39 percent reported that they saved half of their income, and 21 percent reported that they saved little of their income.[21]

[21] For more information about the MyPath: Savings Program, see: http://www.frbsf.org/community-development/files/wp2013-03.pdf.

4. Lessons shared by roundtable participants

This section highlights both the lessons shared at the November 6, 2013 roundtable, and reflections that participants had on implementing similar initiatives in other communities.[22] The characteristics of these successful programs include strong partnerships among nonprofit, government and private sectors; identifiable strategies that build financial knowledge, skills, access, and savings; and thoughtful approaches to engaging youth in both the short and long term. The following four sections describe each of these characteristics, provide specific examples from current practice, and present considerations for organizations seeking to implement similar programs.

4.1 Partnerships

Each of the lead agencies formed strong partnerships with local, regional, and national organizations. Partners played a variety of roles in each community, from organizing youth employment programs and directly hiring young workers to developing financial education curricula and financial products. Above all, leaders in the four communities found that the key to creating successful partnerships is to identify overlapping priorities and/or goals for the lead and partner agencies, and to align the role of each partner with the resources (time, money, etc.) that they can dedicate to the effort.

[22] The information in this section is based on an initial review of the field and is not intended as an exhaustive field assessment or implementation guide.

4.1.1 Examples from current practice

Local government agencies	
City of Chicago	The Department of Children and Youth Services and City Treasurer support EAC's efforts in Chicago to build financial capability in the city's youth employment programs.
City of San Francisco	The San Francisco Department of Children, Youth and Their Families was an early funder of the MyPath: Savings program and, along with the Office of Financial Empowerment, has encouraged youth workforce programs to participate.

Local employers	
Chicago youth employers	Employers in Chicago discovered that young workers were losing portions of their paychecks to check cashers each month, so they established methods that allow youth to directly deposit their paychecks into a low-fee bank account.
D.C. youth employers	Employers host financial education on site or through virtual platforms. Program partners in Chicago and Washington, D.C. also incorporate financial information and services into employee orientation activities.

Financial service providers	
D.C. financial institutions	In the DC SYEP, two financial institutions provide financial services to youth through payroll. Citibank provides a paycard, and two local credit unions – District Government Employees Federal Credit Union (DGEFCU) and HEW Federal Credit Union (HEWFCU) – offer free checking and savings accounts tailored to youth.
Philadelphia financial service providers	In Philadelphia, PYN partners with FSV Payment Systems to deposit youth earnings onto a payroll card with youth-friendly features. PYN and FSV partner with Citizens Bank, which provides a no-fee ATM network to FSV card holders.
San Francisco credit union	In San Francisco, MyPath is co-located with Self-Help Federal Credit Union, which has been a key partner in developing financial products tailored to the youth and young adults MyPath serves.

Other partners	
Philanthropic organizations	The MyPath: Savings program in San Francisco is supported through a number of local and national foundations and banks, who have played a critical role in supporting the youth financial capability initiative.
Local professional volunteers	In Philadelphia, PYN partnered with the Pennsylvania Institute of Certified Public Accountants to develop financial education materials.
Technology companies	Bank on DC partners with EverFi, an education technology company, to offer a web-based financial education platform. They also partner with HelloWallet, a money management tool that helps employees make the most of their paychecks. MyPath is partnering with Second Nature Learning to develop an interactive online curriculum for the MyPath: Savings program.
Workforce development programs	MyPath collaborates with workforce organizations in San Francisco, including the Mayor's Youth Employment and Education Program (MYEEP), which is a collaboration of nonprofit organizations whose mission is to help youth access employment by providing job readiness training, work experience, academic support, and personal development. The workforce development programs help MyPath with on-the-ground implementation of the MyPath: Savings program.
Academic institutions	The Washington University in St. Louis Center for Social Development and Eastern Washington University help evaluate the MyPath: Savings program in San Francisco.
Mentoring and youth development program	In San Francisco, MyPath partners with Year Up, an organization that provides a one-year, intensive training program for low-income young adults, ages 18-24, to integrate a credit-building-focused initiative called MyPath: Credit.

4.1.2 Implications for practice

- **Partnerships can fill important gaps in service delivery.** Youth employment programs face challenges with limited and uncertain federal, state, or local support. Municipalities and other entities implementing these programs work hard to ensure that programs stay funded, have enough jobs to meet youth demand, and offer youth access to the additional support services they need. These challenges can make it difficult to incorporate additional services that build youth financial capability, even where there are dedicated local resources. Youth employment providers that want to offer such services may find it necessary to build a network of external partners who can support specific components of the program, such as financial education.

- **Prospective financial institution partners may be attracted by the potential to expand their customer base among young workers.** Building a younger customer base will require banks and credit unions to consider the specific needs of youth and tailor their products, including savings accounts, credit-building products, and payroll cards accordingly. Banks and credit unions are sometimes reluctant to work with youth employment programs due to the costs of opening accounts for youth who may close them at the end of their short-term employment. However, financial institutions may be able to outweigh these costs if they are able to convert short-term workers into long-term customers, or sign up large numbers of youth for debit cards that generate transaction fees paid by the point-of-sale vendor.

4.2 Financial education

Financial education providers are continually searching for new strategies to make financial education relevant and engaging for youth. In some youth employment programs, financial education is provided via structured in-person group classes, while elsewhere, participants use self-paced online courses and complete them independently. Of the classes that are taught in person, some are youth-led while others are taught by volunteers.

Youth employment programs around the country are partnering with local asset-building coalitions, nonprofits, financial institutions, and Bank On networks to extend opportunities for financial education to young workers.

4.2.1 Examples from current practice

In **Washington, D.C.**, community-based organizations, banks and youth deliver on-site financial education. Bank on DC selects youth instructors from the pool of SYEP participants, and they undergo a 100-hour training program to be Young Money Managers. After the Young Money Managers complete their intensive training, they travel to summer youth employment sites to deliver financial education classes to their peers. Washington, D.C. also uses an online platform developed by EverFi that is self-paced and accessible to the youth even after they complete the class and their summer employment. Employers can choose which type of financial education they want to provide at their site.

In the **Philadelphia** WorkReady program, PYN offers an online tutorial about how to use the payroll card, but each program partner has flexibility in how they deliver financial education to youth participants during their youth development activities. One example is a module PYN created in partnership with the Pennsylvania Institute of Certified Public Accountants and tailored to meet youth program needs.

In **San Francisco,** MyPath and its youth leaders worked with Second Nature Learning (which is a technology company that develops apps to help children and youth build good personal finance habits) to develop the web-based interactive curriculum, MyPath Online. To complement these activities, MyPath employs a train-the-trainer model. Staff and youth leaders at employment sites complete a six-hour training to lead in-person reflection sessions about MyPath Online activities. In this way, MyPath has retained the impact of in-person, peer-led interaction while harnessing the power of technology to achieve scale.

Program partners in **Chicago** provide a range of financial education programs that varies according to the amount of time and resources financial education providers and employers have available. Pre- and post-tests assess changes in knowledge and behavior as a result of financial education. At a minimum, EAC provides an orientation about banking to youth participants. Youth can earn badges as they complete this three-part series of videos. The videos are comprised primarily of youth stories and explain why banking is important, how to select a high-quality bank account, and how to set up direct deposit.

4.2.2 Implications for practice

- **Financial messages should be tailored so that they are relevant at the time someone is facing a particular life choice or decision.** Youth workers cover a wide range of age groups and life stages, with a similarly wide range of perspectives and priorities. Customizing financial education may mean including financial aid information for youth who are in later high school years, or sharing information about building up credit for those in their early twenties.

- **"Meeting youth where they are" – in both the content and delivery of information – may increase the likelihood that they will absorb that information.** It is no secret that youth are avid users of social media and adept at using technology. Social media, online education, mobile apps – all are powerful avenues to deliver financial capability tools and information. Program partners can offer online or phone-based financial education modules that allow youth to learn at their own pace and on their own terms.

- **Financial education is more likely to be relevant, accessible, and applicable to youth if they help develop and design it.** Youth can provide valuable feedback during content development, and often enjoy hearing from their peers who are facing many of the same financial decisions and barriers.

4.3 Financial products

All of the communities highlighted here seek to leverage the "teachable moment" of employment to provide safe and affordable financial products for youth to use, with goals of helping youth avoid high fees, encouraging savings, and connecting young people to mainstream financial services for the long term. These employers used financial products such as payroll cards, a debit card that can be linked to a savings account, low-fee checking and savings accounts, and a savings account with incentives for youth who set and reach personal savings goals.

4.3.1 Examples from current practice

DC DOES works with Citibank to provide all youth direct deposit onto a prepaid card. Drawbacks to the prepaid card were that youth were charged fees, and prepaid cards generally are not the best instruments to use to encourage youth to build positive long-term savings habits. DC DOES also partnered with two credit unions to provide checking and savings accounts into which youth automatically deposited their earnings without fees. Partners in Washington, D.C. also recognized that providing a narrow window of opportunity to enroll in direct deposit reduces the number of youth who sign up for it, so they plan to offer multiple enrollment opportunities in the future.

In **San Francisco**, MyPath works with Self-Help Federal Credit Union to provide youth with two savings accounts: a restricted savings account to encourage participants to meet a savings goal, and a regular savings account tied to an ATM card. Both of these accounts have limited fees, do not require parent signatures, and cannot be overdrawn. The MyPath: Savings program supports participants to set personal financial goals and includes incentives to meet them; since 2011, participants have saved more than $500,000.

Every participant in **Philadelphia**'s WorkReady program is paid through direct deposit onto a payroll card that functions like a Visa debit card and is provided by FSV Payment Systems. Youth can link the card to an existing bank account or open a new savings account to link to the card. These cards offer additional protections for youth, since they do not allow overdrafts. To promote efficiency, PYN collects information needed to open the payroll card during the application process and automatically sends this information to FSV so that they can open thousands of accounts at a time.

4.3.2 Implications for practice

- **Some young people or their parents may find it hard to open bank accounts for youth.** Some of this may be because of perceived profitability of these relationships. Additionally, whether a bank or credit union is willling to open an account for a minor without a custodian depends on their policies. Even when financial institutions are willing to open accounts for youth, some will verify the identity of youth opening a savings account using identification issued by schools, but others may only accept state-issued identification.

- **More youth-friendly product offerings are needed.** Features that make financial products youth-friendly include low or no fees, ease in using the product, and no requirement for parental signatures**.** Some types of financial institutions, such as community banks and local credit unions, may be more willing to negotiate lower fees and other features on products for youth. Finally, young workers need education and information from financial institutions about the terms of their financial products and how to effectively manage them.

- **Financial institutions can help automate processes and reduce barriers to enrollment and participation.** Behavioral economics research has shown that giving participants the option to opt out of a service instead of opting in can substantially increase take-up. Program partners should work with financial institution partners to automate services such as account opening and direct deposit.

4.4 Participant communication and engagement

Efforts to engage youth are important both during and after the employment program. During the program, organizations have used social media and peer facilitators to engage youth. While organizations have a captive audience while youth are employed, they struggle to make the financial components “sticky” after youth exit the program.[23]

4.4.1 Examples from current practice

- Some organizations have tried to use email to follow up with youth, but find that very few use email and that social media is a more effective form of communication. Both **DC** DOES and Bank on DC encourage youth to use social media during training sessions to share what they are learning.

- Through their partnership with Bank on DC, **DC** DOES also allows youth to access their online financial education platform beyond the term of the employment program so that they can re-visit lessons and share the material with family members. They found that many parents used the online platform as well, and believe this helps increase financial knowledge of the entire household.

- Bank on **DC** and MyPath in **San Francisco** both utilize an engaging peer educator model in which youth are trained to facilitate financial education classes and conversations about financial issues.

4.4.2 Implications for practice

- **Incentives can lead to higher participation rates.** Organizations have found that incentives – including prizes, financial rewards, certificates, and recognition – can lead to higher participation rates. Participants can be incentivized to complete financial education, sign up for direct deposit, save regularly, or reach a specific financial goal.

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[23] Longer engagement is especially important for initiatives that are measuring behavior change, which takes more time to achieve than changes in knowledge. Many youth employment programs only last a few months. Questions remain about what indicators are best to measure behavior change and how long behavior changes need to be measured to know whether it has been achieved.

Specific incentives may vary according to the resources available, goals and priorities of youth, and the creativity of program partners.

- **Payroll and orientation are touch points for increasing access to financial services and encouraging savings behaviors.** Nearly all employers devote time to orienting youth to the jobsite and can use this opportunity to introduce financial information and resources, such as encouraging unbanked workers to open basic accounts and promoting direct deposit. To reduce administrative burdens and increase take-up, employers should consider automating these services as much as possible by incorporating them into the application process, payroll forms, and orientation activities.
- **Relationships matter.** Peer facilitators and leaders can increase youth engagement in program activities by easily relating to youth on a personal level. Taking this a step further, youth can be organized into affinity groups according to their age or life stage. For example, young parents may have a different financial situation than non-parenting youth and may need opportunities to discuss their specific financial goals and challenges with peers who are facing the same issues. Beyond the employment program, organizations can maintain ongoing contact with youth through use of texting, social media, and partnerships with schools or other youth-serving institutions.
- **Families play a key role in how youth hear, perceive, and act on financial education messages.** Taking this influence into account, youth employment programs may want to explore how financial capability activities and conversations can involve family members and friends.
- **Financial education and services can be designed so that youth can continue to access them even after they exit the program.** Engaging youth beyond the program period allows organizations to continue helping youth build financial capability but doing so can be resource intensive, especially if efforts include continued touch points. An alternative, lighter touch option is to make sure youth have access to services, such as financial education or bank accounts, after the employment program ends.

5. Conclusion

Youth employment programs present a unique opportunity to reach young people with important financial messages and resources at a time when they are building habits that may last throughout their working lives. Organizations and individuals across the country are developing innovative ideas, resources and programs to help youth build financial capability while they participate in employment programs. While this was not an exhaustive review of current efforts to build financial capability through youth employment programs, conversations with these four programs revealed valuable lessons about how other organizations can expand these efforts. For example: identifying the right partners with shared goals is very important; developing a flexible program allows for evaluation and refinement along the way; and setting goals is an effective strategy for youth. Beyond these specific lessons, four key strategies emerged from the roundtable discussion:

- **Partnerships** with the private sector, nonprofit organizations, government agencies, financial institutions and youth are necessary for program success and expansion.
- **Financial education** needs to be tailored to meet the needs of youth, employers, and financial education providers.
- **Financial products** offered to youth should be carefully selected by weighing the costs and risks of various options.
- Organizations should develop explicit strategies for **engaging youth** in the short and long term.

Leaders in communities of varying sizes and geographies can use these lessons to advance effective strategies for building youth financial capability in employment programs. While there is growing momentum to leverage employment programs to build youth financial capability, there is not a clearly defined field pursuing this work. Stakeholders will need to decide in coming years whether these efforts ought to become a more clearly defined field of its own and if so, how to support those efforts.

5.1 Further research and evaluation

Leaders in this work will also need to continue working to test new initiatives. Despite the promising practices and lessons learned highlighted in this document, there are still gaps in the knowledge base for this work that require additional research and evaluation. Federal agencies working on this issue will explore how they can begin to fill these gaps. Lessons from these efforts will be used to develop new tools to help more communities take this work to scale. Stakeholders such as federal program managers, municipal leaders, financial institutions, national intermediaries, philanthropic partners, private sector employers, and community-based organizations will be key to moving this work forward and building on lessons learned.

APPENDIX A: FEDERAL INTEREST IN FINANCIAL CAPABILITY FOR YOUNG AMERICANS

In recent years, a number of federal entities have focused new attention on building financial capability, including increasing access to financial education and financial services for young workers and consumers. They include:

The **Financial Literacy and Education Commission** (FLEC), established by the Fair and Accurate Credit Transactions Act of 2003, is charged with coordinating federal financial education efforts and a national strategy on financial education. FLEC is chaired by the Secretary of the Treasury, and its vice chair is the Director of the Consumer Financial Protection Bureau (see below); its members come from 22 federal agencies. FLEC recently launched the "Starting Early for Financial Success" initiative, in an effort to help enhance the financial capability of more young Americans. The strategy builds on the experience and resources of these 22 federal agencies to help young people develop an understanding of financial basics as they begin their careers. This new effort also aims to help parents and teachers prepare young people for financial success.

The **Consumer Financial Protection Bureau** (CFPB) and the **Department of Health and Human Services'** (HHS) **Administration for Children and Families** (ACF) are supporting FLEC's "Starting Early for Financial Success" strategy by leveraging their existing resources to promote economic stability and well-being, and to provide services and opportunities for mobility to low-income Americans.

- The Consumer Financial Protection Bureau (CFPB)was created by the Dodd-Frank Act of 2010, which mandated establishment of a unit whose activities include providing information, guidance, and technical assistance regarding the offering and provision of consumer financial products or services to traditionally underserved consumers and communities, including those who are unbanked and underbanked. Within CFPB, the Office of Financial Empowerment is developing partnership efforts to ensure that the millions of underserved young Americans receive tools and opportunities to develop the financial skills necessary to effectively navigate the financial services marketplace.
- The Administration for Children and Families (ACF) is guided by the vision of "children, youth, families, individuals, and communities who are resilient, safe, healthy, and economically secure." ACF seeks to advance that vision by providing federal leadership, partnership, and resources for the compassionate and effective delivery of human

services. ACF is responsible for federal stewardship of a set of programs that provide essential services and supports for millions of Americans. Through grants administration, research, technical assistance, and policy guidance, ACF seeks to support national, state, territorial, tribal, and local efforts to strengthen families and communities and promote opportunity and economic mobility.

ACF's efforts directly support the President's commitment to promote and advance economic mobility and opportunity. A strategy to promote economic mobility and opportunity needs to focus on broadening opportunities across the life cycle – expanding access to high quality early childhood settings, promoting success in elementary and secondary school, ensuring effective transitions to work and postsecondary education, providing career pathways to labor market progress for adults, and helping families build assets.

Supporting youth employment and youth financial capability development is a natural fit for ACF. ACF encourages state and tribal Temporary Assistance for Needy Families (TANF) programs and state Community Services Block Grant (CSBG) programs to prioritize youth employment. ACF also supports education, vocational training, and asset building for youth in foster care transitioning to adulthood. Finally, ACF encourages the integration of asset building and financial capability into social services and programs for low-income and vulnerable populations. ACF seeks to coordinate and collaborate with other federal agencies and non-federal partners in these efforts.

Other relevant federal resources and initiatives include:

- The **Federal Deposit Insurance Corporation (FDIC)** provides access to data on the number of U.S. households that are unbanked and underbanked, their demographic characteristics, and their reasons for being unbanked and underbanked through an interactive website, www.economicinclusion.gov. The site also provides a gateway to research, data, and resources for consumers, banks, policymakers, and others regarding issues related to underserved populations and the use of alternative financial services.
- Both the **FDIC** and the **Department of the Treasury** have piloted initiatives to improve financial services for consumers. FDIC's Model Safe Account pilot and the

Department of Treasury's Community Financial Access Pilot both provided useful information on ways product innovations can help improve access to financial services.[24]

- The **Federal Reserve System** is involved in the USCM DollarWise program, and the Federal Reserve Bank of San Francisco is a key partner in the program in San Francisco aimed at building financial capability through the City's youth employment program.

- The U.S. **Department of Labor (DOL)** Employment and Training Administration oversees funding for the Workforce Investment Act and offers policy guidance and technical assistance to state and local workforce development organizations. Integrating financial capability programming and services into youth employment programs is a natural extension of this work and FLEC's agenda to expand financial capability for young Americans.

- The new **President's Advisory Council on Financial Capability for Young Americans** was created by President Obama in 2013. The purpose of the Council is to contribute to the Nation's future financial stability and increase upward economic mobility. The Council will provide advice to the President and the Secretary of the Treasury on how to promote the financial capability of young Americans and encourage building the financial capability of young people at an early stage in schools, families, communities, and the workplace, and through use of technology. Strengthening the financial capability of our young people is an investment in our Nation's economic prosperity. The Council is comprised of the Secretary of the Treasury, the Secretary of Education, the Director of the Consumer Financial Protection Bureau and up to 22 non-governmental members.[25]

[24] To learn more about the Model Safe Accounts Pilot, see: http://www.fdic.gov/consumers/template/. To learn more about the Community Financial Access Pilot, see: http://www.treasury.gov/resource-center/financial-education/Pages/CFAP.aspx.

[25] For a list of the non-governmental members, see: http://www.treasury.gov/resource-center/financial-education/Documents/PACFCYA%20Bios%20with%20Pics%20for%20website.pdf.

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