

# How Financial Literacy Impacts the Equity Gap

- Presenters: Tracy Frizzell, Economic Awareness Council
- Donelle Hauser, CEO of Lad Lake
- With assistance from Constance Alberts, Bank On
- Scott Carpenter, VP of St. Charles Youth & Family
- Matthew Twombly, Cities for Financial Empowerment

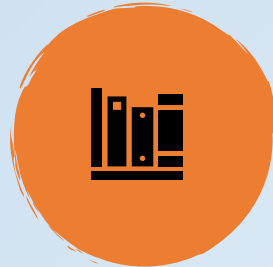


# Helping Families and Communities Thrive

Serving over 1,100 youth & families throughout Wisconsin



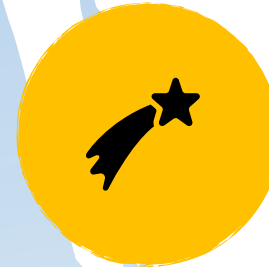
Qualified  
Residential  
Treatment  
Centers  
&  
Shelter  
Services



Alternative  
Education



In-Home  
Therapy  
&  
Mental Health  
Clinic  
&  
Comprehensive  
Community  
Based Services



Mentoring



Supervised  
Visitation



Our agency is dedicated to assisting those we serve in developing the skills to become self-reliant and independent within their schools, families, communities or vocations.



Case Management



Youth Residential



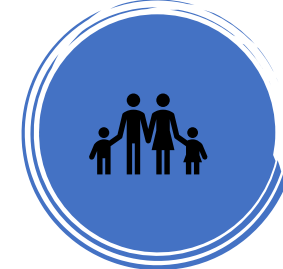
Employment &  
Skill Building

Owen's Place

Walk-in  
Community  
Center



Foster Care



Early  
Intervention

Prevention

# CFE Fund helps leaders embed financial empowerment strategies into municipal infrastructure



**ASSET BUILDING**



**BANKING ACCESS**



**CONSUMER PROTECTION**

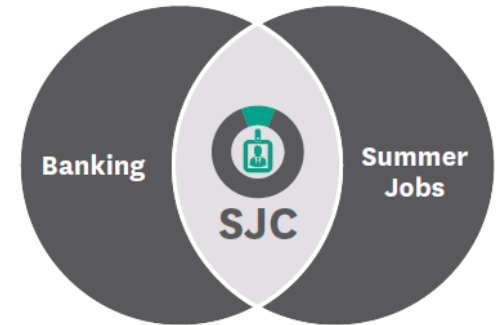


**FINANCIAL EDUCATION  
AND COUNSELING**

- Design and fund innovative, multi-city programs
- Pilot new initiatives and research
- Provide robust technical assistance
- Replicate best practices from CFE Coalition and partner cities
- Share knowledge and best practices

# Summer Jobs Connect integrates banking access and financial education into Summer Youth Employment Programs

*Across the country, municipal summer youth employment programs provide hundreds of thousands of young people with short-term work experience and a regular paycheck. Summer Jobs Connect is a program that helps SYEPs connect young workers to bank or credit union accounts, savings opportunities, and targeted financial education.*



## Partner Cities

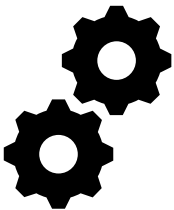
- Albuquerque, NM
- Baltimore City, MD
- Baltimore County, MD
- Chicago, IL
- Cleveland, OH
- Denver, CO
- Detroit, MI
- Houston, TX
- Jacksonville, FL
- Los Angeles, CA
- Madison, WI
- Miami, FL
- Nashville, TN
- Newark, NJ
- New York, NY
- Philadelphia, PA
- Pittsburgh, PA
- Rochester, NY
- Saint Paul, MN
- San Francisco, CA
- San Jose, CA
- St. Louis, MO
- Syracuse, NY
- Virginia Beach, VA
- Washington D.C.

Over the last nine years, the CFE Fund has helped these cities build partnerships with **50+ financial institutions** and help over **250,000 youth** receive their first paycheck via direct deposit.

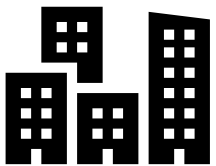
# Why youth banking?



**Improve youth financial wellbeing.** Youth who get banked early may save up to \$40,000 in fees over the course of their lifetimes. Early access to banking also creates the opportunity to build good habits and start financial lives off “on the right foot”.



**Create savings and administrative efficiencies for programs.** When all youth are receiving a paycheck via direct deposit, programs can spend less money on pay cards and less time repeatedly cutting paper checks.



**Build momentum for financial empowerment work.** Summer Jobs Connect can help start the conversation about other possible financial empowerment work in your city/county.

# Banking Access Matters

Bank On is a national movement to increase access to safe and affordable bank and credit union accounts.



The average unbanked person spends 10% of income on alternative financial services fees. This can amount to **\$40,000 over a lifetime.**



Unbanked financial counseling clients were:

- **half as likely** to increase savings
- **over a third less likely** to establish a new credit score.



Unbanked clients who became banked during counseling were **almost 8 times more likely** to increase their savings, relative to those who never became banked.



**BOGM is a coalition of financial institutions, community-based organizations and local government working to connect people to affordable bank products. Focused on low- and moderate-income communities.**

**People with Disabilities**

**Returning Citizens**

**Young Adults & First Time Workers**

**Immigrants and Refugees**



## Accomplishments

2018

- Launched in Milwaukee

2019

- 6 Certified Accounts
- Small and Large Banks
- Credit Unions

2020

- Opportunity to OPEN accounts online
- Financial Navigator at Riverworks Financial Clinic
- “Show Me the Money”

2021

- **14** Certified Accounts
- ABA and Wisconsin Bankers Assn get encourage accounts
- Advocacy Map Tool

2022

- Successful Partnerships such as Lad Lake & St. Charles – REAL
- Statewide **27\*** Accounts

# YOUNG ADULT FINANCIAL NEEDS

Results of National Study of College Students

Student Voice Survey, Inside Higher Ed, 2022



25%

FOOD INSECURE



17%

HOUSING INSECURE



ONLY 11%

THOUGHT COLLEGE COSTS  
WHAT EXPECTED

# YOUNG ADULT FINANCIAL NEEDS

Results of National Study of College Students

Student Voice Survey, Inside Higher Ed, 2022



**64%**

Very or somewhat worried that they would have to drop out of college if they had a large bill like auto repair (typical costs \$500)



**78%**

**HAVE COLLEGE LOANS**



**ONLY ~50%**

**KNOW WHAT THEIR MONTHLY PAYMENTS WILL BE**

## The Challenge

Lack of access to banking services results in

Increased reliance on high-cost financial services

Difficulty in saving money

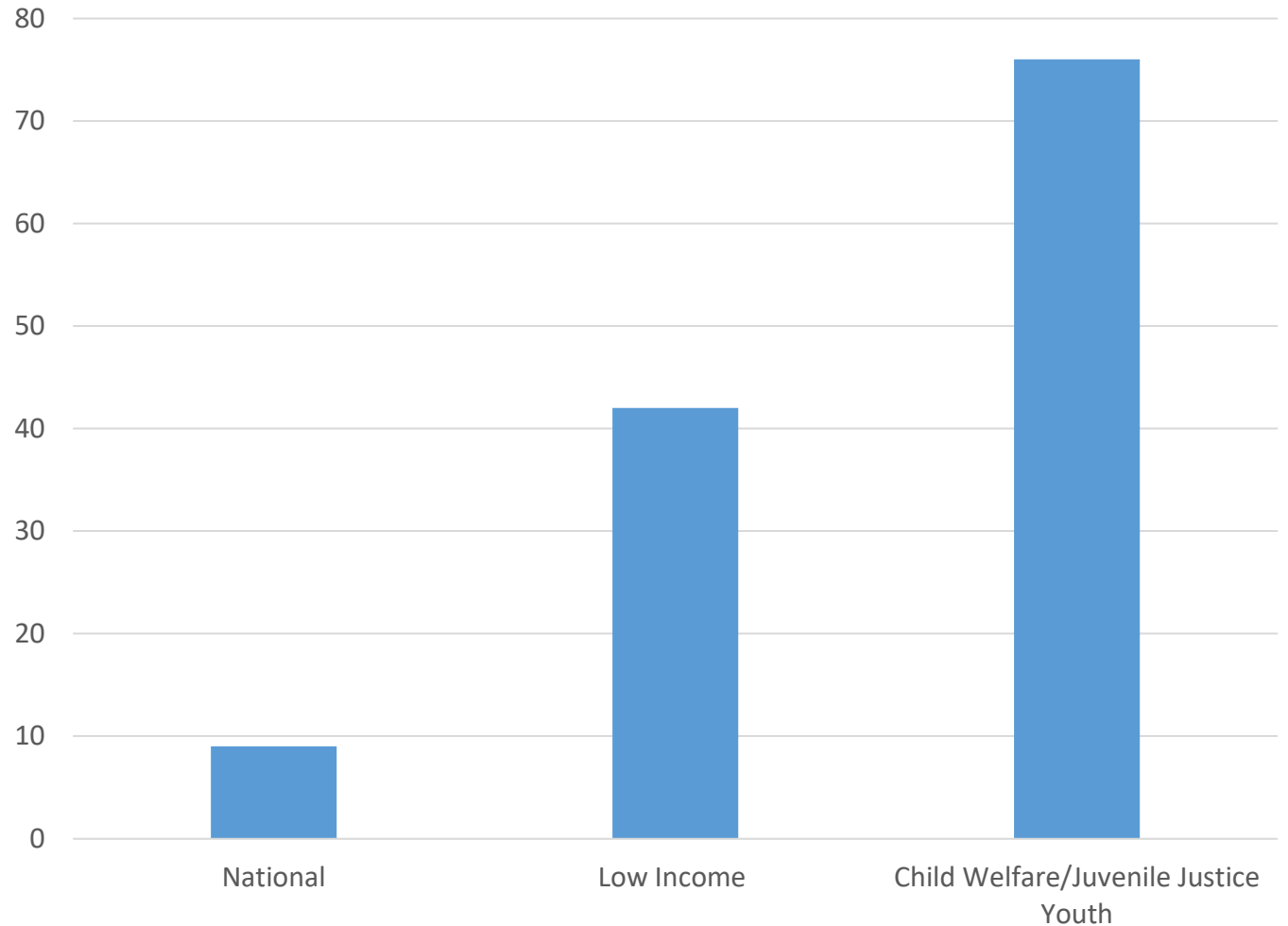
Limited access to credit

Reduced opportunities for education

Limited employment prospects

Difficulty achieving financial independence

Percentage of Unbanked Youth Ages 15-24





Being unbanked costs ave. family over their lifetime

**\$40,000+**

# Bank On

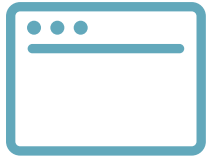


- The Bank On Chicago Coalition supports the offering of safe and affordable bank accounts and financial capability programming for working families across Chicago.
- Currently, there are 15 Bank On-certified products offered across the City of Chicago. All Bank On-certified products offer:
  - NO OVERDRAFT - NSF FEES
  - Low minimums
  - Low ATM fees
  - Debit cards, online bill pay & other offerings to ensure products can easily be used by consumers
- Learn more at [BankOnChicago.com](https://BankOnChicago.com)!
- Bank On Illinois offers safe, affordable Bank On-certified accounts across Illinois. Learn more at <https://illinoiscomptroller.gov/about/bank-on/>



# What to Look for in a Bank Account

## Bank On Accounts Have These!



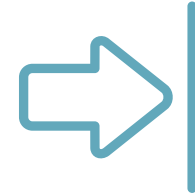
Debit Card



No Overdraft



Low Minimum



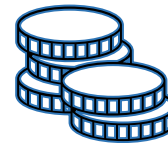
Mobile check deposit



Independence



Convenience



No/Low Fees



FDIC – NCUA Insurance

On the Money  
Mentors  
Summer 2019

# Economic Awareness Council

Get Real: Financial Decisions in the Real World





# TYPICAL INCREASES IN FINANCIAL LITERACY

Typical Results of Pre and Post-test Responses on Teen Basic Financial Literacy Assessment



Typical Pre-Test Scores - % Correct Responses (50-60%)

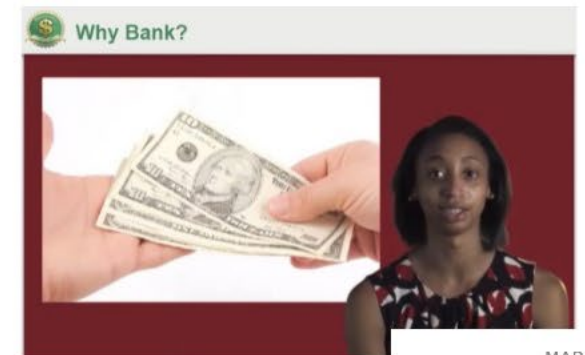


Typical Post-Test Scores - % Correct Responses (80-90%)

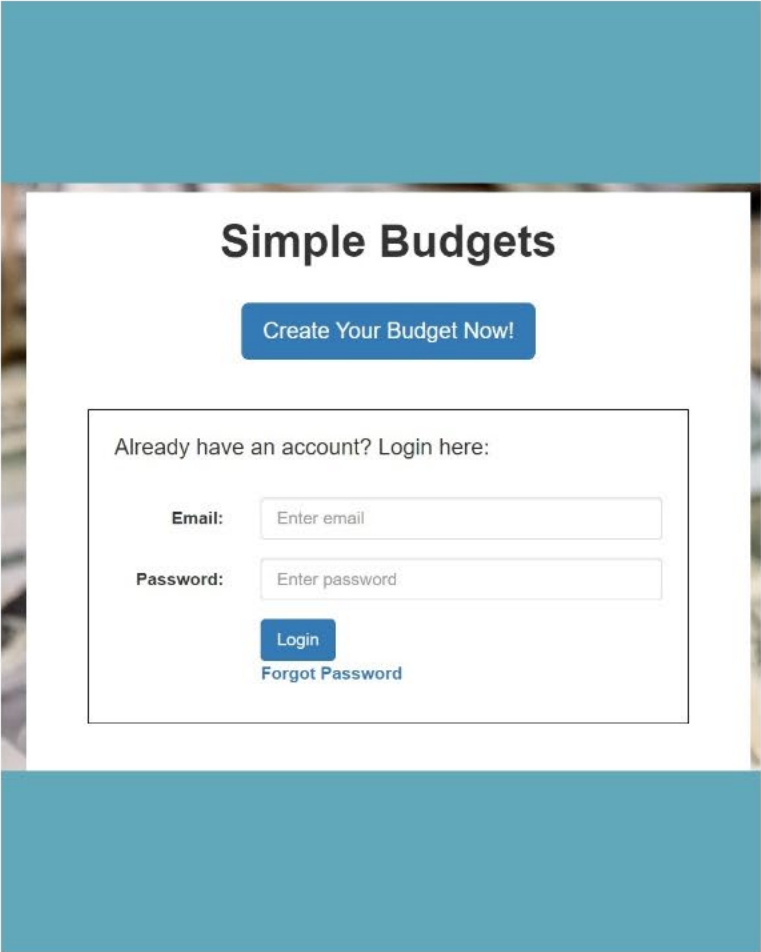
# Get Real: Financial Decisions in the Real World

## TOPICS INCLUDE:

- Setting Financial Goals
- Saving & Investing
- Managing Your First Paycheck
- Banking
- Budgeting
- College Finance
- Credit
- Identity Protection
- Insurance



# Effective Financial Capability Should Include



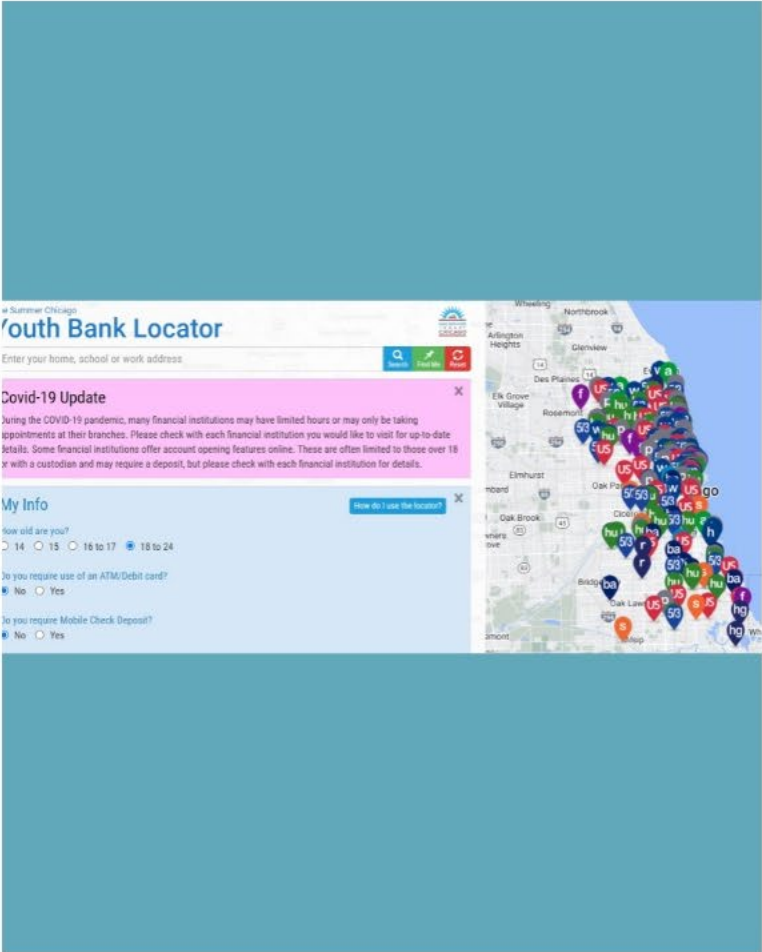
A screenshot of a web interface titled "Simple Budgets". At the top, there is a blue button that says "Create Your Budget Now!". Below this, there is a section for existing users: "Already have an account? Login here:". This section contains two input fields: "Email:" with a placeholder "Enter email" and "Password:" with a placeholder "Enter password". Below the password field is a blue "Login" button and a link for "Forgot Password".

ACTIVITIES



A video frame showing a woman with glasses and a white shirt speaking. In the bottom left corner, there is a logo for "ECONOMIC OPPORTUNITY" with a green banner that says "BE READY TO INVEST" and a green dollar sign icon.

VIDEOS - REAL WORLD EXAMPLES



A screenshot of a website titled "Youth Bank Locator". It features a search bar with the text "Enter your home, school or work address". Below the search bar is a "Covid-19 Update" section with a pink background, containing text about limited hours and online account opening. To the right is a map of Chicago with various colored pins. Below the map is a "My Info" section with questions like "How old are you?" (with radio buttons for 14, 15, 16 to 17, 18 to 24), "Do you require use of an ATM/Debit card?", and "Do you require Mobile Check Deposit?".

REAL WORLD OPPORTUNITY

# What are your goals?

Everyone wants something different out of life. What is important to you? Choose a few things you are willing to save and make sacrifices for, then play the game and let see what you can achieve!

**Tip:** Be sure to consider the total cost of your goals as this will be a factor in whether or not you are successful in reaching these goals. **(If you select too many, costly goals, you may not have enough funds to reach these.)**



Buy a House  
\$232,500



Buy a Car  
\$28,000



Buy for Fun  
\$10,000

Although budgeting may sound like a pain... it can actually give you control over your money!

Simply put, the key is:



# BUILDING RESILIENCY: UNDERSTANDING THE IMPACT OF TRAUMA ON YOUTH DEVELOPMENT & FINANCIAL BEHAVIOR

Youth aging out of foster care have experienced trauma and may be entering a period of financial uncertainty.

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The trauma & often financial stress that youth in care have experienced especially impacts these 5 areas as defined by the National Child Traumatic Stress Network\*.

1. **Sense of safety:** A belief that your needs will be met and you will be protected.
2. **Ability to calm:** The skill of self-soothing.
3. **Self-efficacy and community-efficacy (belief that challenges can be handled):**  
The belief that you can do what is needed to deal with life challenges & that your community can as well.
4. **Connectedness:** Having relationships where others understand and support you.
5. **Hope:** The expectation that things will work out.



# IMPACT BY THE #s

- 1 | Over 2,253 Youth Certified
- 2 | Over \$2 million in transition funds
- 3 | The C21 transition fund is at \$1,404 per youth today.
- 4 | Over 788 certified instructors.
- 5 | Youth budgeting increased by 24%, youth checking credit increased by 22% and youth financial planning increased by over 50%!





# 74%



Youth correct responses on financial literacy at pre-test

# 92%



Youth correct responses on financial literacy at post-test

99%



Youth agreed they learned something new.

99%



Youth agreed they could use the information they gained in the future.



## Our Journey

Workforce Program- skill building & paid work experience  
Unbanked youth with limited financial knowledge



knowledgeable, prepared banking consumers with direct  
deposits & savings accounts

# Youth Participants

100% of youth participating in the program come from low income families

87% of participants identify as African American or Latino

78% of the Youth were involved in the Child Welfare System or Juvenile Justice System

50% of Community youth were unbanked

72% overall youth were unbanked

# The Process

## Coalition formed

- Bank On Greater Milwaukee
- Economic Awareness Council
- St. Charles Youth and Family Services
- Summit Bank
- Lad Lake

## Funding

- RFP through Cities for Financial Empowerment

## Training

- Economic Awareness Council Training
- 8 facilitators
- 12 hour training (two sessions)
- Ongoing monthly support

## Implementation

- Community Based 2 half days
- Residential School 8 weeks
- Community School 10 weeks

## Organizational Change

- Embedded Financial Empowerment a part of program offerings
- Opened non-custodial bank accounts for students
- Direct deposit for workforce participants

# Milwaukee Outcomes Year One



96% of participants opened accounts with Summit

Summit bank results showed 84% youth used direct deposit

Youth had **double** the amount of funds in savings over checking

ONLY ½ youth were banked BEFORE this program

35% increase in using a banking app

55% increase in financial knowledge from pre and post test results

100% of youth reporting the program has increased their financial knowledge

100% of the youth participants reported they could use the information toward their financial health

# Milwaukee Outcomes Year One



29% increase in  
used of direct  
deposit

25% increase in  
having a savings  
account

24% increase in  
checking their  
credit

39% increase in  
considering insurance  
as part of their overall  
financial security

29% increase in  
having a financial  
plan

19% increase in reporting  
that they will not take a  
check from someone  
they do not know

21% increase in  
budgeting

39% increase in  
knowing what to  
look for in bank  
account

# Program Participant Testimonials

*"Financial planning includes planning what you do with your money and setting yourself up for your future aspirations."*

*"By financially planning, I am able to make sure I put money away for specific intentions."*

*"Budgeting strategies will benefit me in the future because by saving money now, I am able to have more money to eventually invest in myself and my business goals."*

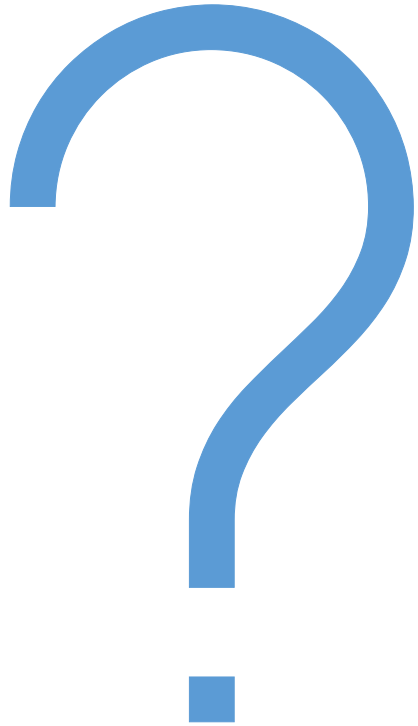


*"I will use all of these strategies throughout my life to have an unlimited financial future."*

*"I plan to use my knowledge of these strategies to educate those in my life who are just as unaware of these financial tips as I was."*

*"Investing comes with risk, but that also can lead to having financial assets and partial ownership of a company."*





Questions