

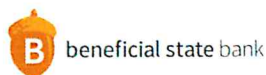
Alternatives in Action
WHERE YOUTH CHOOSE TO LEAD

INNOVATING FINANCIAL ACCESS WITH YOUTH:

Increasing Financial Literacy and Access to Break the Cycle of Poverty



White Paper developed by Patricia Murillo and Elizabeth Lanyon for Alternatives in Action, July 2015





EXECUTIVE SUMMARY

OVERVIEW OF ALTERNATIVES IN ACTION

Alternatives in Action (AIA) believes that young people are powerful change makers in our communities.

By encouraging their leadership development and supporting their success in academics, career readiness, and community engagement, we have seen youth bring innovative solutions to complex issues. Each year, we develop the leadership skills of 1,300 low income children and youth, with additional young people and families benefitting from the community-based projects created by participants.

PROJECT DESCRIPTION

In 2014, AIA grew the number of paid internships and youth employment opportunities and gave 200 youth participants the opportunity to earn a paycheck. While we view this as an important strategy to facilitate economic growth for our youth, there were important supporting services and information that we missed. Over 50% of our youth used check cashing or liquor stores for their financial services because they did not have their own bank accounts. Many more shared a limited understanding of money management. In order to address these issues effectively, AIA launched a project in November 2014 to assess the status of financial education and services for youth in Oakland. The project had three components:

1. Consultation with financial education and industry experts including other program providers and financial industry stakeholders
2. A youth-to-youth needs assessment led by AIA's Fremont F.I.R.S.T. Mentors Group
3. A convening of experts, educators and policymakers to engage in cross-sector dialogue and development of strategies

STRATEGIES AND RECOMMENDATIONS

I. Cross-sector Collaboration:

Develop a cross-sector working group to focus on financial education and access to services.

Cross-sector collaboration is critical to supporting youth to gain financial access. As one panelist commented, *collaboration is the biggest opportunity we have*. This includes the financial industry, local government, community organizations, school

districts, and families. In San Francisco, collaboration between the Department of Children, Youth & Families, the City's Department of Financial Empowerment, My Path (CBO) and the Self-Help Credit Union has helped hundreds of youth get developmentally responsive financial education, minor non-custodial savings accounts and financial incentives to build immediate skills in financial goal setting. A recommended priority is creating strategies and systems between the City of Oakland, OUSD, CBOs, and financial industry partners to embed financial education and access to services into youth employment and paid internships. In addition, mapping efforts across Oakland that provide financial education and services, and integrating these efforts with financial access programs focused on adults, are additional activities that would support focused interventions.

2. Policy and Structures for Support:

Include financial education requirements, structures, and supports wherever possible within government initiatives like Measure N implementation, Oakland Fund for Children & Youth strategic planning and the Career Pathways Trust initiative.

This is a unique time in Oakland with a number of school to career efforts and new revenue streams occurring simultaneously creating opportunities to build policy incentives for schools and organizations to address this need. Identifying opportunities for advocacy at the state level was also identified as important given the recent passage of AB 166¹ and the increased commitment at the state level to career readiness for students.

3. Savings Accounts for Youth:

Develop partnerships with local credit unions to open minor accounts with less restrictions for youth.

By far, the greatest benefit to youth was recognized as having access to savings accounts that don't require a guardian co-signer. Ideally accounts that are linked to financial incentives for saving and youth-friendly financial education are best practices such as the work done by My Path and the City of San Francisco. Pre-paid debit cards were also discussed as a viable option to remove the need for young people to access check cashing stores, but because of the fees involved as well as the lack of opportunity for youth to build savings through this method, this was seen as a less leveraged strategy to improve financial well-being. Another idea was to explore partnerships with the Oakland City Municipal ID Program, which has a debit card feature built into the ID card. Youth can secure a form of identification as well as access to a bank account for depositing and withdrawing money through this program.

4. Financial Education - Early and Often:

Increase opportunities for youth to access financial education through curriculum that is relevant, actionable, and developmental. Require financial education for students in OUSD internships or linked learning pathways and city-funded youth employment and internship programs.

Oakland youth have limited access to increase financial literacy. Financial education could and should cut across K-12 with developmentally specific content and activities. At the high school level, youth can bring expertise on their own lived experience to shape and deliver curriculum. Another strategy identified was building the personal financial health of our educators and youth workers to increase their confidence and passion for the topic with children and youth. There was discussion on whether youth development settings could have higher impact in delivering content than a classroom setting. There is a clear need for both in and out-of-school financial education.



ADDITIONAL CONSIDERATIONS FOR EQUITABLE FINANCIAL ACCESS FOR YOUTH

Youth Voice is Central

A central component to all of these strategies is the presence of youth voice. This came up in the panel presentations and in table groups as it is essential to hold youth participation and perspective at the forefront of strategies to address financial access and literacy for youth. Youth friendly, developmentally responsive strategies need to be immediately actionable and relevant to young people's lives and needs.

A Paradigm Shift

Throughout the course of our work around financial literacy and access, it has been emphasized that a paradigm shift in how we think and talk about money will be important to building successful strategies to ensure youth have access to financial education and services. So often, talking about money is seen as taboo, rude and uncomfortable. The disenfranchisement of low-income communities from the mainstream economy makes discourse on financial health more complex. There is a need to address the psychological impacts of poverty and raise awareness of cycles of oppression in order to create meaningful change.