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Project description

Every summer, thousands of young people in Chicago participate in the city's summer youth employment program, One Summer Chicago (OSC). Through this program, youth are matched with a paid summer experience where they develop key job readiness skills and explore various potential careers. The youth participating in this program are often minorities from low-income communities, with limited access to financial services that many of their more affluent peers have. For example, youth from these underserved communities rely on expensive services like check cashing that discourage savings, to gain access to their summer earnings. To combat the problems facing these unbanked youth, OSC can serve as a natural intervention point to help develop "financial capability" and provide access to safe and appropriate traditional financial resources. Most of the existing research on summer youth employment focuses on the impact of participation on crime rates, school performance, and long-term employment, but not financial capability. This paper examines the information and resources OSC provides to its participants to become more financially independent with a focus on savings, and suggests specific changes OSC can implement to make financial capability delivery more effective to its youth participants.

Project affiliation (BA thesis, capstone, independent research, etc)

BA Thesis

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**Empowering Underserved Youth Through
Financial Capability**

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Abstract

Every summer, thousands of young people in Chicago participate in the city's summer youth employment program, One Summer Chicago (OSC). Through this program, youth are matched with a paid summer experience where they develop key job readiness skills and explore various potential careers. The youth participating in this program are often minorities from low-income communities, with limited access to financial services that many of their more affluent peers have. For example, youth from these underserved communities rely on expensive services like check cashing that discourage savings, to gain access to their summer earnings. To combat the problems facing these unbanked youth, OSC can serve as a natural intervention point to help develop "financial capability" and provide access to safe and appropriate traditional financial resources. Most of the existing research on summer youth employment focuses on the impact of participation on crime rates, school performance, and long-term employment, but not financial capability. This paper examines the information and resources OSC provides to its participants to become more financially independent with a focus on savings, and suggests specific changes OSC can implement to make financial capability delivery more effective to its youth participants.

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Empowering Underserved Youth Through Financial Capability

Introduction

Motivations

Not having a bank account can cost an individual nearly \$40,000 over their lifetime.¹ Without a bank account, individuals must rely on expensive and inefficient alternative financial services like check cashing, currency exchanges, and payday lenders. Furthermore, they are often targets for crime while walking around with cash in their pocket after exchanging their checks at these establishments.² In Chicago, and across the country, alternative financial services are clustered in lower income and predominantly non-white communities.³ This is coupled with the lack of traditional banks within these neighborhoods due to historical factors and continued biased practices. Most banks require customers to maintain high balances to avoid paying fees and do not provide short-term small loans, essentially limiting low-income individuals from using their services.⁴ This has translated into generations of minority and lower-income families relying on alternative financial services and unable to build their savings to escape this cycle.

Summer Youth Employment Programs (SYEPs) run in many US cities, can serve as a potential intervention point at which youth from these underserved communities can be connected to accessible and affordable traditional financial services. SYEPs match youth from across the city with short-term work and a regular paycheck over the summer,

¹ “More Than a Job.” pg 7

² “More Than a Job.” pg 4

³ Sawyer and Temkin, “Analysis of Alternative Financial Service Providers.” pg 2

⁴ Hermanson and Gaberlavage, “The Alternative Financial Services Industry.” pg 5

in addition to providing job-readiness skills, mentorship and exposure to various career paths. One such local SYEP is One Summer Chicago (OSC). Started as an initiative by Mayor Rahm Emanuel, OSC consolidated the numerous outlets in Chicago that provided youth employment over the summer. It has grown from connecting 14,500 Chicago youth with jobs in 2011, to 31,151 participants in 2017.⁵ OSC is a work readiness program, and is different from the standard hourly summer job. The participants generally work for eight weeks over the summer and have 20-hour workweeks, with 15 hours for hands on work and 5 hours for training. These 5 hours set aside weekly allow youth to learn more about life skills, dressing for success, interview techniques, and financial capability. While all the various skills youth develop over the course of their summer are extremely valuable, I decided to focus on how OSC encourages financial capability among its participants.

There is a significant need for providing financial capability support in Chicago. In 2015, youth who participated in OSC earned \$7 million in wages.⁶ However, that same year 72% of Chicago youth relied on check cashing and 66% were unbanked.⁷ OSC has the potential to provide youth with accurate and valuable financial information to help them become more financially independent. However, financial literacy is not enough to set the unbanked youth towards a financially capable future. For example the education provided by OSC about the importance of setting savings goals cannot be effectively used, if youth continue to rely on alternative services, which do not provide a vehicle for savings.

⁵ “One Summer Chicago Youth 2017.” pg 2

⁶ City of Chicago, “Mayor Emanuel Announces 2016 One Summer Chicago Program.”

⁷ “EAC Summer 2017 Financial Capability Results.” pg 1

Research Question

Given this significant need for access to traditional and safe financial services, OSC can serve as a model for delivering access and information to the youth participants. Receiving a paycheck is a critical “teachable moment”⁸ to instill important and relevant financial information while providing connections to traditional banking services. OSC presents a unique opportunity to develop financial capability at a point in time when the young people can use the information they learn and also act on it. Policy implementers could bridge the gap between youth earning money and traditional banking services. In this paper, I explore how OSC fosters financial capability through its programs and how they can improve it further. Specifically this paper sets out to answer the following questions:

- What types of financial services and education does OSC provide to its participants?
- How does OSC foster financial capability and positive financial socialization?
- What are some of the gaps that can be addressed to improve the program’s effectiveness on this dimension?

Research Overview

I approached my research question by combining qualitative interviews with existing literature on youth financial capability. In total, I was able to interview sixteen people. Most of these individuals worked with OSC in some capacity. At the citywide level, I was able to gain insights from individuals assisting with the overall program implementation at the Department of Family Support Services as well as individuals

⁸ Loke, Choi, and Libby, “Increasing Youth Financial Capability.” pg 98

developing the program's financial capability materials and resources. At the community level, I visited the Gary Comer Youth Center to talk to youth participants, site supervisors, and program coordinators, in addition to talking to another program coordinator at the Back of the Yards Neighborhood Council. To get the perspective of financial institution partners, I had the opportunity to interview an OSC partner from the Wintrust Bank. I also discussed my methods and findings with researchers who conducted studies on the OSC program to guide my own research and clarify certain aspects. These interviews provided me with context on OSC, the specific experiences of participants, and the key components of the financial capability delivery through the program.

Findings & Policy Recommendations

Through the data I collected and the literature I reviewed, I developed a few key findings in regards to my research question. OSC's multi-level and inter-agency coordination allows it to nudge youth towards traditional banking and direct deposit at various points before and throughout the summer. The program uses a holistic approach to provide access to financial services in addition to financial information, rather than simply focusing on financial literacy. OSC partners with financial institutions to provide youth appropriate products while leveraging an online learning platform and peer mentors to deliver important personal finance information. By reaching out to the youth participants, banks are able to connect with and support communities that have historically been unbanked and unwilling or skeptical of traditional financial institutions.

Through my research I was also able to generate a few policy recommendations to improve OSC's delivery of financial capability. One, OSC should develop a more engaging and less repetitive financial literacy curriculum on the LRNG platform and by leveraging the peer money mentors further. Two, to increase participation in the LRNG playlists, OSC should expand the digital badging system or introduce more short-term monetary incentives to complete the online modules. Finally, increasing the pay rate for the program can allow youth using their OSC paycheck to support their family, to set aside some money to grow their savings and more effectively use the financial information they learned through the program.

Background Information

One Summer Chicago (OSC)

Created in 2011, One Summer Chicago is Chicago's Summer Youth Employment Program, consolidating a wide variety of summer employment opportunities throughout the city. OSC was an initiative started by Mayor Rahm Emanuel "to provide youth and young adults between the ages of 14 and 24 meaningful summer employment and learning opportunities."⁹ I am specifically focusing on the traditional Summer Youth Employment Program (SYEP) that is run by the Department of Family and Support Services (DFSS). In this program youth receive placement in an entry-level job for eight weeks, as well as additional programming like financial capability workshops, job skills development and onsite mentoring.¹⁰ The youth receive a stipend of \$8.25 an hour, and are paid every two weeks.¹¹

The youth first apply on the OSC website, specifying if they have a job, location, or delegate agency preferences. The applications are filtered through DFSS and passed along to delegate agencies who match the youth with different employers who interview and select the youth to work at their sites. Through the delegate agency, the youth are placed in positions such as administrative roles, retail clerks, counselors and classroom assistants, culinary apprentices, landscaping and farm workers. Each jobsite has a site supervisor who helps the youth with on the job training and general support. Some of the additional job readiness and financial capability trainings as well as the orientation occur at the delegate agencies, which serve as the go between for the youth and the government officials. The delegate agencies are spread across the city, helping youth from the nearby

⁹ "OSC 2017 Delegate Agency Handbook." pg 2

¹⁰ "OSC 2017 Delegate Agency Handbook." pg 11

¹¹ "OSC 2017 Delegate Agency Handbook." pg 30

neighborhoods. I was able to learn more about and talk to individuals at two delegate agencies, Gary Comer Youth Center and Back of the Yards Neighborhood Council.

Gary Comer Youth Center (GCYC)

The Gary Comer Youth Center (GCYC) serves as a delegate agency under the OSC umbrella, helping to coordinate between DFSS, youth participants, employers and financial institutions. The center is located in the Greater Grand Crossing neighborhood, which was in the top twenty-five communities that had the highest percentages of participation in OSC during 2017.¹² OSC is the only summer specific programming for the center, with other youth employment programs run through the center during the rest of the year. Youth attend orientation as well as job readiness and financial capability sessions at the center, even if their worksites are at different locations.

Since 2006, the center has served youth from 5th grade through college graduation, focusing on programming in academics, enrichment and college success.¹³ Youth from high schools all over the south side are able to become members for a small fee, and gain access to mentorship, college preparation, and youth employment opportunities. The center has state-of-the-art facilities, from a rooftop garden and an indoor basketball court to a recording studio, allowing youth to pursue their passions in a safe and welcoming environment.¹⁴

¹² "One Summer Chicago Youth 2017." pg 7

¹³ Gary Comer Youth Center, "About."

¹⁴ Gary Comer Youth Center, "About."

Economic Awareness Council (EAC) and LRNG

The Economic Awareness Council (EAC) is a nonprofit organization that has partnered with OSC since 2015 to create and deliver financial capability training and resources to participants. EAC's mission "is to prepare students and families for the economic and financial decisions they will have to make both today and tomorrow."¹⁵ They focus primarily on assisting youth with limited resources, educating them on the basics of "saving, budgeting, banking, credit, investing, and business."¹⁶ Their materials are created in a way to appeal and resonate directly with young people, using real stories, and peer-to-peer teaching methods.

Another OSC partner organization, LRNG develops and houses the Seven Step online capability training playlists, called "Be Payday Ready."¹⁷ These modules¹⁸ include:

- Timesheet Ready
- Tax Ready
- Banking Ready
- Be Ready to Manage Your Account
- Direct Deposit Ready
- Be Ready to Protect Yourself from Fraud
- Savings Ready

After completing this playlist, youth participants earn the "Money Mind" badge. While the "Be Payday Ready" playlist is focused on providing youth with skills to maximize their summer earnings and be savvy savers, LRNG also provides other

¹⁵ Economic Awareness Council, "About Us."

¹⁶ Economic Awareness Council, "About Us."

¹⁷ "One Summer Chicago Youth 2017." pg 16

¹⁸ LRNG CHI, "Be Payday Ready."

playlists for OSC participants. Specifically they have an “Own Your Job” playlist to “improve workplace communication, stress management, accepting feedback, making good impressions.”¹⁹ Additionally, there is a playlist on “Own Your Future” that is meant to be completed later in the summer, allowing them to reflect on their summer job and how it can help them in the future.

The playlists can be completed either on a desktop or on a mobile platform providing the youth participants with flexibility. As youth move through the playlist, they are encouraged to play interactive games, view videos, and post their own ideas and answers onto the platform. This content includes GIFs, emojis, and other relatable content that encourages the youth to engage consistently with the content. In 2017, 5000 youth “successfully completed all seven modules and earned a digital badge representing their financial skills understanding.”²⁰ Youth that complete all seven modules are eligible to apply for a \$500 Money Mind Scholarship. In addition to these modules, the EAC encourage all the youth to set a savings goal that they can work towards over the course of the summer. Youth are encouraged to set this goal even before starting work, allowing them to become more comfortable with the idea of a savings goal.

Furthermore, OSC funded 15 youth Peer Money Mentors in 2017 to help provide other OSC participants with more financial capability information through banking orientations. More specifically, they answer questions “about banking, providing real-world saving testimony, connecting the youth with local bank representatives, and establishing direct deposit goals.”²¹

¹⁹ “OSC 2017 Delegate Agency Handbook.” pg 58

²⁰ “One Summer Chicago Youth 2017.” pg 16

²¹ “One Summer Chicago Youth 2017.” pg 17

Literature Review

Existing Literature on SYEPs

There has been a considerable amount of research conducted on the impact of SYEPs and how they can serve as a model for delivering important resources and information to disadvantaged youth in cities across the US. SYEPs have historically been considered a method by which policy makers could influence specific outcomes or measures connected to youth. A large portion of the current literature on SYEPs analyzes the correlation between participation in SYEPs and these outcomes. For example, SYEPs have often been thought of as an intervention method to reduce juvenile crime rates in major cities. The University of Chicago's Crime Lab has conducted a series of randomized control trials^{22,23} on the One Summer Chicago Plus program, which targets high risk youth more specifically compared to the general SYEP program. These studies focus on disadvantaged youth within Chicago and the impact of their participation in the program on violent crime rates over a period of time.^{24,25} The studies' findings include a significant reduction in violent crime arrests among OSC+ participants over the twelve months after the program ended.²⁶

Another aspect that has been studied across various cities is the impact of SYEP participation on academic outcomes of the youth. One of the Crime Lab studies also considered the impact of participation on future employment and schooling, and found no significant positive impact.²⁷ Shifting to New York City's SYEP, researches found that

²² Heller, "Summer Jobs Reduce Violence among Disadvantaged Youth."

²³ Davis and Heller, "Rethinking the Benefits of Youth Employment Programs."

²⁴ Heller, "Summer Jobs Reduce Violence among Disadvantaged Youth." pg 1219

²⁵ Davis and Heller, "Rethinking the Benefits of Youth Employment Programs." pg 4

²⁶ Davis and Heller. pg 4

²⁷ Davis and Heller. pg 30

participation in this program led to increased school attendance rates²⁸ and academic success,²⁹ especially for youth who participated in the SYEP repeatedly. Looking more long term, one study also found that participation in NYC's SYEP increases the probability of employment while decreasing the probability of incarceration and of mortality.³⁰ Researches have also considered after school youth employment programs, rather than focusing on just summer employment.³¹ While the study found no effects on academic outcomes, it pointed to improvements in behavior and social and emotional development.³²

The prior studies on SYEPs have been almost entirely quantitative. I complement this literature with qualitative data that can highlight important aspects of the program that may not be apparent in the data. Through qualitative interviews, I can understand the intricate relationships between the OSC umbrella organization, the smaller delegate agencies, and the site supervisors and youth employees. Talking to the individuals interacting with the different components of the organization can offer specific perspectives that can inform a larger recommendation. Interviews can reveal new problems or issues that were not previously considered.

Important Concepts for Financial Capability

While the impact of SYEP participation on crime rates, academic outcomes and employment opportunities have been more extensively studied, there has been a dearth of studies on the impact of SYEPs on the financial capability of the youth participants.

²⁸ Schwartz and Leos-Urbel, "Proposal 5: Expanding Summer Employment Opportunities for Low-Income Youth." pg 1

²⁹ Schwartz, Leos-Urbel, and Wiswall, "Making Summer Matter." pg 2

³⁰ Gelber, Isen, and Kessler, "The Effects of Youth Employment." pg 423

³¹ Hirsch et al., "Cover Photo Courtesy of Gloria Hafer." pg 71

³² Hirsch et al. pg 71

Youth participate in SYEPs at a critical point in time as they transition from childhood into adulthood. They are gaining more responsibility by being employed, and are receiving a paycheck for their work through a SYEP. A financial capability intervention through a SYEP can provide youth with the tools to safely store and save their money in bank accounts while simultaneously helping them learn about other important details of personal finance.³³

Financial Capability versus Financial Literacy

While the terms financial literacy and financial capability have often been used interchangeably, there is a distinct difference between these two terms. The existing literature demonstrates that financial education efforts targeting youth are helpful but not sufficient.³⁴ Using a healthcare perspective, financial health can be improved by using preventative strategies rather than remedial measures.³⁵ Financial literacy is essentially the transfer of knowledge, but youth must be given the opportunity to act or change their financial behaviors for long term benefits to be apparent.³⁶

Financial capability refers to not just knowledge about financial behaviors and resources, but rather the combination of the ability and opportunity to act in a financially responsible manner.³⁷ Currently, individuals and families with low incomes have insufficient understanding of the financial systems while simultaneously not having complete or equal access to many of the financial products and services.³⁸ In the long run, improving financial capability in historically underserved communities can break the

³³ Loke, Choi, and Libby, "Increasing Youth Financial Capability." pg 99

³⁴ Johnson and Sherraden, "From Financial Literacy to Financial Capability Among Youth." pg 123

³⁵ Loke, Choi, and Libby, "Increasing Youth Financial Capability." pg 99

³⁶ Sherraden et al., "Financial Capability and Asset Building for All." pg 7

³⁷ Sherraden et al. pg 8

³⁸ Sawyer and Temkin, "Analysis of Alternative Financial Service Providers." pg 1

cycle of poverty and inequality. Therefore, there must not only be a focus on providing information, but also ensuring that there are no longer barriers to accessing these financial services and products. Along these lines, I plan to explore how receiving a paycheck through OSC can serve as a critical “teachable moment”³⁹ to instill important and relevant financial information while providing connections to traditional banking products and services.

Need for Financial Capability

Research has shown that youth, particularly from low income and minority communities, are less financially literate and capable compared to their more well off peers.⁴⁰ This lack of financial well-being often translates into these populations being unbanked, or generally unable to participate in the traditional banking system.⁴¹ However relying on non-traditional banking can put these individuals in unfair and disadvantageous situations. Over an individual’s lifetime, the lack of a bank account “can cost the consumer \$40,000 diverting funds that could be used to cover basic costs of living, weather emergencies or build assets.”⁴² They are subjected to high fees and inefficient processes, as well as vulnerable to crime when trading in paychecks for cash in-person at check cashing locations.⁴³ Additionally, alternative financial services generally do not provide an avenue for building savings in a secure manner, which can lead to significant disadvantages. There has been some research into the efficacy of

³⁹ Loke, Choi, and Libby, “Increasing Youth Financial Capability.” pg 97

⁴⁰ Loke, Choi, and Libby. pg 97

⁴¹ Friedline, Despard, and Chowa, “Preventive Policy Strategy for Banking the Unbanked.” pg 3

⁴² “More Than a Job.” pg 7

⁴³ Friedline, Despard, and Chowa, “Preventive Policy Strategy for Banking the Unbanked.” pg 3

financial capability as opposed to financial literacy, and the importance of providing individuals with a combination of knowledge and access to resources.⁴⁴

Historical Context of Unbanked Communities

Individuals who are unbanked are those who do not have an account at a traditional bank or credit union. Instead, they solely rely on alternative financial services such as check cashing, currency exchanges, and payday lenders.⁴⁵

Non-white and lower income individuals are more likely to be unbanked.^{46, 47} This is due to a number of factors. Historically, African American communities have been discriminated against in banking practices and mortgage lending. Starting in the 1930s, neighborhoods demarcated as “risky” in terms of lending homeowners’ loans experienced a significant increase in racial segregation, peaking in the 1970s.⁴⁸ The neighborhoods denied access to loans have seen a significant decline in their median income.⁴⁹ Furthermore, by limiting access to loans through racial discrimination, access to traditional financial resources within neighborhoods was impacted into the modern era.⁵⁰ Now, these neighborhoods also have limited access to traditional financial services; instead low-income individuals are more likely to have access to alternative financial services within a one-mile radius of their homes.⁵¹ The consequences of these

⁴⁴ Loke, Choi, and Libby, “Increasing Youth Financial Capability.” pg 98

⁴⁵ Mintel, “The Unbanked and Underbanked.” pg 2

⁴⁶ Sawyer and Temkin, “Analysis of Alternative Financial Service Providers.” pg 2

⁴⁷ See Appendix A, Figure 1

⁴⁸ Aaronson, “The Effects of the 1930s HOLC ‘Redlining’ Map;” pg 1

⁴⁹ Aaronson. pg 2

⁵⁰ Aaronson. pg 1

⁵¹ Hermanson and Gaberlavage, “The Alternative Financial Services Industry.” pg 5

discriminatory policies can be seen in Chicago specifically, with check cashing and payday lender services clustered mostly in minority communities.⁵²

Traditional banks also excluded low-income customers through certain discriminatory practices. In general, a relatively high balance must remain in standard bank accounts, in order to avoid high fees and penalties.⁵³ However, low-income individuals cannot maintain these balances and are therefore easily pushed out of the system.⁵⁴ Additionally, most traditional banks don't provide quick microloans or check cashing services.⁵⁵

Relying on alternative financial services can worsen the financial situation of many of the low-income customers.⁵⁶ The high fees and a lack of a structured savings program can lead to increased debt and a continuation of poor financial behavior.⁵⁷ Often, alternative services are aware of these issues and market their products to prey on these customers.⁵⁸

Young people are significantly more likely to be unbanked.⁵⁹ Without a bank account, youth are not leveraging savings capabilities to help with future expenses such as college or housing. From a shorter-term perspective, by relying on check cashing youth “have to walk around with a large amount of cash, which both could encourage poor spending decisions and make them a target of a crimes.”⁶⁰

Financial Socialization

⁵² See Appendix B, Figure 1 and 2

⁵³ Hermanson and Gaberlavage, “The Alternative Financial Services Industry.” pg 4

⁵⁴ Hermanson and Gaberlavage. pg 5

⁵⁵ Hermanson and Gaberlavage. pg 5

⁵⁶ Hermanson and Gaberlavage. pg 7

⁵⁷ Caskey et al., *Lower Income Americans, Higher Cost Financial Services*. pg 3

⁵⁸ Hermanson and Gaberlavage, “The Alternative Financial Services Industry.” pg 6

⁵⁹ See Appendix A, Figure 2

⁶⁰ “Summer Jobs Connect.” pg 25

Financial socialization refers to a “process by which young people acquire skills, knowledge, and attitudes relevant to their” financial wellbeing and independence.⁶¹ More than just effectively navigating the marketplace, this term also includes the process of developing skills and behaviors that “contribute to the financial viability and well-being of the individual.”⁶² For youth specifically, parents, peers, and other social agents directly influence this process of acquiring and developing skills. Parents are generally identified as the primary source, but there is an opportunity for school or training programs to play a role in influencing positive financial socializations. In low-income communities, parents may not be financially capable themselves as a result of lack of education combined with a lack of resources.⁶³ Therefore, a more standardized and reputable source of information and resources can be extremely valuable in these communities. This intervention can influence the long-term prosperity of the community and the youth that compose it. In my own research, I look closely at OSC’s fostering of financial socialization through their programming.

Digital Badging

Increasingly, educators, students and policy implementers are realizing the learning happens everywhere and all the time, not just in the classroom. Digital badging is a useful way to recognize learning that happens in formal and informal settings, and carry these meaningful achievements into the future.⁶⁴ The badges can serve as milestones or rewards to entice youth to continue through the online module. Badges can be used to track skill development, but also consistency and continued learning over a

⁶¹ Schuchardt et al., “Financial Literacy and Education Research Priorities.” pg 86

⁶² Schuchardt et al. pg 86

⁶³ Sherraden et al., “Financial Capability and Asset Building for All.” pg 4

⁶⁴ Casilli, “Open Badges for Lifelong Learning.” pg 3

period of time. They act as a digital record of the skills an individual has developed through various programs and methods. Along the same lines, badges can enhance the social components of learning, which could be particularly useful to target youth. These users can track their badges and share their accomplishments with their friends, further motivating them to learn using these online systems.⁶⁵ Badges can be useful in signaling achievement, allowing for potential employers or colleges to look for individuals with specific badges.⁶⁶ More specific than a skill certification, badges can indicate knowledge in a specific field or signal certain skillsets to a third party.

⁶⁵ Casilli, pg 4

⁶⁶ Casilli, pg 4

Methods

I used a qualitative approach to study the questions I previously posed. I combined the interviews I conducted with key program implementers and OSC participants with existing literature on financial capability to develop my results.

Overview of Data

Between October 2017 and April 2018, I interviewed sixteen people from various positions within in the OSC umbrella. I organized these interviewees into three categories:⁶⁷

1. Background and overview of OSC
2. Agency and participant perspective at the Gary Comer Youth Center
3. Financial capability through OSC

I first learned more about OSC in terms of the programs goals, accomplishment, and shortcomings. I was able to contact Mary Ellen Messner, the Deputy Commissioner for Youth Services at DFSS, as well as Matt Repka and Louise Geraghty, researchers at Urban Labs (a policy research firm connect to the University of Chicago) through students who previously interned with them. In addition, I was able to connect with Jonathan Davis, a UChicago post-doc who co-authored a paper on OSC, to learn about his research and findings on the program. These individuals gave me both a birds-eye view of the program in addition to the broader challenges.

Mary Ellen also introduced me to Terica Middleton, the Resource Manager at the Gary Comer Youth Center. Along with many other duties, Terica coordinates between DFSS and the summer youth employees to implement the OSC programming on the community level. Terica was able to provide more specific insights into the challenges of

⁶⁷ See Appendix C

implementing such a large-scale program and her perspective on the important aspects of the program for the youth participants. I was able to visit GCYC in person three times; I talked to Terica each time, as well as four youth participants and one site supervisor. The former participants I talked to were Thomas, DeAndra, Sterling, and Raesan. All four were African American, in their early 20s, and from local Southside neighborhoods.⁶⁸ I was also able to talk to Will Irvin, a site supervisor at GCYC who gave some context to the type of oversight and mentorship provided to the participants.

After visiting GCYC and understanding the specific skills that the youth gained from the program, I decided to look deeper into the financial literacy and capability aspect of OSC. Mary Ellen was able to connect me to Tracy Frizzel at the Economic Awareness Council, where she develops financial literacy “playlists” for the OSC participants, in addition to partnering with financial institutions to provide youth specific financial resources. Additionally I talked to Jessica Besser-Rossenberg to learn about the delivery methodology for the online financial capability modules and how it was catered to the youth participants. After delving deeper into financial capability I wanted to go back and more completely understand the perspective of DFSS on delivering financial capability on a large scale. Evelyn Benitez, the Youth Services Coordinator, was able to shed some light on how DFSS incorporated financial capability into the summer program. She also provided some anecdotes from youth and various community members, which helped me develop my findings further. Evelyn was also able to connect me to Edwin (Ed) Garcia who ran the financial capability component of OSC for his delegate agency, Back of the Yards Neighborhood Council. He was able to give me a more “boots on the ground” perspective of implementing OSC’s financial capability

⁶⁸ See Appendix D

components. Evelyn also introduced me to Cindy Rawlings, Senior Vice President of Wintrust Bank, one of the partner financial institutions for OSC. Cindy provided some context to the motivations for the financial institutions' partnership with OSC, as well as their goals, successes and challenges.

Outside of the OSC umbrella, I also talked to Paul Robinson, at the Emerson Collective which runs a youth employment program that targets "high risk," gang affiliated, young men on the south and west sides of Chicago. This program is not limited to the summer months, but I was able to learn more about how services must be catered to specific youth demographics. Paul was also able to highlight some of the issues and benefits he previously witnessed first hand while providing support to the OSC+ program.

Data Collection Process

Almost all the interviews through which I gathered background information and OSC's financial capability delivery occurred over the phone.⁶⁹ With consent, I was able to record all the interviews on financial capability, while recording a few for the background research component. These interviews were semi-structured, with a few guiding and clarifying questions. I wanted to let the conversation grow organically which let my interviewee elaborate on issues that they found particularly important. I also encouraged the interviewees discussing OSC's financial capability program to give me key statistics and anecdotes.

The interviews I conducted at GCYC occurred in person, with Terica present for all of them. All of the youth I talked to were over the age of 18, and I was able to gather

⁶⁹ See Appendix C, Tables 1 and 3

their background information and record our conversations with their consent. I developed a set of questions⁷⁰ that I asked all the youth participants but I didn't stick to these questions strictly. My questions broadly asked about the interviewee's experiences with OSC through GCYC, their satisfaction with the job, skills developed, and anything they would like to change about the program. I also developed a separate set of questions for the site supervisor.⁷¹ I didn't code my interviews given the small sample size. In contrast, my interviews with Terica were more free flowing, with a few guiding questions.

Important Documents

Mary Ellen gave me an overview pamphlet detailing the results and impact of the One Summer Chicago program from the summer of 2017. This pamphlet provides an overview of the youth participants that participated in OSC. Some of the key demographic information included: 64% of the participants are African American while 22% are Hispanic, and 56% are female. In contrast, the youth at the Gary Comer Youth Center are almost all primarily African American and from the greater Southside area. The youth participating at the Back of the Yards Neighborhood Council delegate agency are 50% African American and 50% Hispanic.

I was also able to look at the pamphlets that DFSS creates every summer for the agency partners (like GCYC), employers, and the youth for the 2017 program. I received these document from Terica Middleton at GCYC. These pamphlets detail the process that each interacting component of the overall OSC umbrella will take over the course of the summer. There is also helpful background information and relevant contact information.

⁷⁰ See Appendix E

⁷¹ See Appendix E

The youth pamphlet also includes information on financial capability and banking support. Specifically, there are seven pages on receiving a paycheck, direct deposit, and savings.

Additionally, I used some of the literature I discussed previously, in the literature review to provide more context to the data I collected through my interviews.

Concerns about Focusing on GCYC

By concentrating on participants from the Gary Comer Youth Center, I can limit the data to the experiences and programming at the center specifically. I can also more easily meet with the program coordinator at the agency along with youth participants and site supervisors. I'm using interviews to tease apart relationships between the different participants, implementers and supervisors, in order to understand which aspects of OSC program are effective and which were not, through GCYC. By using a set of questions for the youth participants, I was able to analyze the differences in the responses of each interviewee in a more controlled way.

One thing I had to consider is that the youth I was able to interview through GCYC may not have been a representative sample of the youth participating in OSC across Chicago. Many of the youth I interviewed were already a part of the center when they learned about OSC, were encouraged to apply, and ended up on a team at the center for the summer. Their friends were all at the center as well and they all applied and went through the program. Their parents and guardians encouraged them to have a job over the summer, if not specifically encouraging them to apply to OSC. Additionally, all the youth I interviewed at GCYC had been involved with the center for a while and continued to be involved as college students and graduates. While this may not be reflective of the

average OSC participant, taking a narrow lens and analyzing GCYC helped me understand the experiences of youth at GCYC and if there were implementation issues specific to the center.

Other Limitations

I faced a few other limitations as I gathered the qualitative data. I had limited time to contact, meet and interview individuals. I also had to spend a significant amount of time narrowing down my research question and area of focus. Furthermore, I encountered a lack of responsiveness from some of my interviewees and other individuals I was interested in interviewing. This caused me to reevaluate my approach and shift the scope of my project. With more time and resources, I would have liked to interview more youth participants to learn about their specific experiences with the traditional banking services OSC connected them with and their opinions on the LRNG platform. I would also have liked to talk to more financial institution partners to more completely understand their goals and products.

Findings

In this section, I present several findings on OSC's model for instilling financial capability among its participants. I leverage both the current literature on financial capability as well as qualitative interviews to develop these findings. I explore what kind of financial information and types of resources OSC provides, in addition to how they are delivered to the youth participants.

Well-knit Fabric of Agencies to Deliver Financial Capability

OSC provides many of the youth participants with their first job. During my conversation with Tracy, she mentioned that many participants have never had the need for a bank account or the money to put in it. As previously mentioned, receiving their first paycheck is a critical opportunity to instill important and relevant financial information.⁷² OSC serves as a vital point in time for the youth to act on the information and services they have gained and create long lasting, positive financial behavior.

Furthermore, OSC is also serves as a unique intervention to provide financial capability support because of the structure and organization of the program. There is already a significant amount of coordination between the city's departments, delegate agencies, youth participants and employers to have a successful summer of just youth employment. While I initially found it confusing to follow how all the various agencies worked at various levels of the overall organization, Terica described how this model was extremely effective. The existing programmatic linkages between different OSC departments across the city, can help to deeply embed financial capability into the

⁷² Loke, Choi, and Libby, "Increasing Youth Financial Capability."

infrastructure of the program.⁷³ There are numerous touch points at which youth can be nudged towards financial capability. For Terica, one important aspect of this set up is the ability to work closely with higher-level coordinators at DFSS, allowing for constantly communication, an open collaboration throughout the summer.

The benefits of inter-department coordination and strategizing for youth employment can be translated to financial capability delivery. There are many moving components in helping youth become more financially capable, with the city departments, delegate agencies, nonprofit content developers, and the financial institutions all working together. The youth flow through the OSC program from the application to the mentorship from the employers.⁷⁴ This provides numerous points at which financial capability resources can be introduced and reemphasized to the youth. To ensure that all youth get access to the support and help they need, OSC effectively coordinates between the different players. With the system in place to take on youth employment, OSC is able to utilize the system to also develop financial literacy content, connect financial institutions to the youth, and coordinate payroll among all the youth in an effective manner.

Delivering both Financial Capability and Financial Literacy

For many of the youth participating in OSC, their paychecks were covering basic necessities for themselves and their families. Terica, the Resource Manager at GCYC, expanded on this, saying:

⁷³ “SJC Building Sustainable Banking and Savings Program.” pg 7

⁷⁴ Appendix F

Even though [the pay] may be very little, it decides whether or not they are going to have dinner, or if the lights stay on. A lot of times people from other areas get so comfortable because they know that when they enter their home and they flip the light switch on, the lights are going to come on. For some people it's a prayer, you don't know what you're going to face when you get home.

For these youth, just knowing what a bank account is and how to write a check is not enough. To stop living from paycheck to paycheck, these youth must have access to financial resources that can help them track their earnings and over time grow their savings. Ed said that his main goal was to show the youth “how much [they] pay for not banking.” When every cent of their paycheck counts, the high fees of alternative financial services can be very detrimental to these youth participants.

In many of my conversations with the policy implementers and content developers, my interviewees often made it a point to emphasize OSC's goal of improving financial capability rather than financial literacy. Again, financial capability includes both the knowledge needed to act in a financially positive manner, as well as access to appropriate financial resources. OSC is able to take a more holistic approach to supporting the youth by focusing on financial capability from the beginning to the end of the program. According to Tracy, who develops financial capability resources through EAC, OSC made the conscious decision to bring representatives from financial institutions to job fairs and recruitment events to sign up youth for free bank accounts even before they applied. However, there are still some barriers to completely access traditional banking. Many of the neighborhoods that the unbanked youth live in, still do not have brick-and-mortar bank locations, but instead have many alternative financial service locations.⁷⁵

⁷⁵ Sawyer and Temkin, “Analysis of Alternative Financial Service Providers.” pg 3

Transforming Processes to Promote Financial Capability

OSC and its partner financial institutions developed and provided financial resources with the needs and abilities of the youth participants in mind. Change occurred when OSC transitioned to a payroll structure that was controlled by the city. Centralizing payroll allowed the delegate agency to “ensure that participants have an option to receive their pay by direct deposit. This was not necessarily the case when the delegate agencies were paying the participants directly.”⁷⁶ Evelyn mentioned that centralizing the payroll system also allowed OSC to engage with smaller and local financial institutions with deeper ties to the community. Ed told the youth participants that by partaking in direct deposit, they would have so much less to worry about; now, “while they are sleeping, at 1 am their money goes straight into their bank account.” Furthermore, this transition enabled OSC to offer paycards to youth who were too young for bank accounts or wanted a different option. At GCYC, all the youth are either using direct deposit or paycards, according to Terica Middleton. The center has stopped handing out paper checks, partly due to this transition.

Previously, OSC relied on paper checks, which led to a great deal of issues and complications for all parties involved. Ed described this process, saying youth would have to “jump on the bus, come here to pick up your check, jump back on the bus, go to the currency exchange, wait in line and cash the check and then walk around with all this cash in their pocket.” This led to a great deal of accountability issues and general paperwork that required coordination between DFSS, delegate agencies, and employers.

Another component of emphasizing financial capability included reshaping expectations to nudge youth towards financial responsibility. Tracy Frizzel described

⁷⁶ "Summer Jobs Connect." pg 25

how OSC began to set expectations for the youth to use direct deposit from the moment they filled out the application. The application included a component asking the youth if they planned to use direct deposit; if not, they were asked if they wanted more information on what direct deposit actually is. In the application, youth are asked if they want to use direct deposit; if they don't know what direct deposit is, they can learn more directly from the application site. The application is also geocoded "to identify where applicants live and where the nearest partner financial institution is located."⁷⁷ Youth are also encouraged to set a savings goal and objective on the application. Additionally, the pamphlets handed out to the youth participants during their orientation include information on how to sign up for direct deposit.

Making Banking More Attractive, Safe, and Accessible to Young People

There are a few features that can make traditional banking services accessible, safe, and appropriate for youth participants. OSC ensured that these considerations were taken into account when they partnered with local banks to provide youth with financial services.

One major feature that was emphasized by OSC implementers is the ability to open a non-custodial account, which in other words refers to the ability of the youth participants to manage and have a bank account without the need for a parent or guardian to cosign. Evelyn mentioned how the implementers noticed that sometimes "parents, guardians, or 'shady' people in the household will take their money." Ed expanded on this, detailing two common scenarios he saw every summer. One, when parents or guardians cosigned for a young participant's bank account, "most of the time it doesn't

⁷⁷ "SJC Building Sustainable Banking and Savings Program." pg 11

work out well for the [youth]. Typically the parents end up taking the money.” Another issue he has seen every summer is “a few kids who have never opened a bank account, and never had credit, but can’t get a bank account because their parent or guardian used their information to get a credit card or pay bills. So now, before [the youth] even start, their credit is ruined.” By avoiding custodial accounts, the youth can take on more responsibility for their money and avoid common problems with losing their money to their parents or guardians. However, this feature is not always available to youth under the age of 18, so paycards are provided instead.⁷⁸

According to Tracy, other important features of youth focused financial products provided in partnership with OSC includes no cost to open the account, online access, and no overdraft fees. The ability to access accounts online or on mobile platforms allowed for youth to be connected and engaged in monitoring their accounts in a responsible manner. According to Terica, the youth participants at GCYC in particular enjoyed using direct deposit as it allowed them to receive their paycheck faster than a paper check, and having a bank account not tied to their parents allowed the youth to feel more in control of their hard earned money. However, Ed made it a point to describe how with this new responsibility and access, youth are exposed to more high-risk opportunities. They can easily rack up a significant amount of credit card debt if they are not taught how to manage their account, spending, and savings appropriately. This indicates the importance of accurate and age appropriate financial information delivered by OSC as well.

⁷⁸ See Appendix G, for difference between paycards and bank accounts or direct deposit

Financial Capability at GCYC

Through my interviews with the youth participants at GCYC, I was able to take a closer look at what financial capability meant in practice. For all the participants I talked to, their relationships with their paychecks and summer earnings transformed over the many summers they were able to participate in OSC. DeAndra discussed how when she was younger, she would “go out and buy some fun things” for herself when she got paid. She enjoyed the novelty of earning money herself, and the independence it brought as well. Similarly, Sterling described how when he was younger, “the moment [he] got his first paycheck [he] went crazy with the money, [he] was buying lots of video games and clothes.”

However, through the financial capability information and support provided by OSC, they both started to realize the importance of budgeting and saving. DeAndra also mentioned that as she grew older she “realized that [her] mom was very burdened by paying the bills” and generally dealing with money. This made her reevaluate how she could use her money to help out her mom more directly as well. Furthermore, as an older participant in OSC, she encourages younger participants to save their paycheck for “more useful purchases like a graduation dress, instead of partying and going out.” DeAndra is an example of how participants can internalize the financial information delivered through the online modules and apply it to their real lives.

Throughout my conversation with him, Sterling made it clear that the main skill he was able to develop through his participation with OSC was independence. Sterling has a muscular disability, which can make his speech a little difficult to understand. Because of his disability, he realized the importance of being self-reliant. In his words he

“didn’t want to be a burden, and [he] didn’t want to be left behind by [his] family.” A major component of this independence includes financial capability. Because of information and support he received through OSC, he started saving his earnings and using it to purchase photography equipment, which he uses in his college courses as a Photography major. Sterling has also been able to start his own photography business, which he acknowledged was in part due to the positive financial socialization at GCYC and through OSC.

Using Positive Financial Socialization to Eliminate Misconceptions about Banking

As previously mentioned, financial socialization refers to the context in which an individual receives information and education on financial opportunities and responsibilities.⁷⁹ This concept is particularly important for both youth and for OSC. While the youth may learn various concepts from their friends and family, there is no guarantee that this information is accurate or applicable. Evelyn gave an example of how some youth are told by family members that after they use the mobile platform to deposit their paycheck, they can go cash the same check again and essentially get paid twice. Not only does this not work, it is also illegal. Youth who try this could be in legal trouble, which can have a major detrimental impact on their future. Jessica, who develops the online playlists on LRNG, also emphasized this issue of false and illegal information perpetuating within unbanked communities. The LRNG module, “Be Payday Ready” explicitly provides youth with accurate information as a way to combat common and dangerous misconceptions that are can be instilled by family members and friends.

OSC has the ability to create an environment and provide resources that ensures

⁷⁹ Sherraden et al., “Financial Capability and Asset Building for All.” pg 7

positive financial socialization. While the LRNG platform allows for more widespread access of the financial literacy information, one concern that Ed mentioned is that the online modules are significantly less engaging than the face-to-face delivery of information. Additionally, just the promise of a digital badge or the ability to apply for a scholarship is not enough of an incentive to get high rates of module completion. Ed simply explained, youth are more likely to respond to “immediate and tangible incentives, it is just human nature.”

However, peer mentors can play “a valuable role in educating and supporting their fellow participants, serving as credible sources for financial lessons.”⁸⁰ OSC also uses peer money mentors as a method to build positive socialization. These mentors, who are also OSC participants, held 127 orientations and spoke with over 10,000 youth participants. Accompanying representatives from financial institutions, peer money mentors assisted in presentations about “safe accounts, often introducing them to their peers and seeing the context for the session in an engaging way.”⁸¹ They cover topics from the benefits of banking and direct deposit to how to protect your savings and your identity. While adults can deliver the same information and provide as sense of authority, peer mentors can be more effective in engaging with the youth. As Raesan, a participant from GCYC, put it, young people do not always want to hear about what they need to change or do differently from adults. Getting help and advice from someone around the same age as the youth could be a useful way to encourage positive behavior change. Furthermore, the peer mentors can dissuade some of the apprehension and distrust youth may have for banks. Ed described how sometimes “the motives of the bank are not to

⁸⁰ “Summer Jobs Connect.” pg 32

⁸¹ “Summer Jobs Connect.” pg 32

teach financial literacy. The motives of the bank are to simply open accounts.” In order to ensure that youth are being taught the valuable financial skills they need to navigate the banks’ products, the peer mentors can deliver the information in a trustworthy manner.

Additionally, developers who create the financial capability content for the online platform must be aware of their audience in a way that is more specific than young adults. The participants will be less engaged with the material if it is too juvenile. Evelyn elaborated on the importance of age appropriate content:

While the literacy and numeracy levels of some of the young people are not extremely high, you can’t dumb it down to the point where young people are looking at the content for 3rd or 4th graders. That’s terrible, because what are you trying to say about our young people? Do you think they are stupid?

While some of the youth may have special learning circumstances, the site supervisors and the Peer Money Mentors can help to aid these youth specifically. Along the same lines, Tracy and Jessica noticed that if the content were based on repetitive multiple-choice questions, the youth would just find the answers on the Internet. Therefore the content must require some creativity or brainstorming skills to help develop the participants’ financial skills in addition to other general skills.

Improving Community Relationships with Traditional Banking

Both the program implementers and nonprofit liaisons mentioned how many historically underserved communities have a strong distrust of banks. In many of the neighborhoods with high OSC participation, there are very few traditional financial institutions and resources available. Terica expanded on this, saying:

Unfortunately a lot of their parents don’t have that background knowledge, so if you have families that are passing down information or who are going through cycles and not advancing only because for a large part they haven’t had the

opportunities or the resources to do so, the family as a whole is not going to go anywhere. They are just in a hamster wheel doing the same thing over and over again expecting different results.

Furthermore, Evelyn described how many OSC participants have families who have lived through generations of poverty and were afraid of or didn't trust the banks. She gave an example of families who would "wrap money in aluminum foil and hide it between their mattress so that if there was a fire, the money would be okay" instead of saving it in the safety of a bank. Ed noticed that among the annual OSC cohort made up of 50% Hispanic and 50% African American participants, the African American youth were "much more apprehensive to banking than the Hispanic youth." When pushed further on this claim, he mentioned, "I'm sure they've heard horror stories from their parents or grandparents about how they got screwed over by some bank. I don't blame them for having that apprehension at all."

However, engaging with traditional financial institutions themselves may lead the youth to be more likely to encourage their own families, friends and neighbors to switch over to traditional banking. Financial empowerment increased and improved youth relationships with mainstream financial institutions and overall positivity toward banking.⁸² Ed explained, "after personally introducing the youth to a banker to open up their account, it breaks down some of the barriers." By strengthening all these relationships, banks can help to ease the distrust within the community as well. Cindy also added that Wintrust Bank found it important "to focus on education and take to where people are, in their communities." Taking this step to come to the neighborhood can be seen as a sign of goodwill. Furthermore, online banking can serve as a bridge

⁸² "SJC Building Sustainable Banking and Savings Program." pg 6

between the communities and the financial institutions that may not be active or present in the community at this point. Through this engagement with the community members, banks are also more able to invest in and grow deeper relationships with the community as a whole, as echoed by Cindy.

Policy Recommendations

Through my interviews with individuals who interacted with OSC in various capacities, I was able to develop some key findings on the delivery of financial capability information and services. Many of the OSC participants were being connected to safer and cheaper traditional bank accounts, rather than relying on inefficient and expensive alternative financial services. These accounts allowed the youth to control their own finances and become fiscally responsible and independent over the course of the summer.

In conjunction with these financial services, youth were receiving accurate personal finance information via online platforms through which they could earn badges to indicate completion and comprehension of the modules. Furthermore, peer money mentors encouraged positive financial behaviors in a more authentic way than adult mentors or representatives from financial institutions could not.

Overall my research demonstrates that OSC has a positive impact on helping youth become more financially capable, by providing resources at a key intervention point in their lives. However, my interviews revealed certain issues for which I propose policy recommendations. These issues can be broken up into three components:

1. Develop a less repetitive and more engaging financial literacy curriculum
2. Low participation in the online curriculum
3. Increase the OSC pay rate to the minimum wage to help low income youth start growing their savings in addition to supporting their families with their paycheck

1. Improve and Expand Financial Capability Curriculum

Develop a Tiered Financial Capability Playlist System

Many of the youth I talked to at GCYC have repeatedly participated in OSC, and therefore have had the same exact financial literacy training for the past few summers.

Raesan mentioned how he was bored by current online modules, but would be interested

in learning more about finance, by exploring other topics. Using this feedback, EAC and LRNG can create new resources and training modules that explain more difficult to grasp financial concepts. They can develop a tiered system allowing youth who already understand the basics of banking, direct deposit, and personal finance to explore different areas connected to financial capability. These more advanced modules could include understanding health insurance, navigating FAFSA, growing credit, or applying for car loans.

While adding modules might have a few costs, it will be useful to keep youth engaged on the topic of financial capability. There are a few potential modules that can build upon the existing financial information modules. OSC can take this opportunity to provide youth with more information on how to save for larger expenses like their education or housing. Youth could also learn more about building credit, or investing. An alternative approach is to look at what youth are interested in and what their goals are. For example, some of the youth I talked to at GCYC are interested in or have started their own businesses. OSC could provide support in terms of learning more about entrepreneurship and social innovation, concepts that Mayor Emmanuel is already committed to.⁸³

Leveraging Peer Money Mentors

Rather than just relying on online modules and adults from nonprofits and banks to talk to the youth about their financial needs and goals, OSC can more extensively leverage peer money mentors to encourage positive financial socialization. While peer money mentors do currently reach out and talk with many OSC youth, in 2017 the fifteen

⁸³ “ThinkChicago.”

mentors were only able to reach a third of the participants. Currently the OSC program is very expansive and it can be difficult to reach all the youth participants through peer money mentors given the time, monetary, and resource constraints. But this is an important program that should be bolstered rather than focusing all resources on the online modules. Face to face support can be more effective in inspiring and helping youth compared to the less engaging online modules.

2. Increase Participation in the Online Curriculum

While changing the online curriculum can lead to an increase in completion of the literacy modules, OSC can use other avenues to incentivize the youth.

Enhancing Digital Badging Incentives

In 2017, only 5000 participants out of a total of 31,151 youth completed the Money Mind playlist on LRNG, or a participation rate of only 16%.⁸⁴ The main motivation put in place by the EAC, is an opportunity to apply for a scholarship after completing the module. However, digital badging can be used more effectively to incentivize and motivate⁸⁵ youth participants to start and finish the financial capability playlists. OSC can partner with employers and community colleges to create a comprehensive and standardized system for recognizing badges. This system can allow OSC participants to use their badges to indicate certain skills and capabilities when applying for future opportunities. With this potential, youth participants may be more

⁸⁴ “One Summer Chicago Youth 2017.” pg 16

⁸⁵ Casilli, “Open Badges for Lifelong Learning.” pg 3

motivated to work through and complete playlists as they can see a more immediate and accessible impact on their near future.

More broadly, incentives must be developed in a meaningful and complete way. There must be effective coordination between the various organizations that work together to create incentives. While this refers to any type of incentive, OSC policy implementers should keep these concepts in mind as they further develop badging:

Not all outcomes need to or should be incentivized; incentive goals should be specific, achievable, and focus on encouraging young people to engage in behavior they might not have otherwise. For example, many programs incentivized youth to meet a set savings goal, but unrealistic goals proved impossible to attain and ultimately disappointing for youth.⁸⁶

Furthermore, for the implementation to be completely successful “Staff and partners must take responsibility for financial empowerment goals and incentives, and also dedicate time for training and communication about these incentives.”⁸⁷ In conjunction, the incentives should be continuously reinforced throughout all the program stages; for example, this could be done using social media or email reminders.

Immediate Monetary Incentives

While badging is increasingly becoming a popular method for documenting skill achievement and incentivizing learning, there are alternative incentives that can be expanded in the short run. Specifically, youth can be rewarded a small amount of money as a bonus to their final paycheck if they finish the financial literacy modules. As mentioned in my findings, Ed noticed that the youth participants generally want an immediate and tangible reward. Despite the additional costs, this is potentially a high

⁸⁶ “Summer Jobs Connect.” pg 11

⁸⁷ “SJC Building Sustainable Banking and Savings Program.” pg 13

impact method to encourage youth to complete the online modules.

3. Increase Pay to Minimum Wage

In my interviews at GCYC with Terica and the youth participants, OSC's low pay rate was repeatedly mentioned. In 2017 the youth participants were being paid \$8.25 per hour, significantly less than the minimum wage of \$10 per hour.⁸⁸ While not directly connected to OSC's financial capability component, the low pay rate could pose as a deterrent for low-income youth who need to make as much money over the summer to support themselves and their family. Instead of using the financial capability training they learned from OSC and setting aside some money to go towards savings, the youth have to use their whole paycheck to support their families' day-to-day needs. To ensure these youth are able to leverage OSC's financial capability information and resources effectively, the pay rate could be increased to match the minimum wage. While this might increase costs, it is an important consideration in order to instill positive financial behavior and encourage savings among the previously unbanked youth participants.

⁸⁸ City of Chicago, "Minimum Wage."

Conclusion

Every year, One Summer Chicago connects thousands of youth to short term paid work. Youth are able to learn valuable job readiness skills and gain exposure to a variety of careers. For many youth, this is their first job and the first time they are receiving a paycheck. This summer experience allows for OSC to provide the unbanked youth of Chicago with accessible and appropriate financial resources. Financial stability and education can act as major building blocks to overall independence. By building on their existing organization composed of links between various nonprofits, city departments, financial institutions and small businesses across the city, OSC is able to embed financial capability into its infrastructure. This presents youth with safe and cheaper alternatives to check cashing and currency exchanges. I explored how OSC uses a financial capability framework to help youth build relationships with traditional financial services, learn to set aside some of their earnings to reach savings goals, and more effectively navigate their personal finances.

OSC can further enhance their existing financial capability curriculum and delivery through some key changes. By developing a more engaging and less repetitive financial literacy curriculum, OSC can present more information to youth interested in going beyond the standard financial literacy modules. OSC can also increase participation in the LRNG playlists, by expanding the digital badging system or alternatively, introduce more monetary incentives to complete the online modules. Finally, OSC can assist the youth using their OSC paycheck to support their family, by increasing the pay rate for the program to minimum wage. This can allow the participants to set aside some

money to grow their savings and more effectively use the financial information they learned through the program.

While this paper presented an overview of financial capability through OSC, there are many opportunities for further research to support these claims. At a neighborhood level, researchers can look at how traditional banking systems impact the local economy. Additionally, a longitudinal approach can be used to analyze the impact of introducing financial capability into OSC. A mixture of qualitative and quantitative methods can point policy makers towards potential opportunities for expansion and enhancement of the program.

In summary, One Summer Chicago can play a significant role in developing financial capability among the youth participants, by providing access to financial services, savings, and responsible money management. By assisting at this key transition point between childhood and adulthood, the participants are able to begin their adult lives on a stronger financial foundation than previous generations.

Appendix

Appendix A

Figure 1⁸⁹- Share of unbanked, underbanked, and banked by household income, March 2016

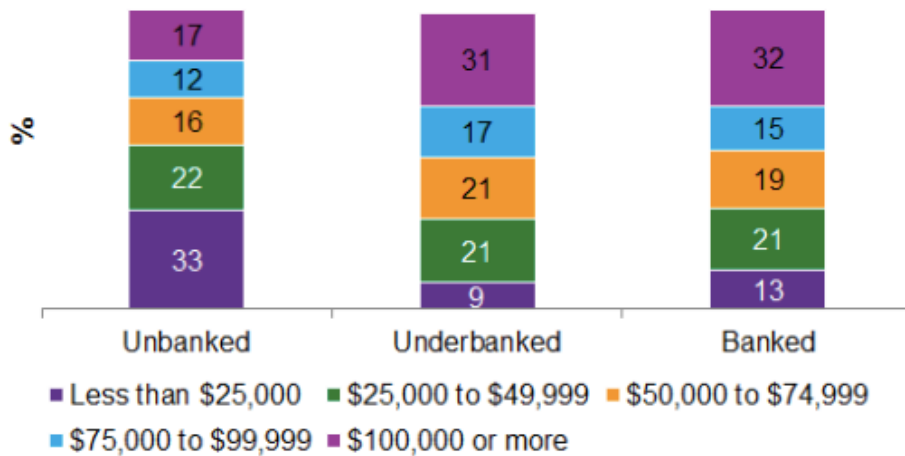
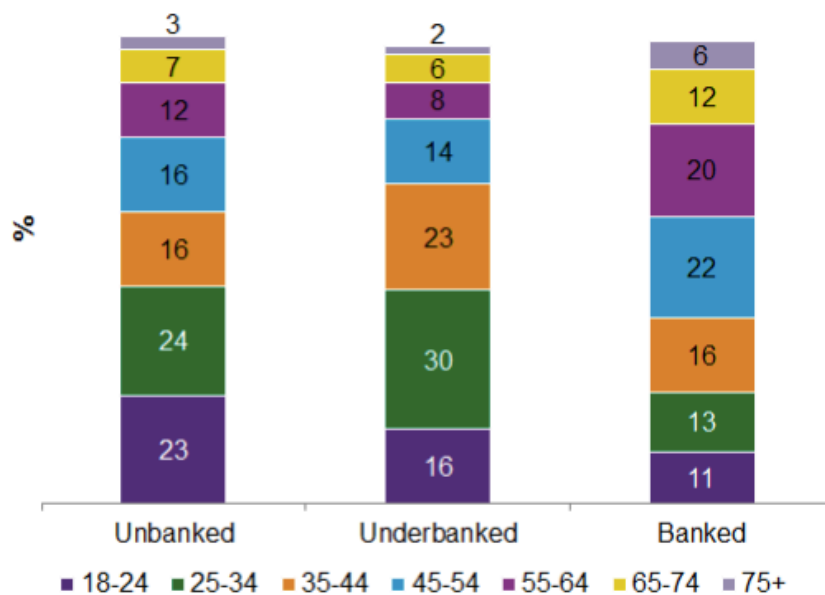


Figure 2⁹⁰- Share of unbanked, underbanked, and banked by age, March 2016



⁸⁹ Mintel, "The Unbanked and Underbanked." pg 2

⁹⁰ Mintel, "The Unbanked and Underbanked." pg 2

Appendix B

Figure 1: Alternative Financial Service Providers⁹¹

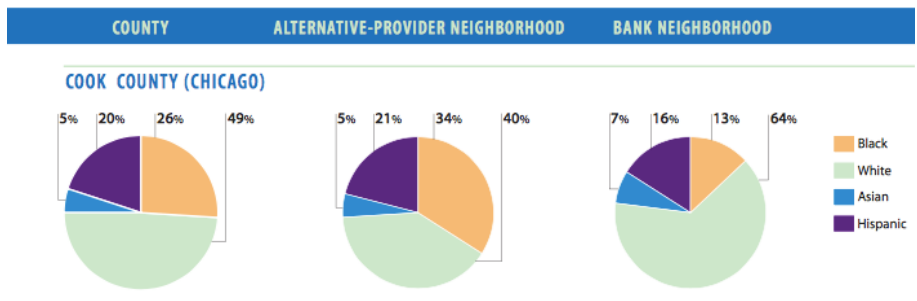
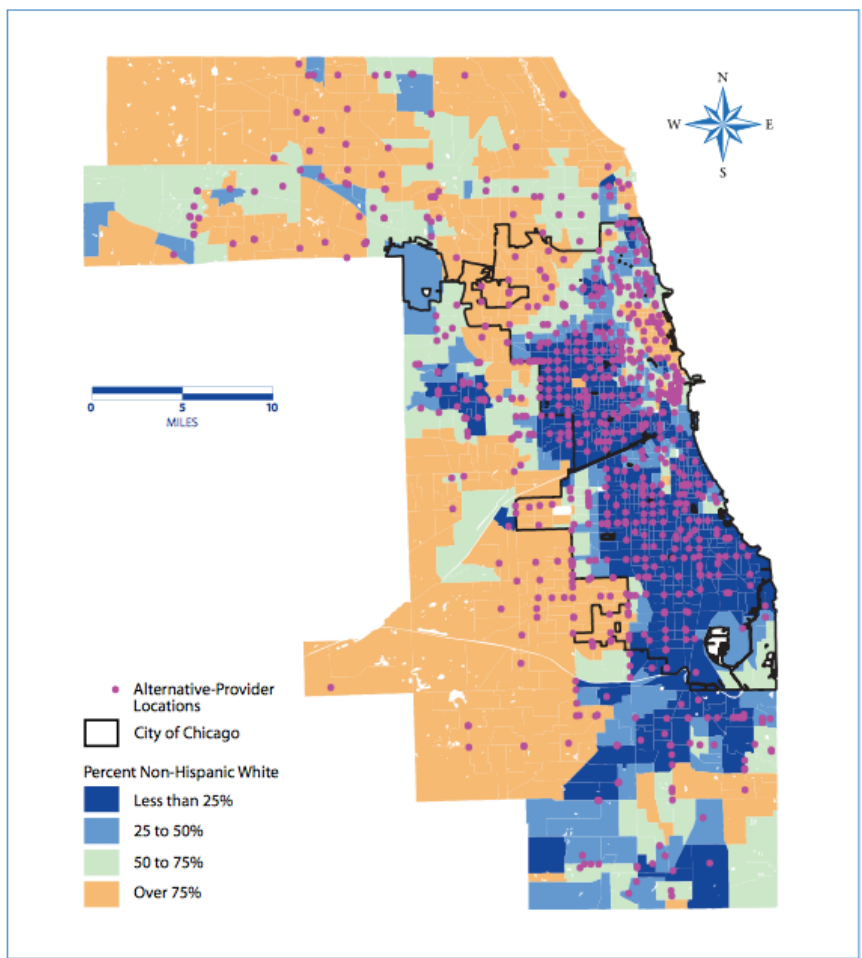


Figure 2: Cook County, Illinois: Location of Alternative Providers, with Percent Non-Hispanic White⁹²



⁹¹ Sawyer and Temkin, “Analysis of Alternative Financial Service Providers.” pg 12

⁹² Sawyer and Temkin. pg 15

Appendix C

Table 1: Informational interviews on OSC

Name	Position	Organization Affiliation	Phone or In person	Recorded?
Mary Ellen Messner	Deputy Commissioner for Youth Services	Departments of Family and Support Services	Phone	Yes
Matt Repka	Former Research Manager for OSC+ RCT	Urban Labs	Phone	No
Louise Geraghty	Research Manager for OSC+ RCT	Urban Labs	Phone	Yes
Jonathan Davis	Post Doc who authored the OSC+ RCT 2012 paper	University of Chicago	In Person	No

Table 2: Interviews at GCYC

Name	Position	Interaction with OSC	Phone or In person	Recorded?
Terica Middleton	Resource Manager	Agency Coordinator	In person	Yes
Thomas	OSC Participant	Camp Counselor	In person	Yes
DeAndra	OSC Participant	Clerical Work	In person	Yes
Sterling	OSC Participant	Free Spirit Media	In Person	Yes
Rasesan	OSC Participant	Culinary Department	In Person	Yes
Will Irvin	Site Supervisor	Leaps and Bounds Program	In Person	Yes

Table 3: Interviewees on Financial Capability

Name	Position	Organization Affiliation	Phone Call or In Person	Recorded?
Tracy Frizzel	Youth Programming	Economic Awareness Council	Phone Call	Yes
Jessica Besser-Rossenberg	Pathways Development Manager	LRNG	Phone Call	Yes
Evelyn Benitez	Youth Services Coordinator	Department of Family and Support Services	Phone Call	Yes
Edwin Garcia	Director of Finance	Back of the Yards Neighborhood Council	Phone Call	Yes
Cindy Rawlings	Senior Vice President	Wintrust Bank	Phone Call	Yes
Paul Robinson	Director of Youth Engagement	Chicago CRED, formerly with Becoming a Man	In Person	Yes

Appendix D

Background Information on GCYC Youth Participants (Thomas, DeAndra, Sterling, and Raesan)

Thomas was homeschooled and lives in Greater Grand Crossing. He became involved with GCYC at a young age and was excited to continue participating with the center through OSC during the summer. He has worked in many different departments including culinary, safety monitor, and as a camp counselor.

DeAndra is also originally from the Greater Grand Crossing neighborhood and went to high school at South Shore High School- School of Entrepreneurship. She then moved onto Illinois State where she majored in Child Development Psychology and Health Sciences. DeAndra primarily did clerical work, helping Terica with implementing and coordinating the OSC programming. She has now taken on a full time role at the center as an assistant coordinator to Terica, bringing both the participant and the agency coordinator perspective to the interview.

Sterling is from Chatham, and went to Gary Comer College Prep, which is how he was introduced to GCYC. He attended Columbia College where he majored in Photography and minored in Business. Sterling was able to hold a wide variety of jobs through the OSC program including placements at Free Spirit Media, Green Team, ground crew, gardens, and the culinary department. He really values the opportunity that OSC presented to explore different fields and careers, and his placement at Free Spirit Media was ultimately what allowed him to discover his passion for photography.

Raesan recently graduated University of Alabama A&M where he majored in Communications and Media, and minored in English. He went to CICS Ralph Ellison for high school, and participated in OSC since he was eligible. Raesan consistently worked in the culinary department over the many years he participated in OSC, allowing him to take on more of a leadership role in the more recent years.

Appendix E

Questions for students:

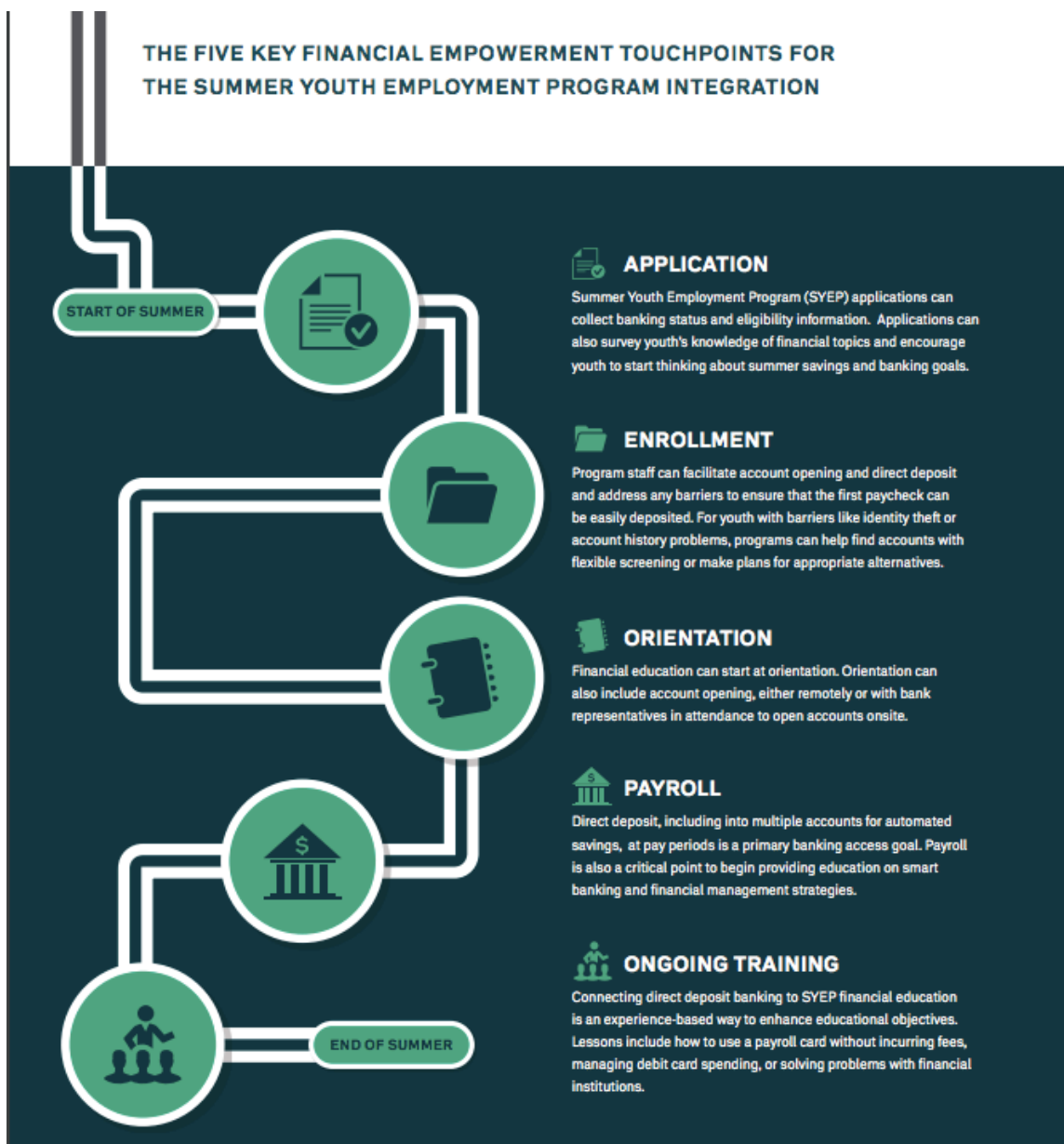
- Age:
 - Neighborhoods:
 - College:
 - High School:
 - OSC Job:
1. Why did you decide to apply and participate in OSC?
 2. How did you hear about the program?
 3. How competitive do you think the application process is?
 4. What kind of job were you hoping to get? Were you satisfied with the one you got?
 5. How do your parents/guardians feel about you participating?
 6. Did any of your friends participate? Did you make new friends through OSC?
 7. How are you using the money you earned?
 8. What skills do you think you picked up through OSC? Are you using them in school?
 9. If you didn't participate in OSC, how do you think you would have spent your summer? How did your friends who didn't participate in OSC spend their summer?
 10. What did you enjoy or not enjoy about participating in OSC? What would you change if you could?

Questions for employers/supervisors:

- Name:
 - What job are you supervising:
 - How long have you been with OSC:
 - What is the age range of the youth you are supervising:
 - What do you do during the rest of the year:
1. How did you get involved with OSC?
 2. How have you enjoyed supervising the youth?
 3. Have you seen major changes or development in their behaviors?
 4. Do you see an impact on their academics or crime involvement?
 5. How much do you interact with parents or guardians?
 6. What skills do you try to emphasize or help foster?
 7. Is financial literacy or responsibility a major component of how you help or interact with the youth?
 8. Do these youth programs have a more general impact on the community?
 9. Is there anything about the program you really dislike or that you would change?

Appendix F

Pathway through SYEP ⁹³



⁹³ "Summer Jobs Connect." pg 26

Appendix E ⁹⁴

Paper Checks, Paycards and Bank/Credit Union Accounts – Pros and Cons		
	Pros	Cons
Paper Checks	<ul style="list-style-type: none"> • Offers less temptation to spend than cash. 	<ul style="list-style-type: none"> • Without an account, participants must pay fees to cash checks • Not efficient to integrate into municipal processes • Check distribution can be expensive and time-consuming
Paycards	<ul style="list-style-type: none"> • Helps participants avoid check cashing fees, and offers less temptation to spend than cash • Possible to attach savings account option so participants can split their deposits and save • More efficient than paper checks to integrate into municipal processes • Tie to one specific employer makes it easier for employer to enroll populations at scale 	<ul style="list-style-type: none"> • Funds can only be loaded on by one employer; when participants get a new job, or receive cash as gifts, they will not be able to use their card • Not all paycards are created equal; some have prohibitive and costly fee structures
Bank/Credit Union Accounts	<ul style="list-style-type: none"> • Also helps participants avoid check cashing fees, and offers less temptation to spend than cash • First step to a relationship with a mainstream financial institution • Safe, insured. • Savings accounts can be used, along with direct deposit, to facilitate savings 	<ul style="list-style-type: none"> • ID requirements are more rigorous than a paycard, so takes more time to enroll participants • Programs will likely need to negotiate with financial institutions to find account that meets participants needs

⁹⁴ “Summer Jobs Connect.” pg 29

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Bachelor of Arts in Public Policy, Minor in Statistics

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- GPA: 3.57/4.00, Dean's List, University Merit Scholarship (\$10,000/year), Published in University of Chicago Journal of Human Rights
- Relevant Coursework: Elements of Economic Analysis, Applied Linear Regression, Multivariable Calculus, Linear Algebra, Marketing Strategies, Public Policy Analysis, Poverty and Economic Development

SKILLS

Experienced with Microsoft Word, Excel and PowerPoint, SharePoint, OneNote; JIRA
STATA, Some R; some Adobe Photoshop, Illustrator; Silk and Bokeh (Data Visualization Tools);
Basic HTML and CSS

EXPERIENCE

Morningstar

Chicago, IL

Buy-Side Equity Products Intern

June 2017- August 2017

- Developed methodology and prototype for automatic investment recommendations, with a team of 5 interns and presented to senior leadership
- Built customizable Excel templates utilizing Morningstar's economic, investment and commodity data to serve clients in the financial industry

Rustandy Center for Social Sector Innovation at Booth

Chicago, IL

Research Assistant

January 2018- Present

- Gathered, organized, and analyzed key data on Fortune 500 companies' Corporate Social Responsibility Reports

NowPow

Chicago, IL

Product Development Intern

January 2017- June 2017

- Participated in rigorous User Acceptance Testing (UAT) to minimize defects and deliver high quality products connecting individuals to community health care resources
- Researched market competition by comparing NowPow's product to competitors' products

Health2047

San Francisco, CA

Product Design and Development Intern

June 2016 – August 2016

- Developed a comprehensive business plan and clickable prototype for college mental health mobile app, and led company wide presentation
- Conducted user acceptance testing for mobile app prototype, contacted and discussed the product with doctors, and incorporated feedback to create modifications and improvements

TechSoup Global

San Francisco, CA

Communications and Marketing Intern

June 2015 – September 2015

- Initiated and expanded Global Impact Map of 400+ nonprofit success stories using Silk data visualization tool. Standardized data format, edited stories, suggested ideas for process improvement and project expansion
- Researched potential grant funding opportunities for office rebranding project

ADDITIONAL INFORMATION

- **Student Economic Development Consulting Experience, Finalist**
- **Think Chicago, Case Finalist**
- **Institute of Politics Tech Team, Member**
- **Neighborhood Schools Program, Classroom Volunteer**
- **Trott Business Program, Member**

PERSONAL

Travel, Volunteering, Food