



Metropolitan Nashville  
and Davidson County

# Economic Inclusion Advisory Committee Report



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# Letter from Co-chairs

October 2017

Financial opportunity is the cornerstone of the American economy – the belief that no matter where you're from or where you start, you have the chance to climb the financial ladder. Economic inclusion improves the lives of everyone: consumers, businesses, young, old, rich or poor. Research shows that greater inclusion in the economy helps individuals start and expand businesses, increase educational attainment, and better manage unexpected financial emergencies.<sup>1</sup> When there are more consumers in the marketplace, there are more purchases of goods and services and more tax revenue for state and city governments.

In September 2016, Mayor Megan Barry established the Economic Inclusion Advisory Committee (the "Committee") to research and evaluate our financial ecosystem of literacy, empowerment, and capability, and to make recommendations that can realistically be implemented to improve the existing system for Nashville residents. The Mayor asked us to co-chair the Committee with the goal of creating a shared vision of what economic inclusion means for Nashville, and to determine and develop a "Nashville Vision" that provides a holistic approach to financial stability leading to inclusion.

We understand that our objective was a massive undertaking, and we couldn't have done any of it without this committed and diverse Committee. All too often such committees produce nothing more than a series of meetings and a report that sits on a shelf. From day one Mayor Barry challenged us to do more than provide a report that gathers dust – and we believe we've accomplished this goal. We want to thank our fellow committee members for their efforts, their time and talent, and their dedication to service. Each and every member of the Committee approached our work with incredible zeal and excitement.

We hope this report will help Nashville create a system that comprehensively and holistically prioritizes economic inclusion and security in our city's economic success. We also hope that this leads to stronger, more equitable communities by expanding opportunities for individuals, businesses, and the City to invest in their larger priorities. By expanding the circle of financial security, we can improve Nashvillians' quality of life in many different ways – and make our city an even better place to live.

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## Eddie George

### **Economic Inclusion Advisory Committee co-chair**

Managing Partner, Edward George  
Wealth Management Group

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## Dr. Shawn Joseph

### **Economic Inclusion Advisory Committee co-chair**

Director of Schools,  
Metropolitan Nashville Public Schools

<sup>1</sup> Briggs, Colleen. "JPMorgan Chase's Dedication to Inclusion." U.S. Chamber of Commerce Foundation, 22 September 2016

# Advisory Committee Members

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## Tracey Dill

Director of Financial Stability,  
United Way of Metropolitan Nashville

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## Joanne Pulles

President, The HCA Foundation,  
and the HCA Hope Fund

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## Robert Stokes

Financial Management Advisor,  
Edward Jones Financial

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## Eric Johnson

Dean, Owen School  
of Business Management,  
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## Brandon Puttbrese

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## Jarrett Strickland

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## Justice William C. Koch

**Financial Capability  
Subcommittee chair**  
Dean, Nashville School of Law

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## Sarah Sanders Teague

Senior Vice President,  
Pinnacle Financial Partners

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## Jamie Woodson

Executive Chairman and Chief  
Executive Officer, S.C.O.R.E

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## Jackie Morgan

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Financial Education Specialist,  
Federal Reserve Bank

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## Carolyn Schott

Member Attorney,  
Sherrard, Roe, Voigt, and Harbison

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## Senator Jeff Yarbro

Tennessee State Senator, District 4

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## Kent Oliver

Director, Nashville Public Library

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## Martha Silva

Director of Economic Integration,  
Mesa Comal, Casa Azafrán

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## Carol Yochem

President, Middle Tennessee  
Market, First Tennessee Bank

# Executive Summary

Nashville has been experiencing phenomenal growth, and the Mayor's Office of Mayor Megan Barry is committed to making sure this economic prosperity is enjoyed by all of Nashville's residents. Over the past year, the Committee and its subcommittees held 18 meetings to examine (1) how to educate residents about financial products and budgeting, (2) how to financially empower residents to achieve financial security, and (3) how to remove barriers that prevent residents from being able to achieve their financial goals.

A lack of financial inclusion has broader consequences for the macroeconomy; it has the potential to hurt equity and productivity by reducing an individual's access to credit. This access can be essential for starting and growing businesses, buying homes, and the broader economic development of the city.<sup>2</sup> Implementing financial inclusion strategies raises the security of residents and improves a city's ability to bounce back from eventual economic and environmental shocks and stresses. That is what the Mayor charged the Committee with developing - actionable strategies that will provide greater access to financial resources so that Metro residents and their families can enhance their economic standing.<sup>3</sup>

Implementing tools to increase financial literacy among young people and workers can have a demonstrable impact on their ability to choose financial products best suited for their financial health. Financial literacy provides students an entry into an often complex system - teaches them how money works, how to evaluate the array of available financial products, and how to create and achieve financial goals.

In addition to financial education programs, the Committee believes the city needs to implement

and expand financial empowerment strategies that increase opportunities for financially vulnerable families to gain a foothold in the economic mainstream.<sup>4</sup> When residents are financially secure, they are better positioned to buy homes, support businesses, and contribute to the local economy, helping their communities thrive. For example, the Nashville Financial Empowerment Center, a program in partnership between the Mayor's Office and United Way of Middle Tennessee (see Financial Empowerment Subcommittee section), has helped thousands of people reduce their debt and increase their savings. Since the beginning of the program, the FEC has reduced client debt by \$6 million and increased client savings by nearly \$1 million. By prioritizing the goal of financial empowerment in city planning and coordinating the work of the city's vibrant community-based organizations, Nashville can more effectively increase its residents' financial capability.

Some residents face significant barriers to accessing financial tools or escaping cycles of debt. We examined these barriers and what is being done around the country to integrate all residents in the economy. In this report, we note where barriers exist at the state and federal levels, but we focus our recommendations on those within the city's control to modify or test alternatives.

The Committee's goal was to develop a holistic approach to financial security for Metro residents by building greater economic inclusion. Based on the Committee's research, our vision for this approach was guided by **three Foundational Concepts** and resulted in **16 Impact Recommendations**. As charged by the Mayor, these Impact Recommendations were tailored to create feasible and demonstrable improvements in residents' financial well-being.

<sup>2</sup> Furman, Jason. "Financial Inclusion in the United States." Council of Economic Advisers, 10 June 2016

<sup>3</sup> "Report on Financial Literacy in Massachusetts." Massachusetts Office of Economic Empowerment, December 2015

<sup>4</sup> Corporation for Enterprise Development. "Building Economic Security in America's Cities." Corporation for Enterprise Development, 1 January 2011

# Foundational Concepts

## **Financial inclusion should be addressed across an individual's financial life cycle.**

Through our three subcommittees, we found that financial literacy, empowerment, and capability are intertwined and must be addressed with an understanding of how each impacts an individual's financial health. As an example, a young worker in Tennessee who studies personal finance may understand the importance of credit, but as an adult may not know how to negotiate a debt on his own credit report. These are specialized skills and tactics that financial counselors at the Financial Empowerment Center provide to constituents across Nashville. The response to financial struggles must be approached across service sectors.

## **Our existing system lacks precise definitions for various services, programs, and community resources available to the public.**

A critical condition of our current infrastructure is clearly defining the difference and the domain of proper financial programs. To advance the field of financial empowerment, "service-based" organizations should move from financial "literacy" programming to programs driven by empowerment and capability outcomes.

## **Where significant and systemic barriers to access exist, we believe that policymakers should create conditions to reduce and improve access.**

Tangible problems, such as workforce access, court fees and fines, and draconian financial products are not so intractable that sound public policy can't improve these conditions. Policymakers who understand the importance of cities on regional and even state economies should look to sound public policy, not politics, to guide their decisions. Cities that prioritize financial inclusion will stand ready to weather ever-changing economic climates.

# Impact Recommendations

Each subcommittee created a set of actionable strategies we believe are attainable and, if adopted, will (1) increase financial literacy, (2) empower residents in their financial decision-making, and (3) increase access to financial capability. Underpinning these strategies are core outcomes defined by each subcommittee:

## Financial Literacy (p. 11)

*Every student graduating MNPS should be financially literate and understand bedrock financial concepts*

- Clearly define a consistent curriculum used across the school system.
- Develop re-credential criteria and process for Metropolitan Nashville Public Schools (MNPS) personal finance teachers in collaboration with current certifiers
- Create more formal opportunities to leverage financial literacy community-based organizations and integration with “Spotlight periods” to intentionally focus content
- Determine innovative methods to deploy financial literacy instruction

## Financial Empowerment (p. 18)

*We need to expand, grow and professionalize financial empowerment tools to empower Nashvillians*

- Create a steering committee that develops a set of criteria and standards to evaluate financial empowerment across organizations
- Develop a professional development/mentoring program for social services and community-based organizations to generate more financial empowerment capacity
- Instruct Metro entities that implicate financial empowerment issues to schedule presentations, hearings, or otherwise to create regularly recurring opportunities for feedback from the field
- Find new innovations that support access to small-dollar loan alternatives
- Form a Private-Public Partnership that reduces barriers to access workforce or post-secondary attainment
- Engage financial institutions to meet their Community Reinvestment Act requirements as depositors on innovative loan funds at Community Development Financial Institutions



A teacher uses a tablet to communicate information to a student.

## Financial Capability (p. 27)

*Increase access to the financial mainstream for all Nashvillians, regardless of cultural, societal, or legal barriers*

- Commission an impact analysis of proposed and existing court fines, fees, and taxes and the collateral consequences affecting financial security and capability
- Improve court efficiency and judicial education by deploying pretrial pilot projects that substantially reduce the incarceration rates, the associated costs, and increase required court appearances
- Create a structured citizen learning opportunity for fundamental financial and legal (landlord/tenant, disability rights, benefits rights, etc.) education with strategic partnerships operating in centers of influence, such as places of worship, cultural centers, housing authority, etc.
- Identify and/or facilitate learning or listening sessions to improve culturally appropriate banking opportunities for low and moderate income constituents and financial institutions
- Determine the applicability and opportunity to support a microloan fund for borrowers who either have no access to credit due to religious considerations or cannot get credit from traditional sources (such as banks or credit unions)
- Strategically plan where a consumer protection response system to predatory and unfair business practices may operate in Metro Government

*There will be barriers to implementing some of these recommendations, no doubt. But none of them are insurmountable. And once we're able to put each of these ideas into action, Nashville will be a more inclusive community than ever before.*

# Individual Subcommittee Reports



# Financial Literacy

## Subcommittee Overview

**“Financial literacy is a necessary skill. Just as it became impossible to live well and operate effectively in modern societies without print literacy - the ability to read and write - today it is not possible to do so without financial literacy, a solid grounding in the ABC’s of finance.”**

*- Annamaria Lusardi, Director of the Global Financial Literacy Excellence Center*

The Subcommittee co-chairs tasked the Financial Literacy Subcommittee with analyzing and evaluating the financial curriculum delivered in our formal school system. The goals of their work were to identify:

- What curriculum is utilized;
- What opportunities may exist to expand, increase or leverage existing educational resources; and
- What could be implemented to improve the financial literacy of Nashville’s students.

## Members

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### Shawn Joseph

Subcommittee chair  
Director, Metropolitan  
Nashville Public Schools

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### Jackie Morgan

Senior Economic and  
Financial Education Specialist,  
Federal Reserve Bank

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### Jamie Woodson

Executive Chairman and Chief  
Executive Officer, S.C.O.R.E

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### Eric Johnson

Dean, Owen School of Business  
Management, Vanderbilt University

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### Kent Oliver

Director, Nashville Public Library

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### Carol Yochem

President, Middle Tennessee  
Market, First Tennessee Bank

**Financial literacy is education delivered in formal settings to students about basic financial knowledge, financial systems and how and why to make sound financial decisions.**

The world of finance is far too complex to generalize programs that provide support to consumers into a vague term such as “financial literacy.” In Nashville, financial literacy has had an imprecise definition, encompassing a range of services and programs from financial workshops to banking presentations, and financial counseling to credit repair programs. We believe that these programs and services are vital to our communities; however, they may confuse or frustrate the endeavors of what real “literacy” means. We believe that financial literacy is education delivered in formal settings to *students* about basic financial knowledge, financial systems, and how and why to make sound financial decisions. Literacy is the building block upon which learning thrives. It is a core concept that students need to be literate—have the ability to read and write—so they can learn more material and capitalize understanding. Financial literacy should be no different: students need the basic building blocks from which more adaptive learning can take place.

We are fortunate to live in a state that prioritizes financial literacy. In 2006, a coalition of financial literacy experts with Tennessee Jump\$tart, the Federal Reserve and the Tennessee Department of Education, among other supporters, encouraged the General Assembly to pass

legislation mandating that high school students must complete a personal finance plan to graduate.<sup>5</sup> In 2007, the Tennessee Jump\$tart Coalition, led by then-president of the Federal Reserve Bank of Atlanta and Economic Inclusion Advisory Committee member Jackie Morgan, worked with the Tennessee Department of Education to draft curriculum standards from the national Jump\$tart standards. The State Board of Education approved the curriculum standards and a course outline in the social studies field requirement.

Currently, teachers licensed in Economics, Business, Marketing, and Family and Consumer Sciences may teach personal finance without any further training. However, teachers holding other endorsements must complete a minimum of 14 clock hours training provided by the department or a state-approved facility.<sup>6</sup> Approved training facilities in Middle Tennessee include the University of Tennessee Extension and the Federal Reserve Bank of Atlanta, Nashville Branch. The personal finance course became a graduation requirement in the 2008-2009 school year. Furthermore, Tennessee became a national leader with the passage of the Tennessee Financial Literacy Program Act of 2010, which established the Tennessee Financial Literacy Commission, to provide resources promoting financial literacy instruction in grades K-8. Keeping with its mission and Treasurer David Lillard’s financial literacy priority, the Tennessee Financial Literacy Commission recently piloted a new program to develop partnerships with schools to deliver K-8 education using *Financial Fitness for Life*. This pilot, set to conclude at the end of 2017, will measure and inform different curriculum models for school districts across the state.

Our Financial Literacy Subcommittee evaluated financial literacy curriculum and programming in Metropolitan Nashville Public Schools

<sup>5</sup> NASAA Legislative report “Tennessee HB 3753 and SB 3741 would require the state Department of Education to create a state board to approve a high school financial literacy curriculum. SB 3822 and HB 3624 would require the subject of personal finance be taught in all public high schools.” 2006

<sup>6</sup> Tennessee Department of Education “First to the Top” Personal Finance requirements

(MNPS) from kindergarten through high school. Tennessee has provided a framework and the mandate to have our school systems teach financial literacy. But the state requirement is just a floor, not a ceiling on what school systems can or should do. And we can do more. There are core requirements mandated in state standards, but we at our local level can and will be doing more to improve financial literacy concepts that set a firm foundation.

As an example, we can identify more opportunities to integrate financial education into subjects that organically leverage those subjects' success. Financial skills are a lens through which this information can be communicated. Students have shown academic success when a subject is rooted in real contexts. Math has historically been a challenging subject for students, but students may find learning percentages more engaging if it's calculating the rate of pay on compounding interest. Or they may find stories and books more appealing when their protagonist faces real financial decisions that students have or will face.

The long-run economic implications of not prioritizing financial literacy could have dire effects more broadly. According to one survey, the 2015 National Financial Capability Survey conducted by the Financial Industry Regulatory Authority and cited by the interagency Financial Literacy and Education Commission, only 22 percent of respondents had received formal financial education and only 1 in 3 reported having enough savings to cover an unexpected expense.<sup>7</sup>

We understand that schools and teachers are often the first sites routinely asked to do more engagement, and fitting everything into a traditional school day is impossible. Unfortunately, financial literacy is given a limited role in our national education conversation

when juxtaposed on subjects on which student proficiency is tested. Presidents Barack Obama and George W. Bush understood the important role of financial literacy and education, first forming the Financial Literacy and Education Commission in 2003,<sup>8</sup> and the President's Advisory Council on Financial Capability for Young Americans in 2013.<sup>9</sup>

The future of financial education depends on how engaging we make it. It isn't just the financial success of our students that we should be worried about; it's also our cities, our states, and our country's. Investing in this future now isn't just an investment in the student - which is paramount - it's investment in our society. We know that education is the strongest thread woven into the tapestry of our society's success. The prioritization of financial education will play a larger role in our economic achievements. The level of this importance will be on full display in our cities. MNPS making this a priority demonstrates that we are making that down payment for our future.



Mayor Megan Barry reads to an MNPS student.

<sup>7</sup> Furman, Jason. "Financial Inclusion in the United States." Council of Economic Advisers, 10 June 2016

<sup>8</sup> "Financial Literacy and Education Commission." U.S. Department of Treasury, 25 May 2017

<sup>9</sup> "President's Advisory Council on Financial Capability for Young Americans." U.S. Department of Treasury, 27 October 2015

## Observations and Issue Summary

Financial literacy instruction that MNPS has historically provided is vague, had little clarity and made broad assumptions about what students are learning - rather than knowing what students are *actually* learning. The deployment of financial literacy education in Metro Nashville Public Schools (MNPS) is currently administered differently for K-8 and high school. In the K-8 space, financial literacy is now being delivered during the economics and government subject area such as "how to use money" and "what is money." The Tennessee Department of Education is currently revising the financial literacy curriculum for kindergarten; however, current instruction consists of first grade, second grade, and third grade. In first grade, the student is asked to distinguish between how money is earned and how money is used. The focus at this level is on core literacy and embedding financial literacy concepts into this curriculum. Building on these concepts in second grade, the subject is re-introduced into the social studies requirement as an economics subject describing the flow of goods and introducing budgets. In the third through the sixth grades and early part of the eighth grade, there is not a lot of specificity of financial education.

While there is no requirement of one set of curriculum that must be used, MNPS schools have used curriculum provided by Junior Achievement, Knowledge Bank, and *Rock the Street, Wall Street*. Additionally, 18 schools have used the Council for Economic Education's *Financial Fitness for Life* curriculum, provided by the Tennessee Financial Literacy Commission.

At the high school level, the personal finance requirement falls under the Career and Technical Education (CTE) umbrella. Although the personal finance requirement is under the CTE umbrella, it remains a requirement for all students, not just those in CTE programs.

The State Board of Education has required that students must achieve a half (.5) credit of high school level personal finance education to graduate with a high school diploma. However, a student that has three years of Junior Reserve Officers' Training Corps (if the JROTC instructor has attended the Personal Finance training) or has one (1) credit hour in Agriculture Business may substitute that coursework for one-half unit of personal finance.

The subcommittee identified over 900 different financial literacy resources for teachers, some at cost and some for free. While there are over 900 different resources nationally, the Tennessee Department of Education also provides a list of financial literacy curricula a teacher *may* use in the classroom. The curriculum being employed in MNPS classrooms depends on the individual principal and teacher, with little guidance on what and how the curriculum is applied in the classroom.

In addition to personal finance teachers, MNPS maintains financial education relationships in The Academies of Nashville program, partnering with the Tennessee Credit Union in Antioch High School and U.S. Community Credit Union in McGavock and Hillsboro high schools. These schools have active credit union branches in the school and hire students to run the branch as financial advisors for fellow students. Students participating in these programs have the opportunity to earn an industry certification as a financial counselor through the Credit Union National Association (CUNA).

The subcommittee identified opportunities to improve financial literacy effectiveness from past efforts that had little classroom accountability of curriculum; and while state curriculum standards are clear, the implementation of those standards was not. The district has dedicated,

passionate teachers devoted to this subject, but little communication existed between principals and teachers about curriculum used, instruction priorities or identifying leveraged learning opportunities; little or no real assessments or ability to determine curriculum effectiveness or student proficiencies; and little demographic information on the students currently in the credit union programs through the Academies of Nashville.

These are all opportunities to build on what we've seen work and include fresh perspectives to improve areas that have become lax. We found excited personal finance teachers and a desire to deploy innovative learning opportunities that harness personal finance to improve other literacy outcomes. The current MNPS administration is eager to test cutting-edge approaches to delivering subject matter and is taking a hard look at how information is being provided. Fresh perspectives and change are often difficult and require dynamic and trusted leadership. Director Shawn Joseph brings with him years of experience in difficult educational settings and cutting-edge approaches to improve our broader education system. This progressive administration endeavors to find what works and improve those areas, while testing alternatives for methods that product demonstrable results. This new leadership affords the district a chance to deploy educational techniques such as cross-curricular and blended learning that excite teachers and students alike.

Dr. Joseph also has experience bringing in community partners to support financial education. In Maryland, he helped the Prince Georges' County school system have a more robust partnership with Junior Achievement's Finance Park to provide students an interactive financial education experience. Nashville is fortunate to have multiple financial education

nonprofits that have a specialized focus, offering MNPS a well-rounded roster of experts. For example, *Rock the Street, Wall Street*, which introduces girls to the field of finance through real-world financial projects and on-site industry visits. This hands-on experience fosters an interest in not only personal finance but also financial careers. Currently, women make up 9% and 11.7% of the mutual fund management and private equity management, respectively. Additionally, Knowledge Bank provides programming in a culturally engaging atmosphere that equips youth with tools to produce a generation of financially knowledgeable, responsible and empowered youth. These aren't one-size-fits-all propositions, and the experience to navigate and connect partnerships will be paramount to expanding and improving financial literacy.

More broadly, the launch of Opportunity Now, the Mayor's Summer Youth Employment Initiative,<sup>10</sup> brings national resources, technical assistance and partnerships to improve connections with personal finance education in MNPS. Financial capability for young people has been a cornerstone and a mayoral priority from day one. Integrating financial education and capability into programming across the age spectrum of Opportunity Now (ages 14-24) reinforces the classroom material. Students who earn money and learn about ways to save their earning are receiving real life practice to foster sound financial health. Reinforcement at this level of education is a good thing—as long as we're aligned towards similar goals. By coupling in class instruction with employment and training, our students will be better equipped to use the knowledge they gain in the classroom in their real life.

<sup>10</sup> See Mayor's Summer Youth Empowerment Program, Opportunity Now

# Financial Literacy

## Impact Recommendations

### **Clearly define a consistent curriculum used across the school system.**

For elementary schools, the suggested strategy is using children’s literature (See Appendix B) and related lessons/materials for teaching personal finance content. Literature allows the student to engage the subject matter in a non-threatening environment while establishing a sound foundation of financial understanding. When literature is coupled with other financial materials, the “soft skills” of learning in a narrative setting are reinforced by a “hard skill” such as actually saving coin money in a piggy bank.

For middle school, the suggested strategy is using interactive financial education programs. A student who must multiply or divide their “paycheck” in a fictional yet real-life scenario will gain more financial understanding than he or she would from a simple math question. Nashville is fortunate to have a talented and engaged financial sector that has a vested interest to improve the financial education of Nashville students. Additionally, Nashville is home to various financial education nonprofits like *Rock the Street*, *Wall Street*, *Junior Achievement*, and *Knowledge Bank*. These organizations come with unique skill sets that leverage the world of finance to teach life skills and life lessons. MNPS currently partners with these programs in an ad hoc basis, but a formal coordination will improve student participation and school engagement. MNPS has done a great job working with programs in the past, but a fresh look at aligning curriculum standards, closer collaboration and cultural relevance will improve student performance.

For high school, the suggested strategy is to identify specific curriculum components recommended for teaching personal finance to bring consistency across the personal finance course. We recommend that MNPS form a small group to create evaluation criteria to identify and approve those pieces of financial education curriculum and guideposts for their use in MNPS classrooms.

### **Develop re-credential criteria and process for MNPS personal finance teachers in collaboration with current certifiers**

Credentialing instructors to teach personal finance is critical; absent a background in economics or finance, most instructors have little financial context outside of personal experiences. The evolution of financial systems and products requires updating and refreshing the educators’ understanding of these critical concepts.

We recommend that MNPS require teachers to renew their personal finance credentials. We also recommend that this re-credentialing process have clear criteria, guidelines, and an appropriate timeline. The credentialing process could be embedded in a similar Continued Learning Experience (CLE) framework and integrated into professional development days. MNPS should seek to work collaboratively with regional partners, such as the Federal Reserve Bank of Atlanta’s Nashville Branch, to limit the scheduling and budget impact of re-training programs. The subcommittee also encourages the Tennessee Department of Education to review and evaluate this re-credentialing process as a best practice in personal finance education across Tennessee.

**Create more formal opportunities to leverage financial literacy community-based organizations and integration with “Spotlight periods” to intentionally focus content**

Promoting and marketing the importance of financial literacy through a “spotlight period,” similar to the awareness campaign every April for Financial Literacy Awareness month, will improve student awareness and the importance given to financial education. The subcommittee understands that April isn’t the best timing for this awareness effort because teachers and students are preparing for exams. While April brings national attention to the issue of financial literacy, the school system should deploy “Spotlight” periods, whether during a week or a month with the school year, where the subject of financial literacy becomes a focus. MNPS could look to leverage outside organizations such as Tennessee Jump\$tart, Nashville Public Library, the State Treasurer’s Office, the State Comptroller’s Office, and other stakeholders with a vested interest in financial literacy as a steering Committee to determine the right timeframe and programming.

**Determine innovative methods to deploy financial literacy instruction**

The field of financial literacy instruction has rapidly changed in the last five years. In recent years a number of digital platforms delivering financial literacy education have been developed. New digital applications have increased student capacity and have proven an efficient delivery method for foundation learning. MNPS should explore pilot programs to launch at the Virtual School as a means of improving student participation and proficiency. Piloting a blended learning environment using financial literacy as the analog could provide MNPS with an opportunity to identify further collaborative learning opportunities.



Mayor Megan Barry talks with students using laptops at Bellevue Middle Prep.

# Financial Empowerment

## Subcommittee Overview

**“Innovative financial empowerment initiatives we pioneered here in New York City [had] been an important part of our work to help New Yorkers weather the national economic downturn.”<sup>11</sup>**

*- Mayor Michael Bloomberg*

The co-chairs tasked the Financial Empowerment Subcommittee with analyzing and evaluating the financial empowerment field and what programs or resources are currently provided to Nashvillians, either from government or nonprofits. The goals of their work:

- Define financial empowerment;
- Identify program and service gaps; and
- Evaluate how programs are utilized across financial empowerment disciplines and determine the level of collaboration.

<sup>11</sup> “Bloomberg Philanthropies and Living Cities’ CFE Fund Announce Five Cities Selected for \$16.2 M In Financial Empowerment Center Grants.” Living Cities, 8 January 2013.

## Members

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### Eddie George

**Financial Empowerment Subcommittee chair**  
Managing Partner, Edward George Wealth Management Group

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### Joanne Pulles

President, The HCA Foundation, and the HCA Hope Fund

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### Robert Stokes

Financial Management Advisor, Edward Jones Financial

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### Tracey Dill

Director of Financial Stability, United Way of Metropolitan Nashville

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### Martha Silva

Director of Economic Integration, Mesa Comal, Casa Azafrán

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### Jarrett Strickland

Investment Advisor, Molette Investment Services

The subcommittee believes it is paramount that Nashville defines what we think financial empowerment represents. Being financially empowered doesn't just mean that someone knows *what* to do, but that they *know how, when,* and *have* the ability to act. We took a thorough environment scan to define what "financial empowerment" services are currently being provided and what policies are currently in place, but also why they're considered "financial empowerment." This scan emphasized how diverse and varied our financial empowerment "infrastructure" truly is.

There are examples of financial empowerment programs from comparable cities, but every city has different environments that make their financial empowerment support unique. There are amazing programs serving many Nashvillians, but to make sense of these programs and their particular place within our infrastructure, we developed a process to distill an incredible amount of information from an array of stakeholders into Impact Recommendations and persuasive commentary. We surveyed financial empowerment organizations and programs to assess their community impact and if they were under-leveraged.

We broke this work into three phases. **Phase one:** determine how the field currently conceptualizes and defines financial empowerment and how it uniquely differentiates itself from financial literacy or education—two concepts that have often been misconstrued (see Executive Summary). **Phase two:** define criteria and standards to better compare and contrast programs to understand

Being financially empowered doesn't just mean that someone knows what to do, but that they know how, when and have the ability to act.

the interplay and connections between programs; additionally, determine if Nashville has any "flagship" organizations that are vital to our financial empowerment infrastructure.

**Phase three:** learn how organizations provide their services and if there were service gaps or capacity limitations.

Once our field analysis was complete, we found there were various intervention at which clients routinely receive emergency financial support or supportive services. Often, this support or service was happening at intervals that didn't support long-term sustainability or progress for the client or program. The subcommittee wanted to capture how this flow of service, or the desired flow of service, appears as a continuum that a client moves across depending on life cycle or their current circumstances. These interventions on the following pages help define how clients currently interact with the field and how organizations fall into this infrastructure. To aid our discussion, we developed a structure (figure - "financial empowerment continuum")

to identify where these interventions or services occur, what organizations were providing that intervention, and identify those gaps in service or where those interventions are deficient.

Whether working with a case manager to get connected with support services or a recent college graduate who desires more financial mobility, we found that every individual falls somewhere along this continuum. Having a better understanding of how clients move across their financial empowerment continuum, and knowing the most appropriate service providers, we can more accurately identify gaps, incentivize strategic collaboration and improve capacity. In ideal conditions, elements of financial empowerment are integrated at each point of the continuum. This will identify clients who present with a set of factors that belie the underlying or root causes which are financially related. Each of these intervention points is defined along the financial empowerment continuum. The definitions then correspond with organizations that provide a service along the continuum.

**Case Management (Mgt.) and Benefit**

**Navigation:** an individual on this side of the continuum is typically seeking a service by a city or community-based organization that often helps navigate complex government or social services programs that provide financial or supportive services

**Positive or Negative (+/-) Inspiration:** an experience or a series of actions that either positively or negatively inspires more financial awareness, whether it's eviction, bankruptcy or another financially traumatic event or a recent salary increase, employment or retirement program

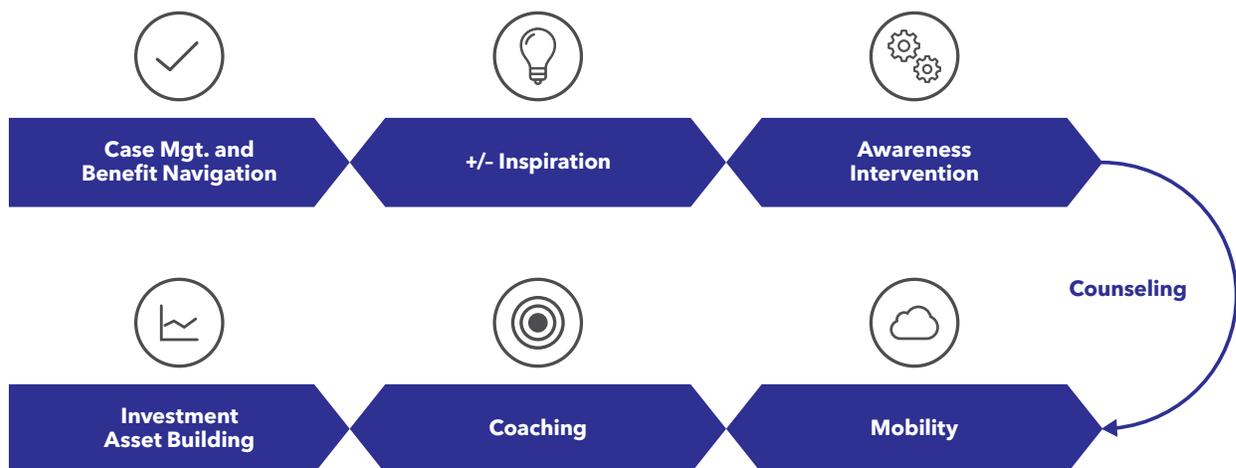
**Awareness:** the desire to engage services, programs, or paid professionals to gain financial understanding and learn how to make better financial decisions

**The Counseling Arrow:** the bridge that connects awareness and mobility<sup>12</sup>

**Mobility:** increased financial security that promotes post-secondary attainment, professional development, entrepreneurship or other opportunities that expand an individual's net worth

**Coaching:** a client is financially and functionally ready to engage with a formally trained coach who encourages and builds upon clients' sound financial decisions

**Investment and Asset Building:** an individual has mastered saving for unexpected financial disruption and is now growing assets, investment capital (i.e. retirement savings), and becoming more financially resilient



<sup>12</sup> Once someone is inspired, seeks awareness, and then receives counseling, the chances for economic opportunity greatly increase

## Observations and Issue Summary

The subcommittee sent a survey to nearly 23 different organizations delivering financial empowerment programs. Organizations were invited to participate in a round of field research interviews following the survey. Of the 23 organizations that received the survey, 8 requested to have follow-up interviews. Each interview asked baseline questions to capture the differences or similarities between programs; what outcomes they currently track; and what, if any, collaboration with other organizations or services they have. Organizations expressed their appreciation for the Mayor's dedication to these issues, sustaining the Financial Empowerment Center, and believe Nashville organizations do a good job delivering financial empowerment services. However, there's room for improvements to increase needed capacity, better coordination of services to aid alignment, and cross-sector engagement. The Impact Recommendations reflect this desire of alignment and coordination by financial empowerment programs to address barriers collectively.

There were several barriers we identified to accessing services and/or financial empowerment programming, and ultimately a safe financial marketplace. There are a number of workforce and transportation barriers, which are ripe for a city-wide conversation, but we feel those topics are beyond the scope of our charge. However, due to challenges accessing childcare and early childhood education, many parents have difficulty keeping gainful employment or accessing services to improve their finances. The current Pre-K enrollment system is fragmented and uncoordinated, creating inefficiencies leading to a \$2 million loss in student and societal benefits. As parents attempt to navigate the system, they must manage multiple systems and applications that often financially qualify the seat. Not only do parents often miss valuable qualifying periods, they frequently go to multiple providers who accidentally double-

book. At worst, that leaves another vacant seat at a different provider; at best, valuable time is wasted. We found this to be a persuasive concern that inherently affects a Nashvillian's financial empowerment ecosystem. We appreciate the Mayor appointing a Senior Advisor for Education to address this concern in a broad and more holistic manner, although we believe Pre-K offers the Mayor's Office an opportunity to showcase the link between childcare, education, and financial empowerment.<sup>13</sup>

The Nashville Alliance for Financial Independence (NAFI) Network, led by the United Way of Metropolitan Nashville, is a network of public, private and non-profit organizations and community members that work collaboratively to develop and implement an effective system within Nashville with a goal of promoting financial health for vulnerable individuals and families.

### **Current NAFI goals include:**

- Develop an effective network of partners to streamline processes related to the economic mobility of our community;
- Increase professionalization of the field of financial literacy by providing ongoing professional development to non-profits, churches, government and employers to increase financial stability of our community;
- Provide the network with relevant research and evidence-based practices to build capacity within the non-profit and financial community in Nashville; and
- Increase public awareness of and participation in financial stability resources and services such as mainstream financial institutions, financial education workshops/counseling and available asset building programs.

<sup>13</sup> High-quality Start for All: A Roadmap for strengthening Pre-K and early learning opportunities for all Nashvillians

The NAFI Network is a long-standing coalition that incubated and developed several key financial strategies as a collective network over the past decade. United Way of Metropolitan Nashville (UWMN) has a track record of success in coordinating and scaling key financial education strategies developed by the NAFI Network to provide long-term impact within vulnerable communities in Middle Tennessee, specifically Davidson County. Since 2003, NAFI has conducted a city-wide Earned Income Tax Credit (EITC) campaign to promote the EITC through the Volunteer Income Tax Assistance (VITA) program. The EITC has proven to be one of the most effective anti-poverty tools, and the VITA program saves taxpayers millions of preparation fees annually. Since 2004 more than 120,000 households across Middle Tennessee have accessed the VITA program, realizing a cost savings of \$24.8 million in filing fees.

The NAFI Network contributed to improving banking access through Bank On Music City in 2012. Since the launch, more than 4,500 households have been connected to mainstream financial institutions. The NAFI Network has expanded under the leadership of UWMN and over the past decade has secured multiple funding sources annually to support the VITA and Bank On programs across 30 counties in Middle Tennessee. The financial stability programs have put more money back into the pockets of everyday Nashvillians. These organizations believe that NAFI continues to be a trusted resource and an alliance that plays a significant role in Nashville's financial empowerment infrastructure. To address barriers and improve capacity in our financial empowerment infrastructure, we have to understand the whole landscape.

The subcommittee identified public and community-based programs delivering financial empowerment programming. Some programs

were providing direct counseling, others relied on group sessions and seminar-based learning, and still others had a blend of programming. We surveyed Nashville organizations that currently use financial seminars, group sessions, and presentation formats and researched national reports on anticipated outcomes from these formats. It's understandable that these methods are the most efficient way to reach a greater amount of clients when organizations face limited time and resources to set a foundation of financial education. However, we believe presentations, seminars, and group sessions are incredibly difficult to gauge individual client success or whether that client leaves empowered to make sound financial decisions.<sup>14</sup> When a Nashville constituent or organization says financial empowerment, we believe a precise definition that has demonstrable outcomes is important.

We want the field to expand, grow and professionalize to empower Nashvillians and drive this empowerment towards capability. We recognize that this isn't a small task. But to meet ever-growing demands, the field of financial empowerment must grow out of the "church basement" and into the boardroom. The need to professionalize the field has increased, more so recently, and Nashville is well-positioned to not only deliver these services but create a system that builds capacity across organizations.

Still, services are only a piece of the financial ecosystem. The organizations we interviewed identified various barriers to financial empowerment programming and services (other than budgetary). Chief among these barriers was the disproportionate effects deferred presentment loans (also known as payday loans) have on their low and moderate income clients. Organizations across the board expressed their concern at the recent increases in their clients who have had negative experiences with payday

<sup>14</sup> Collins, Michael, Cathie Mahon, Monica Martinez and Karen Walsh. "Impact of Financial Counseling on Financial Stability." Center for Financial Security, October 2011

loans. We mostly agree that on its face the payday product is a necessary financial tool for individuals with low or no credit to access capital; however, when this product supplants a safe and affordable banking relationship and charges high interest, it harms many low-wage workers. Borrowers perceive the loans to be a reasonable short-term choice, and 78% of borrowers rely on lenders for accurate information,<sup>15</sup> but the stated price often bears little resemblance to the actual costs when adding fees and the effective APR. An average two-week, \$375 loan often ends up actually costing more than \$500.<sup>16</sup> These unconventional financial products also raise substantial consumer protection concerns, particularly if we consider the costs that arise if households do not make their payments on time.<sup>17</sup>

We cannot forget that while the deferred presentment industry plays a role in our financial sector, these alternative lenders are not financial institutions. They can't replace a banking relationship, which is vital to longstanding financial security for Nashville residents. The Cities for Financial Empowerment Fund's Financial Empowerment Center evaluation found that unbanked clients generally have half of the monthly income and only 5% of the savings that clients with bank accounts. However, their lack of bank accounts proved to be an even bigger problem than their low incomes or savings: the evaluation showed that, all other things equal, unbanked clients were half as likely to be able to increase their savings and over a third less likely to establish a credit score. These findings show that safe, appropriate banking accounts are a cornerstone of overall financial health.<sup>18</sup>

In the course of our field interviews, the subcommittee learned that current state

law doesn't permit credit unions to accept municipal deposits. Removing municipalities as potential depositors limits credit unions, and especially Community Development Financial Institutions, from opportunities to attract more capital and become more dynamic as a catalyst for community development. While this subcommittee isn't making a recommendation that the administration advocate for any change to state law, we found this to be quite a persuasive concern, raised by financial institutions on the ground creating more capital for more vulnerable and African American business owners. The subcommittee researched the statutory considerations for this issue and found that there are numerous statutes that impede public funds from being deposited in credit unions.<sup>19</sup> While the subcommittee takes no policy position on whether this is sound fiscal policy, this issue is currently being debated in other states<sup>20</sup> and should be monitored.

The interviews were also very clear about one thing: Nashville is fortunate to have the Financial Empowerment Center (FEC). Without exception, organizations expressed their gratitude and appreciation for the FEC service. Many organizations mentioned the client success stories and the profound effect the FEC has had in their clients' lives. Since its inception, the FEC has decreased client debt by \$6 million and increased client savings by \$1 million. With a starting point of subprime credit score below 640 and an average debt of \$10,000, the program is the standard-bearer for financial empowerment in Nashville. We believe that the Mayor's dedication to sustaining and expanding this program is important to Nashville's financial empowerment apparatus. The program has been unparalleled in its ability to advance the economic lives of thousands of Nashvillians and is the keystone to our future success.

<sup>15</sup> "Payday Lending in America: How Borrowers Choose and Repay Payday Loans." Pew Charity Trust, 20 February 2013

<sup>16</sup> Ibid.

<sup>17</sup> Furman, Jason. "Financial Inclusion in the United States." Council of Economic Advisers, 10 June 2016

<sup>18</sup> Mintz, Johnathan, President and CEO, Cities for Financial Empowerment Fund

<sup>19</sup> Tenn. Code Ann. §9-1-118(a), § 9-4-301(a), § 9-4-302, §9-4-107, §9-4-111(a), and §9-4-502

<sup>20</sup> Kline, Allissa. "Credit Unions Renew Call for Municipal Deposits Amid Cuomo's Push for Shared Services." Buffalo Business First, March 2017

# Financial Empowerment

## Impact Recommendations

### **Create a steering committee that creates a set of criteria and standards to evaluate financial empowerment across organizations**

We believe that this steering committee would be best as a subcommittee of the Nashville Alliance for Financial Independence (NAFI). This alliance already has an existing structure and body of agencies interested in this work. We also recognize that NAFI may be resource-limited and need support from outside entities to manage the steering committee. The steering committee should also assess the viability of capacity-building opportunities we found persuasive, but not be limited to:

- Formalizing the relationship with alliance members to become a city-wide coordinated partnership to address key indicators<sup>21</sup>
- Developing tools that incentivize collaboration between organizations that seek higher allocative efficiencies
- Leveraging the collective impact of institutions across the financial empowerment continuum
- Developing a formal financial coaching program for Certified Financial Planners
  - o CE credit programs through regional certifiers
  - o Providing a robust structure and verification loop to local certification body
  - o Reviewing different private volunteer programs for certified professionals

### **Develop a professional development/mentoring program for social services organizations and community-based organizations to generate more financial empowerment capacity**

We heard from numerous nonprofit leaders how lucky we are to have a program dedicated to financial counseling. However, while financial counseling currently exists at other organizations, we believe that there are opportunities to leverage existing tools, like the FEC, to expand professional development training to increase the capacity of organizations across the city. We know that case managers across the city have client situations that implicate their financial standing. But those case managers may not have the tools to address those financial concerns as they arise, and some organizations rely on co-locating the FEC at their organizations. By leveraging the professional expertise of the FEC counselors to train case management staff on handling baseline financial concerns, we could reduce client turnaround time and improve other key performance indicators at those organizations.

### **Establish a process that prioritizes financial empowerment considerations with Metro departments**

Establish an Interagency Council on Financial Empowerment and Capability to meet quarterly. This will ensure a recurring feedback loop from the Mayor's Office of Resilience to Metro Departments' planning process that engenders financial empowerment policies are contemplated on the front end. This Council will also emphasize that financial empowerment

<sup>21</sup> Structure similar to the Nashville Public Library's Nashville After Zone Alliance.

and capability metrics are integrated into environmental assessments, strategic planning and envisioning processes for Metro departments.

### **Find new innovations that support access to small-dollar loan alternatives**

In April 2016, national financial education stakeholders launched a continued research effort on small-dollar loan alternative programs, including employer sponsored small dollar loan programs. In partnership with the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation, the Filene Research Institute launched a two-year research project to assess the long-term impact of an employer-sponsored program designed to help employees avoid the high cost of payday lenders, establish or repair credit, and begin to save. The “employer-sponsored” small-dollar loans helped low- and moderate-income employees access lower-interest rate loans with a financial institution. The loan was essentially “secured” by the employee’s work history. The feasibility study showcases various programs, but regardless of the employer or financial institution size, the default rate was on average under 12%.

Our economy thrives when there are more products in the marketplace creating a competitive pricing environment. The payday lending industry sells a product that cannot typically be packaged by traditional financial institutions either because of regulation or higher risk. But we found compelling research on successful products created and deployed in the private marketplace. Credit unions may

be a natural fit and uniquely situated to package loans to meet this demand. Indeed a local credit union and Community Development Financial Institution (CDFI), US Community Credit Union,<sup>22</sup> recently created a small-dollar loan product with a grant from the CDFI Fund at the U.S. Treasury Department. But local, state and national policymakers should look for regulatory changes lifting statutory interest rate caps that allow credit unions to package loans that don’t require a grant to protect against inevitable losses.

### **Enhance public-private partnerships that reduce barriers to access workforce and post-secondary attainment**

Mayor Megan Barry is committed to strategic collaborations that support pressing needs and innovative programs serving Nashville residents. Philanthropic partners play an important role in helping to address city priorities, including youth development, community engagement, financial empowerment, and other quality of life initiatives.

A Public-Private Partnership (P3) is typically a relationship between a public entity and one or more private entities to help drive better public services and improve efficiency. Mayor Barry often uses the term “private-public partnerships,” putting the emphasis on the need to engage stakeholders outside of government and seek creative solutions to some of our most challenging problems. We believe that strategic partnerships can help improve economic inclusion and opportunity and deepen both philanthropic and impact investing for effective policies and programs.

<sup>22</sup> <https://www.usccu.org/>

Most recently the Mayor launched Opportunity Now, a summer youth employment program, to provide meaningful, paid jobs to Nashville's disconnected youth and reduce youth violence through economic opportunity. Working with the Nashville Career Advancement Center, the city's Financial Empowerment Centers, and other lead partners, the Mayor's Office leveraged key resources both in and outside of government. Outcomes of this private-public collaboration to date include connecting 300 employers with over 8,500 youth by listing job opportunities through the Opportunity Now online portal. This effort effectively employed over 4,500 youth into meaningful paid work experiences; raising \$917,738.99 to support positions at nonprofits, as well as career and financial counseling.

The Mayor's Office has identified other areas in which residents have faced barriers to economic well-being and where strategic partnerships with the private sector can play a valuable role. Through our conversations with community-based organizations, we found that accessing affordable and adequate childcare was a major challenge for lower- and middle-income residents. As Laura Moore, the Mayor's Senior Advisor for Education, addresses in the *High-quality Start for All* Pre-K roadmap, navigating the existing system is too cumbersome and inefficient, driving up both actual cost and opportunity cost for parents and caregivers. Data show that childcare is also one of the biggest factors in post-secondary attainment, since most parents of young children cannot return to education pursuits without it.

While the city currently funds 4,651 Pre-K slots throughout Nashville, residents need a comprehensive system that identifies openings and streamlines the registration process. The Mayor's Office is currently seeking private-sector support to help develop a tool that catalogues Pre-K openings and information for Nashvillians (and community organizations that serve our residents). This initiative will inherently impact thousands of families and their financial stability.

## **Engage financial institutions to meet their Community Reinvestment Act requirements as depositors on innovative loan funds at Community Development Financial Institutions**

Community Development Financial Institutions (CDFI's) are vital to deeper community success. CDFI's have a goal of expanding economic opportunity in low-income communities by providing access to financial products, capital, and services for residents and business. Whether it is access to capital for small business development or affordable housing, CDFI's are a tool and resource to get dollars and investment on the ground that promotes more community development. Access to capital is difficult for even the most experienced business owners, but especially if you are a minority owner with little or no credit history.

Accessing capital is made more difficult if you have little personal finance knowledge, let alone business finance. This shouldn't be a barrier for small minority-owned business especially when large financial institutions receive a credit when they invest in and become depositors at CDFI's. To move more individuals to the asset side of our continuum, we need more investment into CDFI's that create innovative programs that couple financial counseling with small minority-owned business development. Nashville has benefitted from recent economic prosperity, and CDFI's are a conduit to ensure that this prosperity is felt by more low- and moderate-income business owners and communities.

# Financial Capability

## Subcommittee Overview

**“Tens of millions of our citizens are either unbanked or under-served, which leaves them outside the economic mainstream. Addressing these issues is critical to the future of our nation’s economy.”**

*– Charles R. Schwab, Chairman and Founder,  
The Charles Schwab Corporation.*

The Subcommittee co-chairs tasked the Financial Capability Subcommittee with analyzing and examining the various barriers of entry and accessibility of the financial mainstream for disconnected Nashvillians. The goals of their work:

- Determine what barriers to entry exist;
- How and who these barriers disproportionately affect; and
- Evaluate what level or at what point these barriers most affect Nashvillians

## Members

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### Justice William C. Koch

Financial Capability  
subcommittee chair  
Dean, Nashville School of Law

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### Carolyn Schott

Member Attorney,  
Sherrard, Roe, Voigt, and Harbison

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### Senator Jeff Yarbro

Tennessee State Senator,  
District 21

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### Brandon Puttbrese

Account Executive,  
GS&F Public Relations

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### Sarah Sanders Teague

Senior Vice President,  
Pinnacle Financial Partners

**The relationship between transportation and social mobility is stronger than that between mobility and several other factors, like crime or test scores.**

Increasing access to the financial mainstream not only provides hard-working people with new opportunities but also boosts our local economy and provides a foundation for a stronger future.<sup>23</sup> Access to the financial mainstream depends on various factors, including practical knowledge needed to navigate the system (see Financial Literacy and Empowerment) and to overcome these barriers. An individual may have the necessary education and be empowered to make sound financial decisions, yet still be restricted by societal, legal and cultural barriers. These barriers disproportionately affect low- and moderate- income minorities who end up paying more for financial services and become more economically vulnerable as a result.

The lack of access to the financial mainstream – safe and affordable financial services – often leads people to seek alternative financial services such as money orders, check cashing, payday loans and pawn shop loans. Most of these products bear higher interest rates and fees than traditional banking services. Reliance

on these services often forecloses consumers from using cheaper and safer transaction processes like direct deposit, debit cards, and automatic payment system; additionally, alternative financial services often come with fewer consumer protections. It also hinders consumers' ability to generate assets and wealth, save for unexpected financial disruption, and invest for retirement or education. These issues are especially important for cities.

Family financial security has direct consequences on the economic resilience of cities. Nashville relies on sales tax as its main revenue generator. Disruptions in residents' economic situation causing contraction in their spending have direct impacts on the city's finances. When residents have a cushion that allows them to bounce back from an income disruption, they don't need to rely on their cities for aid. For example, spillover effects from shutting off residents' electricity or water services, such as increasing health disparities or even homelessness, could be avoided when families are more financially secure. The city not only saves money by preventing families from experiencing homelessness but also avoids the productivity losses that come with turning services off and collecting overdue payments.<sup>24</sup> There are many opportunities for cost savings by catching financial vulnerability further upstream.

<sup>23</sup> "Expanding Access to the Financial Mainstream." JP Morgan Chase & Co.

<sup>24</sup> Levins, Nicole. "Why Cities Should Care about Family Financial Security." Urban Institute, 21 April 2016.

## Observations and Issue Summary

Our subcommittee identified various barriers to access, including: lack of government-issued ID; cultural banking stigma; culturally and religiously suitable financial products; access to affordable legal representation, and the effects of creditworthiness on housing and employment. Social and cultural issues are complicated and not necessarily best addressed through public policymaking; instead, these changes come from consistent and constant community conversation and engagement. There are, however, areas where public policy can consider cultural differences and social disadvantages to promote financial inclusion. Throughout our meetings, we looked at Nashville's macro-financial "capability," focusing on access available to *all* Nashvillians.

We identified numerous macro-financial issues affecting access, such as: affordable housing, employer-employee relationships and workforce development, and transportation to a financial institution or a worksite. Housing is of particular importance in Nashville. The Mayor is focused on addressing the housing issues and has dedicated much-needed resources to fund, build, retain, and preserve housing options (see the Mayor's Housing Priorities and Action Plan).<sup>25</sup> Addressing this barrier of financial capability cannot be solved by access alone. We found that a renter's credit score is a critical barrier to gaining access to a more diverse range of housing options. The credit-impaired often have more difficulty obtaining and retaining housing. This issue is especially prevalent among millennials, who have soaring amounts of budget liabilities and the highest student loan debt of any previous generation. More landlords are assessing

a potential renter's credit score leading to challenges for young people to secure housing. The Tennessee Housing Development Agency is working on a study to analyze how this credit gap is affecting renters and housing supply, especially in urban settings.

Transportation access is another key indicator of someone's economic opportunity. In the coming decades, cities will experience massive population growth<sup>26</sup> and without robust transportation investment, we will begin to lag behind our peer cities; but even worse, we will aggravate growing inequality. In a recent study from Harvard University, researchers found that communities who have stronger intergenerational mobility have less residential segregation, higher school quality, and greater social capital.<sup>27</sup> Additionally, and more pertinent to our discussion here, the researchers concluded that the relationship between transportation and social mobility is stronger than that between mobility and several other factors, like crime or test scores.<sup>28</sup> Transportation and greater mobility is an enormous equalizer of income disparities. A robust transit system that provides options and enhanced reliability opens more doors of opportunity to escape poverty. Investment in our transportation infrastructure is critical to growing our economic inclusion. While we see immense economic and financial importance in these areas, the Mayor has assembled other task forces and committees with more expertise to focus specifically on these sectors (see *Moving the Music City; Mayor Barry's Housing Nashville Report; Nashville Workforce Network*).<sup>29</sup>

<sup>25</sup> "Mayor Megan Barry's Housing Priorities and Action Plan." Metropolitan Government of Nashville & Davidson County

<sup>26</sup> "World's Population Increasingly Urban with More than Half Living in Urban." United Nations Department of Economic and Social Affairs, 10 July 2014

<sup>27</sup> Chetty, Raj, and Nathaniel Hendren. "The Impacts of Neighborhoods on Intergenerational Mobility." Harvard University, April 2015

<sup>28</sup> Bouchard, Mikayla. "Transportation Emerges as Crucial to Escaping Poverty." The New York Times, 7 May 2015

<sup>29</sup> Moving the Music City (<https://www.nashville.gov/Mayors-Office/Transportation-and-Sustainability.aspx>); Mayor Barry's Housing Nashville Report (<http://www.nashville.gov/Mayors-Office/Housing.aspx>); Nashville Workforce Network (<https://www.nashvilleworkforcenetwork.org/>)

These are all macro factors in improving someone's financial access; however, to meet our charge not to prepare a report that sits on a shelf, we decided to narrowly tailor our discussion to Impact Recommendations—recommendations that are actionable in the short run. We identified three areas that we believe will have more upstream effects and capture potential economic vulnerability: (1) banking pathways; (2) cultural and religious financial products; and (3) financial consequences of the criminal justice system.

Following our macro-financial discussion, we focused on the micro-financial considerations, identifying those barriers within the categories above that we believe make significant impacts. Rightly, financial inclusion should begin with how and who is included. Financial inclusion isn't easily accomplished and isn't a static environment—it is a continuous practice. Great programs already exist in Nashville that are addressing financial access for disadvantaged communities. Nashville's overall culture remains a welcoming and inviting city with strong corporate relationships, especially our banking sector who have been great partners to address these issues. In fact, financial institutions worked with the Nashville Alliance for Financial Independence to launch BankOn Music City, a program to create safe and affordable banking products and encourage establishing banking relationships.

Communities of color have disproportionately been affected by recent financial turmoil, compounded by historical disenfranchisement. Since the Great Recession, access to transaction accounts has increased for lower-income Americans. However, the unbanked and under-banked rates for Hispanics and African Americans experience continue to be higher more than the national average.<sup>30</sup> African Americans and African-American-owned banks

struggled more during the Great Recession than the national average. In 2016, there were only 23 black-owned banks in the U.S.<sup>31</sup> Nashville is lucky to have one of those 23, Citizens Bank on Jefferson Street. We must remember this history when working with our communities to inspire and improve economic conditions. The Great Recession exacerbated an existing cultural stigma – mistrust by bankers of African-American clients. BankOn can be a conduit to change this narrative. Collaborations between community advocates and organizations with financial institutions using their BankOn programming to engage unbanked communities could rebuild trust and enthusiasm for banking.

Financial barriers unique to new American and foreign-born residents are an important consideration for Nashville. Nearly 12% of our population was born outside the United States, and in 2012 Nashville had the fastest-growing immigrant population of any American city. Today, 30% of students enrolled in Metro Schools speak a language other than English at home.<sup>32</sup> We sought to identify the barriers that most frequently impact these residents. Government-issued identification and a lack of culturally and religiously suitable banking products, especially for Muslim communities, are critical barriers to the financial mainstream. We don't seek to address these issues with our recommendations, but we find them compelling and persuasive to our Muslim neighbors. Because many practicing Muslims do not use financial products with an interest rate, they may become susceptible to fraud or illegal financing scams, such as a "zero interest loan" with annual fees that actually act as high-interest-rate loans.

Lending circles as a banking alternative have now become a popular method of financing education or housing among new American communities. Unlike many other countries

<sup>30</sup> Furman, Jason. "Financial Inclusion in the United States." Council of Economic Advisers, 10 June 2016

<sup>31</sup> Lee, Jeanne. "Why America Needs black-owned banks." USA Today. 16 February 2017

<sup>32</sup> "Mayor's Office of New Americans." Metropolitan Government of Nashville and Davidson County

around the world, the US has less experience with this “community-based” form of lending. People around the world lend and borrow from each other when bank loans aren’t an option.<sup>33</sup> In Nashville, Conexión Américas has had success with a lending circle model serving 50 participants with \$38,450 in loan volume, which enabled participants to save approximately \$5,899 in fees (assuming a \$20 application fee and 36% APR rate). The lending circle facilitated this economic activity; alternatively, clients reported without the lending circle they would have to wait and save (58%), with over half of the participants said they would need to wait 5 months or longer to pay for the expenses if they didn’t join a lending circle. The reasons for joining the lending circle truly tell the story: New Americans need to build credit and with a product that they can access.<sup>34</sup>

Traditionally repaying a debt in a lending circle isn’t reported to credit agencies. Being credit-invisible puts consumers at a disadvantage for housing and jobs because more employers and landlords use credit scores to qualify applicants. This has an invidious downstream effect for New Americans. In today’s complex financial society, participating in and understanding the credit system is almost as critical as speaking English.

Financial capability is often implicated by interactions with the criminal justice system. Notably, we found that persons who have entered the criminal justice system were often plagued by the fines and fees associated with post-arrest or a conviction – fees that impacted their budgets long after finishing their sentence. We routinely found ourselves at this intersection of the law and finance. This intersection is complicated and often involves state statutes and budgets that rely on court fines and fees to operate court functions. This report does not address the merits of

financing the court system with fees and fines on litigants. Instead, this subcommittee focused on how the current fines and fees create barriers to financial mainstream and suggested action items to address these barriers.



Muslim community member speaking at the YWCA Stand Against Racism event.

<sup>33</sup> The Mission Asset Fund, California-based non-profit

<sup>34</sup> Reason for Joining Conexión lending circle: 1. Increase credit score 93.5%; Add Payment History: 61%; To Increase Savings 58%

We found that Davidson County has a history of tackling difficult social and legal issues. The county operates two innovative diversion and intervention courts: Nashville putting together sentence on juvenile justice diversion program the Davidson County Drug Court and Cherished H.E.A.R.T.S (Healing Enslaved and Repressed Trafficking Survivors). The drug court couples

modified therapeutic approaches with treatment and consists of a long-term residential facility and intensive outpatient and mental health programs. Cherished H.E.A.R.T.S was created in response to victims of human trafficking getting caught in a criminal cycle. The program provides the opportunity for the participant to enter a deferred plea for 6-12 months while she or he is in the program. Additionally, the Juvenile Court operates various diversion and specialty court programs providing opportunities to youth and their families through strategic case management that strengthen family dynamics. These courts have a significant impact, allowing criminal defendants to avoid costly court sentencing and the crippling financial effects. Moreover, they demonstrate the creative and innovative approaches our District Attorney's Office, Juvenile Court, and General Sessions Court have already taken to address systemic issues.

The subcommittee consulted content experts on barriers to economic security and financial empowerment as a result of the criminal justice system. In January 2017, we met with the Southern Poverty Law Center and the Legal Aid Society of Middle Tennessee and the Cumberslands. These organizations presented both regional and local reports on the state of financial justice. The reports demonstrated a clear need to re-evaluate how Davidson County courts are imposing and collecting court fines and fees and the downstream effects of these charges.

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) report released in January 2017 identified 245 different court fines and fees that may be levied. These fines and fees vary by jurisdiction and whether they are mandatory, optional, statewide, or county-specific.<sup>35</sup> Of 109 fees and 32 taxes, 100 fees and 20 taxes apply statewide, and nine fees and 12 taxes apply to one or more other specific counties. Sixty-six of the 141 (47%) apply



Child at World Refugee Day celebration showing a peace symbol.

<sup>35</sup> Barrie, Jennifer, Tyler Carpenter, Leah Eldridge, and Teresa Gibson. "Tennessee's Court Fees and Taxes: Funding the Courts Fairly." Tennessee Advisory Commission on Intergovernmental Relations, January 2017

in criminal cases, 32 (23%) in civil cases and 43 (30%) apply to both. Ninety (64%) are mandatory, and 51 (36%) are optional.

Although there are numerous court fines and fees, the difference in the collection rate between civil and criminal cases is especially stark. In 2015, \$1.2 million of civil fines and fees were assessed, with nearly \$1 million collected; by contrast, \$42 million in criminal fines and fees were levied, with only \$9 million collected. That's a collection rate of approximately 90% of civil charges and less than 15% of criminal charges.

In April of 2017, the Tennessee Supreme Court's Indigent Representation Task Force identified critical issues that affect the adults and juveniles from accessing legal counsel and issues that, because of their significant adverse impacts, the Task Force deemed them appropriate to call to the attention of the Tennessee Supreme Court, the General Assembly, and the Executive Branch. Among these was the growing concern regarding the heavy reliance on fees, taxes, and costs to fund the judicial system. The Task Force concurred with the TACIR recommendation to appoint a committee to address the amount of the court costs, fees, and taxes and how they are allocated.<sup>36</sup>

We know that criminal justice debts compound collateral consequences of financial access. Most often individuals aren't eligible to clean up their criminal records until they have paid off all criminal debts. A criminal record can transform simple punishment from a temporary experience into a long-term, or even permanent status of financial hardship.<sup>37</sup> Moreover, the aftershocks of these fines and fees are more devastating than the actual costs.

Foremost of these consequences is revocation of a driver's license without considering the person's ability to pay. In 2015, the Metro Police

Department issued state citations in roughly 36,500 cases for driving on a suspended or revoked license. For 65% of those defendants (around 24,000), it was the only charge they faced. The numbers were even higher in the previous four years (see accompanying report from Criminal Justice Planning).<sup>38</sup> This disproportionately affects low- and moderate-income households from needed transportation to jobs, hospitals, or even required parole hearings and meetings with probation officers. Parolees who have their driver's licenses revoked or suspended are forced to choose between driving on a revoked license and not attending the required meeting or hearing with their parole officer. Often, the parolee decides to drive on the revoked license to make the hearing or meeting and makes his criminal and financial matters more dismal.<sup>39</sup>

Recently, license reinstatement has become increasingly complex, bureaucratic, and expensive. State and local fees and fines can balloon over time into thousands of dollars. As a result, persons who need to drive but cannot legally do so get caught in a cycle of arrest, court involvement, conviction, and increased costs. This cycle creates economic burdens on the person, their family, and our community. The Mayor took a significant step to address this issue by funding Steering Clear, a Public Investment Plan, which will create a diversion program to enable more persons to retain their driver's license.

Another major issue the subcommittee focused on is how prepared citizens are for legal interactions, how well they know their rights, and their understanding the court process. Giving citizens a basic understanding may enable them to avoid some of the collateral financial consequences of their criminal justice interactions. The city is home to venerable legal institutions and law schools with a rich history -

<sup>36</sup> Indigent Representation Task Force. "Liberty and Justice for All: Providing Right to Counsel Services in Tennessee." April 2017

<sup>37</sup> Vallas, Rebecca, and Sharon Dietrich. "One Strike and You're Out: How We Can Eliminate Barriers to Economic Security and Mobility for People with Criminal Records." Center for American Progress, December 2014

<sup>38</sup> Report?

<sup>39</sup> Deaner, Dawn. "Public Investment Plan: "Steering Clear" - A Driver's License Diversion Program." Public Defender's Office. 2017

many that are a cornerstone of this community - and strong legal non-profits like the Legal Aid Society. There are clear needs to provide citizens with information about of their legal and financial rights. Education and access are the two

greatest upstream neutralizers for downstream consequences. Nashville has a real opportunity to connect these institutions with resources and partnerships that leverage the efficiencies of like-minded organizations.



South facing Deaderick Street and the War Memorial Building.

# Financial Capability

## Impact Recommendations

### **Commission an impact analysis of proposed and existing court fines, fees, and taxes and the collateral consequences affecting financial security and capability**

The subcommittee discussed various recommendations for the report; however, these recommendations would be made on current assumptions and not on the best available data. Nashville does not have a breakdown of its existing court fines, fees, and taxes; the collection rate for each; or how the revenue is being used. The analysis will provide policymakers the right set of facts to make the appropriate cost-benefit recommendations. The study may evaluate, but not be limited to:

- The legal and budget feasibility of some sort of forgiveness/ reduction program regarding city fines, fees, and costs imposed on the criminally accused.
- What conduct is currently criminalized by city ordinances that could be dealt with as efficiently in a civil context.
- The extent to which the city could adopt alternatives to cash bail for city offenses.



Valor Collegiate Academy students listening to a presentation by Mayor Megan Barry.

<sup>40</sup> Indigent Representation Task Force. "Liberty and Justice for All: Providing Right to Counsel Services in Tennessee." April 2017

<sup>41</sup> Ibid.

**Improve court efficiency and judicial education by deploying pretrial pilot projects that substantially reduce the incarceration rates, the associated costs, and increase court appearances**

The Tennessee Supreme Court’s Indigent Representation Task Force rightly identified pretrial release as an issue affecting the State’s ability to provide counsel for eligible adults and juveniles. The Task Force highlighted a number of issues but stated that pretrial release need not be conditioned on posting bail.<sup>40</sup> Furthermore, the Task Force expressly stated that unnecessary pretrial detention is detrimental to the accused and is likely counterproductive with regard to its impact on future criminal behavior.<sup>41</sup>

The subcommittee recommends piloting a text reminder service for court appearances, drug screenings, probation appointments and other criminal justice system interactions, etc., to determine the effectiveness to improve appearance rates. The court may test a number of different reminders citywide during the pilot period, using text messages and auto contact features. The results of this pilot should be examined and the most effective method evaluated for its capacity to scale up. The goal of the pilot for court appearances reminders would be to reduce the failure to appear rate and give judges another tool to use when considering whether to release a defendant without bail.

- Integrate license reinstatement programs for non-violent criminal offenses and probationers (such as limited-use license programs, license mentorship programs, etc.).
- Study the applicability of a civil citation for driving on a revoked or suspended license to appear at a probation hearing or probation officer meeting

**Create a structured citizen learning opportunity for fundamental financial and legal education (landlord/tenant, disability rights, benefits rights, etc.) with strategic partnerships operating in centers of influence, such as places of worship, cultural centers, housing authority, etc.**

Nashville is home to three outstanding law schools: Nashville School of Law, Vanderbilt University, and Belmont University. There are opportunities to strategically partner with extraordinary programs like Legal Aid Society and Tennessee Association for Legal Services to increase capacity and awareness within disadvantaged communities. Law students, particularly those in their third year, need practical experience to develop skills and, more importantly, to impress upon the next generation of legal professionals the importance of pro bono services. There are citizen lawyer program models that connect law students with practicing lawyers and those in need. Collaborations should look to the Tennessee Indigent Representation Task Force and identify additional strategies to improve delivery of legal representation to Tennesseans who cannot afford it.<sup>42</sup>

The Mayor’s Office and the appropriate partners should convene the current administrators of citizen learning programs, like Legal Aid, and identify programming gaps and where more considered collaboration will increase performance. Current educational and access-to-justice programs administered by the Tennessee Alliance for Legal Services provide a good gateway, but we should look to fresh ideas that integrate our anchor legal institutions to build citizen learning capability.

<sup>42</sup> Indigent Representation Task Force. “*Liberty and Justice for All: Providing Right to Counsel Services in Tennessee.*” April 2017

### **Identify and/or facilitate learning or listening sessions to improve culturally appropriate banking opportunities for low- and moderate-income constituents and financial institutions**

- Look at methods to use BankOn, NAFI, and other conduits to improve community dialogue and community engagement with financial institutions
- Work with the BankOn community leaders and community-based organizations and develop an outreach campaign with BankOn financial institutions that improve access
- Work with the NAFI coalition and financial empowerment organizations with existing frameworks to have more dynamic and intentional community conversations

### **Determine the applicability and opportunity to support a microloan fund for borrowers who either have no access to credit due to religious considerations or cannot get credit from traditional sources (such as banks or credit unions)**

Formal lending circles, such as those established at the Mission Asset Fund, that can partner with a Community Development Financial Institution that administer a revolving zero-interest loan will increase more lending capacity. As Nashville's Muslim and New American communities grows, having more availability to capital is crucial to this community's consumer protection.

### **Strategically plan where a consumer protection response system to predatory and unfair business practices may operate in Metro Government**

Nashville has marked 22 consecutive quarters of economic growth and is among the top performing cities for new business filings. Because of this business growth and the amount of workforce migration anticipated in the next decade, the economic growth isn't projected to slow down. It will be important to Nashville's growth that the city adopts policies that support consumers in this growing economy. Underpinning these policies is the belief that our local economy should reflect the type of city Nashville is: welcoming, engaging and inclusive. Consumer protection is a strong component of that strategy.

While consumer protection is most often associated with regulations that license and then enforce licensing requirements on the regulated industry, consumer protection can include dynamic partnerships that rely on allocative efficiencies of these partners. As Nashville grows, the city should explore stronger partnerships that complement the city's on-the-ground data gathering ability and the strength of the State Attorney General's Office and the Division of Consumer Affairs to protect consumers against unfair and deceptive business practices.<sup>43</sup>

<sup>43</sup> "Consumer Affairs." Tennessee Division of Consumer Affairs

# Acknowledgements

There are numerous people that helped put this report together. We want to thank the extraordinary leadership of Mayor Barry for having the vision to assemble this team and her staff, in particular Senior Advisor for Economic Inclusion John Murphy, that helped research, schedule and attend meetings, and compile copious amounts of meeting notes. We also want to thank the Massachusetts Department

of Treasury for taking the time to discuss their Financial Literacy Task Force process and the many organizations who participated in the surveys and field research throughout the advisory committee process. We also want to express our gratitude and deepest appreciation for Bloomberg Associates and Bloomberg Philanthropies for their expert advice, assistance and guidance.



Aerial photo of Public Square Park.

# Appendices



## Appendix A

# Framework

In March 2016, Mayor's office staff, representatives from the Federal Reserve Bank of Atlanta, and Nashville nonprofit organizations met with then Assistant Secretary of the Treasury Amias Gerety to discuss Nashville's current financial security policies and programs. Nashville has a successful track record adopting financial empowerment policies and implementing citywide programs that meet the growing need for Tennesseans to be financially fit. During this meeting, experts from diverse financial and educational fields shared stories about how their customers, clients, and students work towards financial security, and what organizations or programs exist that improve their lives. Throughout this discussion programs like the Nashville Financial Empowerment Center were discussed alongside Martha O'Bryan Center's Chapter 2, and current financial literacy curricula used in our schools.

This rich conversation showcased how these programs and policies are inextricably linked. They all share a common purpose: improving economic inclusion. And it requires a broader discussion – rather than empowerment and literacy working independently of each other – the gears of inclusion need all be spinning together to be most effective. That September, the Mayor established the Economic Inclusion Advisory Committee to research and evaluated our financial ecosystem of literacy, empowerment, and capability and make Impact Recommendations or recommendations that we can be realistically implemented to improve the existing system. The Mayor asked Eddie George and Dr. Shawn Joseph to co-chair this advisory

committee with the goal to create a shared vision of what economic inclusion means for Nashville. To determine and develop a "Nashville Vision" that provides a holistic approach to financial stability that leads to inclusion.

Since 2010, multiple states have formed task forces or advisory committees to evaluate their financial literacy programs at various levels. Massachusetts established the Financial Literacy Task Force, which evaluated financial literacy programming and curriculum provided to its residents from kindergarten through college.<sup>44</sup> The task force used three subcommittees focused on K-12 education, college education and adults. Likewise, Vermont's Champlain College Center for Financial Literacy brought together professionals from education, government, business, and nonprofits to write a report on the state of financial literacy in Vermont and make recommendations. The Vermont task force divided the working group into three distinct subcommittees to analyze the field and provide recommendations on their findings.<sup>45</sup>

The 17-member Economic Inclusion Advisory Committee (EIAC) had one primary goal: to produce a report that will create a "Nashville Vision," and make recommendations to improve low-and-middle-income Nashvillians towards financial inclusion. The Mayor gave a tight deadline to the talented group of community stakeholders, each with demanding schedules. Gathering insight from the work of other advisory committees and task forces, the EIAC found the model adopted by the Massachusetts

<sup>44</sup> "Report on Financial Literacy in Massachusetts." Massachusetts Office of Economic Empowerment, December 2015

<sup>45</sup> Vermont Financial Literacy Task Force. "Vermont's Financial Literacy Action Plan: Helping Vermonters Beat Financial Funk." Champlain College Center for Financial Literacy, 18 December 2014

Department of Treasury Financial Literacy Task Force provided the nimble approach needed to move quickly and remain flexible to the schedules of the Committee’s financial professionals.

Each subcommittee started with a scope statement that defined its area of inquiry and set out to address barriers that arose throughout our research. Subcommittees had wide latitude determining how to approach their issues; prioritizing those issues; inviting content experts to advise; conducting field research, and the general operations of the subcommittee meeting structure (see section VII “Individual Subcommittee Reports”). Quarterly meetings of the full committee allowed subcommittees to report on their initial findings and potential recommendations. The final full committee meeting allowed committee members and support staff to review, revise and contribute to the final report.

Mayor’s Office staff assisted each subcommittee with research, field interviews, and coordinating with consultants. The committee used a diverse collection of research and local data to inform recommendations. The committee met with national content experts such as the Federal Reserve Bank of Atlanta, the National Jump\$tart Coalition, Junior Achievement, Southern Poverty Law Center, Legal Aid Society, as well as other research-based entities. The committee and support staff used various reports from national and statewide entities and consulted with national think tanks such as The Brookings Institute and the Aspen Institute on municipal strategies to improve financial security.



MNPS student raising his hand in class.

## Appendix B

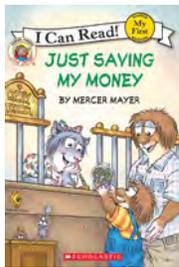
# Financial Literacy Resources

## Financial Literacy - Elementary Strategy

The elementary strategy focuses on utilizing children's literature pieces that highlight financial concepts. Each book has a supporting lesson or activity to further reinforce the financial concepts.

### Grades K-2

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### Just Saving My Money

In this lesson, students learn about saving, savings goals, and income. They listen to the book *Just Saving My Money* by Mercer Mayer, a story about how Little Critter saves his money to buy a skateboard. Students use clues in the book's text and pictures to answer questions. After listening to the story, students play a game where they each have a savings goal, earn income, and save money until that savings goal is met. Students write math sentences to determine whether they have saved enough to reach their goals. Students also set their own savings goals and tell how they could earn income to meet them.

ISBN:  
978-0-06-083557-6

Author:  
Mercer Mayer

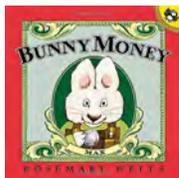
K

Lesson;  
Q&A

<https://www.stlouisfed.org/education/just-saving-my-money>

**Concepts:** *Income, Saving, Savings goal*

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### Bunny Money

In this lesson, students listen to the story of Ruby and Max, two bunnies that go shopping and make many spending decisions. They are introduced to short-term and long-term savings goals to help them save for the goods they want in the future. After a goal-sorting activity, students choose and illustrate their own savings goal.

ISBN:  
978-0-14-056750-2

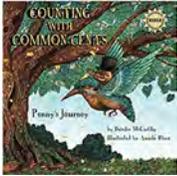
Author:  
Rosemary Wells

K-1

Lesson;  
Whiteboard;  
Math Activity;  
Q&A

<https://www.stlouisfed.org/education/bunny-money>

**Concepts:** *Goods, Interest, Long-term savings goals, Saving, Savings goal, Short-term savings goals, Spending*



**ISBN:**  
978-1-5001-3936-0

**Author:**  
Deirdre McCarthy

K-1

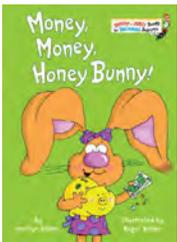
Lesson

## Counting With Common Cents

In this lesson, students practice counting as the book *Counting with Common Cents* is read. As they count pennies, nickels, and dimes, they place those coins on the appropriate spot on a handout, indicating how many pennies are equal to a nickel and a dime. They discuss saving their pennies and draw a picture of an item they would like to buy. In an optional activity, they draw pictures or write notes indicating chores they would do to earn 10 pennies.

<https://www.stlouisfed.org/education/counting-with-common-cents>

**Concepts:** Saving, Money



**ISBN:**  
0-375-93370-0

**Author:**  
Marilyn Sadler

K-2

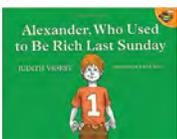
Lesson;  
Whiteboard;  
Q&A

## Money Honey Bunny

Students listen to a story written in rhyme about a bunny who has a lot of money in her piggy bank. Students distinguish between spending and saving and goods and services. They play a matching game to review the content of the story and to practice rhyming words.

<https://www.stlouisfed.org/education/money-money-honey-bunny>

**Concepts:** Goods, Saving, Services, Spending



**ISBN:**  
0-689-71199-9

**Author:**  
Judith Viorst

K-2

Lesson;  
Q&A

## Alexander, Who Used to Be Rich Last Sunday

In the story, *Alexander, Who Used to Be Rich Last Sunday*, Alexander receives a dollar from his grandparents that he plans to save, but he spends it all, a little at a time. In this lesson, students count by twos to fill a container with 100 pennies. They are asked whether 100 pennies is the same amount of money as one dollar. They listen to the story and as Alexander spends his money, students come up and remove the correct number of pennies from a container. At the end of the story, students are again asked if 100 pennies is the same amount of money as one dollar. Students discuss the choices that Alexander made and give advice on how he could save his money to reach his goal of buying a walkie-talkie.

<https://www.stlouisfed.org/education/alexander-who-used-to-be-rich-last-sunday>

**Concepts:** Opportunity cost, Saving, Savings goal, Spending



### Glo Goes Shopping

Students listen to the story, *Glo Goes Shopping*. They learn about saving, spending, decision making and opportunity cost. They learn to use a decision-making grid to make decisions. Mathematics skills include learning about rows and columns in a grid.

<https://www.stlouisfed.org/education/glo-goes-shopping>

**Concepts:** Spending, Decision Making, Opportunity Cost

**ISBN:**  
0-940975-84-X

**Author:**  
Cheryl Willis  
Hudson

K-3

Lesson;  
Whiteboard



### The Case of the Shrunken Allowance

Students listen to a story about P.B. who thinks money is missing from the peanut butter jar on his window ledge. In addition to basic concepts of saving and spending, students learn currency equivalency and some measurement concepts.

<https://www.stlouisfed.org/education/the-case-of-the-shrunken-allowance>

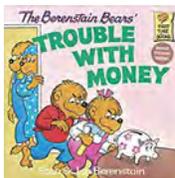
**Concepts:** Bank, Income, Interest, Saving, Spending

**ISBN:**  
0-590-12006-9

**Author:**  
Joanne Rocklin

1-3

Lesson;  
Whiteboard;  
Q&A



### The Berenstain Bears' Trouble with Money

In this lesson, students hear a story about two little bears whose parents use several figures of speech relating to money. Students draw a picture of a bank and write a caption explaining their illustration. Students follow along with the story by listening for additional figures of speech and how they relate to the concepts of banks and interest. The students also construct a story map of an event in the story relating to why people choose to keep their money in banks.

<https://www.stlouisfed.org/education/the-berenstain-bears-trouble-with-money>

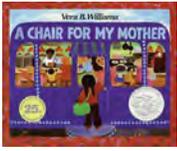
**Concepts:** Banks, Interest

**ISBN:**  
0-394-85917-0

**Author:**  
Stan and Jan  
Berenstain

1-3

Lesson;  
Whiteboard



## A Chair for My Mother

Students read *A Chair for My Mother*, about a little girl and her family who save money to buy a chair after their furniture is destroyed in a fire. Students learn that characters in the book are human resources who save part of the income they earn. Students identify other human resources, discuss how their work allows them to earn income and name strategies that will help them reach a savings goal.

**ISBN:**  
0-688-04074-8

**Author:**  
Vera B. Williams

1-3

Lesson;  
Whiteboard;  
Q&A

<https://www.stlouisfed.org/education/a-chair-for-my-mother>

**Concepts:** *Saving, Income, Savings Goal, Human Resources*

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## Something Special for Me

In this lesson, students learn about the act of saving and how the accumulation of money saved is termed savings. They are read a story about a family that saves and how savings can be used to make a large purchase the family would not ordinarily be able to make. They recognize that there is an opportunity cost to saving, as well as an opportunity cost to spending.

**ISBN-13:**  
978-0-688-06526-3

**Author:**  
Vera B. Williams

1-3

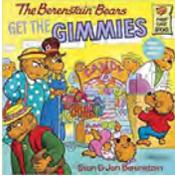
Lesson;  
Whiteboard;  
Q&A

<https://www.stlouisfed.org/education/something-special-for-me>

**Concepts:** *Saving, Opportunity Cost*

## Grades 3-4

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**ISBN:**  
978-0-394-80566-5

**Author:**  
Stan and Jan  
Berenstain

3-4

Lesson;  
Whiteboard

### The Berenstain Bears Get the Gimmies

In this lesson, students hear a story about Brother and Sister Bear, who seem to want everything. The little cubs learn that they must make choices because they cannot have everything they want. Students follow along with the story by completing an activity listing all of the goods that will satisfy the cubs' wants. The students then take part in an activity to construct a word web and graphic organizer (table) to identify goods that will satisfy a want. They will make a choice, identify the problem of scarcity, and recognize their opportunity cost.

<https://www.stlouisfed.org/education/the-berenstain-bears-get-the-gimmies>

**Concepts:** *Alternative, Choice, Good, Opportunity Cost, Scarcity, Want*

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**ISBN:**  
1-58246-112-0

**Author:**  
Frances Kennedy

3-5

Lesson;  
Whiteboard;  
Q&A

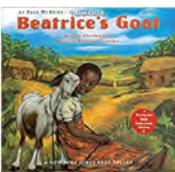
### The Pickle Patch Bathtub

Students learn about opportunity cost, saving, savings goals and a savings plan by reading The Pickle Patch Bathtub. Students will develop savings plans that lead to their own savings goals.

<https://www.stlouisfed.org/education/the-pickle-patch-bathtub>

**Concepts:** *Opportunity cost, Saving, Savings goal, Savings plan*

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**ISBN:**  
0-689-82460-2

**Author:**  
Page McBrier

3-5

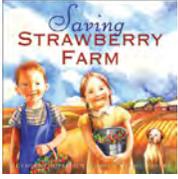
Lesson;  
Whiteboard

### Beatrice's Goat

In this lesson, students listen to a story about Beatrice, a little girl from Uganda, who receives a goat and the impact of that goat on her family. They learn what it means to save and use estimation to decide whether or not people have enough money to reach a savings goal. They also work through a set of problems requiring that they identify how much additional money people must save to reach their goals. Students learn what opportunity cost is and identify the opportunity costs of savings decisions made by Beatrice and her family.

<https://www.stlouisfed.org/education/beatrices-goat>

**Concepts:** *Income, Opportunity cost, Saving, Savings goal, Short-term savings goal, Long-term savings goal*



### Saving Strawberry Farm

In this lesson, students learn that saving is essential to economic well-being, especially in times of extreme economic downturn. They read *Saving Strawberry Farm*, a story about a Depression-era family attempting to save a neighbor's farm by waging a penny auction. Students hear about the lack of goods and services available and the high rate of joblessness during this terrible time. They simulate a bank run to see how even those with savings were affected. Finally, they learn that savings are safe in banks today.

**ISBN:**  
0-688-17400-0

**Author:**  
Deborah Hopkinson

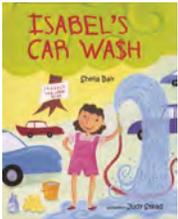
3-5

Lesson;  
Whiteboard

<https://www.stlouisfed.org/education/saving-strawberry-farm>

**Concepts:** *Wants, Saving, Banks*

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### Isabel's Car Wash

Students are introduced to the roles of entrepreneur and investor in the context of starting a business through the book *Isabel's Car Wash*. After discussing the story, students are divided into entrepreneur and investor groups for a business startup simulation.

**ISBN:**  
978-0-8075-3652-0-51595

**Author:**  
Sheila Bair

4-6

Lesson;  
Q&A

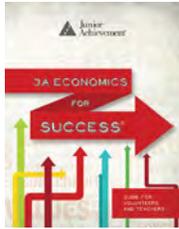
In this simulation, each entrepreneur group uses a business plan and pitch to sell its idea to the investor groups. Each investor group decides on a business to invest in with the money allotted to the group and negotiates a profit percentage with the entrepreneur.

<https://www.stlouisfed.org/education/isabels-car-wash>

**Concepts:** *Entrepreneurship, Sources of Income, Risk, Taxes*

## Financial Literacy - Middle School Strategy

The middle school strategy focuses engaging students in interactive financial programs.



**Grade Level:**  
6-7

6 volunteer-led sessions or as a single day JA in a Day volunteer-led session

### Junior Achievement: *JA Economics for Success*

JA Economics for Success lays bare for students the heart of a successful economic life: choosing the right career and managing money properly.

Following participation in the program, students will be able to explore their skills, interests, values, and the world of work to make informed education, career, and life decisions. The program also will expand their knowledge of personal finance - including smart budgeting, wise credit use, and minimizing financial risk -so they can apply strong financial management skills regardless of their income.

The program, which targets students in middle school, is composed of six 45-minute sessions. Materials are packaged in a self-contained kit that includes detailed plans for the volunteer and materials for 32 students.

Session-specific, student-friendly materials are included to increase student interaction and emphasize JA's experiential approach to learning.

[https://www.juniorachievement.org/web/ja-usa/ja-programs?p\\_p\\_id=56\\_INSTANCE\\_abcd&p\\_p\\_lifecycle=0&p\\_p\\_state=maximized&p\\_p\\_mode=view&p\\_p\\_col\\_id=ja-column-1&p\\_p\\_col\\_count=2&\\_56\\_INSTANCE\\_abcd\\_groupId=14516&\\_56\\_INSTANCE\\_abcd\\_articleId=19391](https://www.juniorachievement.org/web/ja-usa/ja-programs?p_p_id=56_INSTANCE_abcd&p_p_lifecycle=0&p_p_state=maximized&p_p_mode=view&p_p_col_id=ja-column-1&p_p_col_count=2&_56_INSTANCE_abcd_groupId=14516&_56_INSTANCE_abcd_articleId=19391)

**Program Concepts:** *Budget, Credit, Credit card, Credit score, Co-pay insurance, Debit card, Decision making, Deductible, Goal setting, Gross income, Higher education, Interest, Interests, Needs and wants, Net income, Opportunity cost, Policy, Premium, Risk, Self-knowledge, Skills, Values, World of work*



### Junior Achievement: JA Finance Park (Coming Spring 2019)

JA Finance Park helps students build a foundation upon which they can make intelligent financial decisions that last a lifetime, including decisions related to income, expenses, savings, and credit.

The JA Finance Park program is composed of 13 required teacher-taught, in-class lessons. It culminates in a hands-on budgeting simulation that is implemented either at a JA Finance Park facility. Additional extension activities are available for each lesson topic. Lessons are offered in a traditional classroom presentation format designed for middle-grade students, and in a Project-Based Learning (PBL) format created for high school students. Both provide educators a method of delivery that will best meet the needs of their students.

[https://www.juniorachievement.org/web/ja-usa/ja-programs?p\\_p\\_id=56\\_INSTANCE\\_abcd&p\\_p\\_state=maximized&\\_56\\_INSTANCE\\_abcd\\_groupId=14516&\\_56\\_INSTANCE\\_abcd\\_articleId=19406](https://www.juniorachievement.org/web/ja-usa/ja-programs?p_p_id=56_INSTANCE_abcd&p_p_state=maximized&_56_INSTANCE_abcd_groupId=14516&_56_INSTANCE_abcd_articleId=19406)

**Program Concepts:** Banking, Benefits, Budgets, Buying, Careers, Choices, Consumers, Credit, Debt, Exchange, Expenses, Income, Interest rates, Investments, Government, Money, Needs, Opportunity costs, Risk, Salary, Saving, Savings, Scarcity, Social Security, Taxes, Wages, Wants

**Grade Level:**  
8

13 teacher-taught lessons with culminating budgeting simulation at JA Finance Park

**Cost Est:**  
\$15/student

**Grade Level:**  
7-8

2-5 teacher-taught lessons and 1 simulation using volunteers (adults or high school students)

### University of Tennessee Extension Service : On My Own Simulation

On My Own is a youth financial education program provided by the Family and Consumer Sciences department of the University of Tennessee Extension Service and delivered by University of Tennessee Extension agents and classroom teachers trained to deliver the program.

The On My Own program is an interactive financial simulation designed for youth ages 13-18. During the simulation, students become the major income provider for their household which may include a spouse and/or children. Using a hypothetical occupation and income, students work through a month of expenses including housing, utilities, transportation, insurance, food, child care, clothing, entertainment and other expenses resulting from unexpected events.

<https://ag.tennessee.edu/fcs/Pages/onmyown.aspx>

**Program Concepts:** Budgeting, Income, Wants, Needs, Savings

**Grade Level:**  
5-8

### Other Approved Financial Education Curriculum

PENCIL Foundation has established partnerships with a number of businesses and organizations that may have their own financial education curriculum. In an effort to leverage these relationships, additional curriculum that are not listed above, but that are grade appropriate and cover financial literacy subject matter could be utilized once the curriculum has been reviewed and approved by PENCIL Foundation partnership and programs staff.

## Appendix C

# Key Terms

- i. **Persuasive Language:** topics discussed that impact the goals of economic inclusion, but are likely topics other Mayoral committees are better equipped to recommend policies or programs to address these barriers.
- ii. **Economic Vulnerability:** low-income consumers who have little to no savings, becoming especially susceptible to economic shock. They also have high-risk indicators, such as being unbanked or underbanked and having no credit file or a thin one.
- iii. **Financial Products:** a product that is connected with the way in which you manage and use your money, such as a bank account, a credit card, insurance, etc.
- iv. **Financial Literacy:** financial literacy is education delivered in formal settings to students about basic financial knowledge, financial systems and why to make sound financial decisions.
- v. **Financial Empowerment:** programs or products that empower low-income and economically vulnerable consumers to make informed financial decisions by providing them with tools delivered by nonprofit organizations or businesses.
- vi. **Financial Capability:** based on knowledge, skills, and access to manage financial resources effectively that improve an individual's opportunity to be financially included.
- vii. **Financial Security:** a consumer has control over his or her day-to-day, month-to-month finances and can build up a rainy-day account within his or her budgeting to withstand a financial disturbance or financial shock.
- viii. **Financial Counseling:** financial counseling is a collaborative effort between counselors and their clients to help the clients identify goals and potential solutions to financial problems. Financial counselors can also help clients improve communication about money and give them appropriate coping skills or make recommendations to help them relieve the severity of financial issues.
- ix. **Financial Coaching:** financial coaching is a supportive relationship where the coach encourages and promotes positive financial behavior change. The coach provides support and accountability for reaching the client's goals and wants to keep a continuing relationship with the client to educate and encourage them to keep improving.
- x. **Financial Institution:** a financial institution is a company engaged in the business of dealing with monetary transactions, such as deposits, loans, investments and currency exchange. Financial institutions encompass a broad range of business operations within

the financial services sector, including banks, trust companies, insurance companies, and brokerage firms or investment dealers.

- xi. **Deferred Presentment (Payday) Loan:** a short-term personal loan secured by a borrower's personal check or the borrower's agreement to have the money owed taken out of their bank or credit union account at some future date (usually 14 days after making the loan).
  
- xii. **Auto Title Loan:** a type of secured loan for which borrowers can use their vehicle title as collateral. Borrowers who get title loans must allow a lender to place a lien on their car title, and temporarily surrender the hard copy of their vehicle title, in exchange for a loan amount. When the loan is repaid, the lien is removed, and the car title is returned to its owner. If the borrower defaults on their payments, then the lender is liable to repossess the vehicle and sell it to repay the borrower's outstanding debt.

