



Building Financial Capability with YouthBuild Programs and Opportunity Youth

Insight from a project on designing and implementing financial capability

April 2022

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With love and respect, YouthBuild partners with opportunity youth to build the skillsets and mindsets that lead to lifelong learning, livelihood, and leadership. At nearly 300 YouthBuild programs across the United States and around the world, students reclaim their education, gain job skills, and become leaders in their communities. To date, YouthBuild has partnered with more than 180,000 young people to dedicate over 50 million hours of service benefitting urban, rural, and tribal communities. YouthBuild strives to create a world where all young people are seen for their potential, and power to transform themselves and their communities. YouthBuild USA – the support center for the YouthBuild movement – strengthens YouthBuild programs through technical assistance, leadership development, innovative program enhancements, and advocacy. YouthBuild programs located outside of the United States are supported by YouthBuild USA's international division, YouthBuild International.

For more information about the YouthBuild movement, YouthBuild USA, and YouthBuild International, visit YouthBuild.org.



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Executive Summary

Building financial capability skillsets and mindsets is vital to young people as they earn an income and strive to make sound financial decisions. For opportunity youth, limited access to financial resources and services creates impediments that accumulate on their path towards economic opportunity and upward mobility. These barriers create roadblocks to acquiring and utilizing money management capabilities such as earning a steady income, opening bank accounts, paying bills, and building savings. As opportunity youth take the critical steps to further their education and prepare for future careers, YouthBuild programs and partners can help them access resources that meet their financial needs and build financial capability skillsets and mindsets.

With support from Bank of America, YouthBuild USA developed the *Financial Capability with Court-Involved Youth Project*, a discovery project to gather insight from YouthBuild programs and youth participants with court involvement on what is needed to access and build financial capability. A central part of this work involved identifying current financial capability practices and support at YouthBuild programs.

High-Level Project Observations

- Each of the seven programs that participated in this project had their distinctive practices for implementing financial capability partnerships and programming.
- YouthBuild programs have personalized their approaches to financial capability by engaging diverse partners and designing learner-centered curricula.
- The practices shared were tailored around the varying needs of YouthBuild participants, the barriers they experience, and the assets available at their program and in their community.
- A combination of formal financial capability programming and individualized financial support is imperative to implementing meaningful and relevant financial capability.
- More explanation is needed around practices applicable to the needs of YouthBuild participants by gathering research and field-informed practices.

Section 1: Uses of this Report

This document provides an in-depth review of the insights gained through the *Financial Capability with Court-Involved Youth Project*. Throughout the document are *Financial Capability Spotlights* that feature approaches to designing and implementing financial capability support, curricula, and partnerships. Partners interested or engaged in financial capability work can use this document to:

- Learn more about developing supportive relationships with programs and youth participants
- Evaluate current practices and adjust to being more opportunity-youth-centered
- Build a better understanding of partner impact on youth financial capability
- Guide conversations on how to meet opportunity youth's needs
- Offer potential solutions for financial capability challenges opportunity youth face

Types of partners involved in financial capability work may include financial institutions, community colleges, nonprofits, community-based organizations, and court systems.

Section 2: YouthBuild USA and Financial Capability

Definitions and philosophies of financial capability often differ depending on the context. The term is often used interchangeably with financial literacy, which focuses solely on knowledge and skills. While financial capability encompasses aspects of financial literacy, it expands beyond the traditional notion that knowledge and skills alone can lead to effective money management. Financial capability considers a multitude of interconnected factors that can influence and impact money management capacities.¹

While YouthBuild USA's definition and philosophy of financial capability continues to evolve, the organization approaches the topic with a holistic lens that considers multidimensional aspects of effective money management including:

- Access
- Knowledge and skills
- Attitudes and behaviors
- Needs
- Social and cultural influences

¹ Center for Social Development, Washington University in St. Louis, *Financial Capability: What is It, and How Can It Be Created?*

Section 3: About the Project

Seven YouthBuild programs and a small group of youth participants and recent graduates with court involvement were engaged for a series of convenings to gather insights on the following:

- **Youth Participants' Needs:** What do youth participants — including youth with involvement in the court system — need to successfully develop financial capability skillsets and mindsets?
- **Barriers:** What barriers are hindering the ability of youth participants to engage and access financial capability resources, tools, services, and products?
- **YouthBuild Programs' Needs:** What do YouthBuild programs need to successfully design, implement, or integrate financial capability?
- **Financial Capability Practices:** What are field-informed approaches to supporting youth participants with developing financial capability skillsets, mindsets, and behaviors?

The Project Approach

The project was designed around two key components: peer-to-peer facilitation and human-centered design.

Peer-to-Peer Facilitation: YouthBuild USA and alumni collaborated to design peer-to-peer facilitation to deepen relationships, engagement, and understanding of the topic. There have been successes with this practice through other initiatives and partnerships focused on financial capability, leadership, and design thinking. YouthBuild USA continues to evaluate this practice as an effective strategy to engage youth participants.

Human-centered Design: Human-centered design starts with the people impacted by a challenge and ends with new solutions that are tailor-made to suit their needs.² YouthBuild USA incorporated a human-centered design process to increase understanding of financial capability challenges, practices, and needs. Youth participants and programs shared their insight through group discussions, individual interviews, and a design thinking workshop. The design thinking workshop provided an opportunity to address common challenges with financial capability development by proposing solutions.

² IDEO, *What is Human-Centered Design*, www.designkit.org/human-centered-design

Acknowledgements

The insight and financial capability practices offered in this report are grounded in the contributions and perspectives provided by YouthBuild program staff, participants, and alumni who participated in the project. This work was possible because of their involvement in informing and shaping this report, and YouthBuild USA is grateful for their invaluable contributions to this project.

YouthBuild Alumni played a significant leadership role in this project by facilitating focus group discussions and a design thinking workshop with youth participants and programs. Beyond their role as facilitators, alumni were critical to the success of this project because they shared their expertise and lived experience on this subject matter and co-designed components of the convenings. The alumni that participated were engaged in this project because of their leadership and expertise on financial capability and peer-to-peer facilitation.

YouthBuild Alumni Contributors

Xavier Jennings, Graduate of Mile High Youth Corps
Bre'ana Fries-Dancy, Graduate of Yuba City YouthBuild
Joscelyne Lee, Graduate of YouthBuild Austin
Crystal Barham, Graduate of YouthBuild Philadelphia
Justin Gomes, Graduate of YouthBuild New Bedford
William Chatman, Graduate of YouthBuild Rockford

YouthBuild Participants and Recent Graduates offered their insight and lived experiences to ensure financial capability support addresses youth participants' needs. Additionally, they supported the investigation of complex challenges and generated solutions to those challenges that YouthBuild USA continues to evaluate. Their role was critical to informing solutions to challenges illuminated through this work.



YouthBuild Programs involved in this project have experience with implementing financial capability and supporting young people with court-involvement. They provided invaluable insight and guidance on financial capability challenges, current practices, and partnerships. Their advice and insight offered throughout the project shaped the financial capability practices highlighted in this report. In addition to their advisory role, they helped ensure this project included youth participants' voices and they reviewed the final draft of the program resource to evaluate its value.

YouthBuild Program Contributors

American YouthWorks, *Austin, Texas*
PACE YouthBuild New Bedford, *New Bedford, Massachusetts*
Mile High Youth Corps YouthBuild, *Denver, Colorado*
New Waverly YouthBuild, *New Waverly, Texas*
CDSA YouthBuild, *Enid, Oklahoma*
YouthBuild Rockford, *Rockford, Illinois*
Venice YouthBuild, *Venice, California*

Section 4: Key Insights from the Financial Capability with Court-Involved Youth Project

The following section outlines insights on challenges, needs, and financial capability practices gained through this project. It is important to note that while there are additional barriers specific to the experiences of youth with court involvement, it was evident that most challenges and needs identified impacted **all** youth participants.

Insight 1: There are priority financial capability topics and recommended approaches that partners working with opportunity youth should incorporate into their support.

Working with young people and programs to determine learning needs, foundational knowledge, and topics of interest ensures that the design and implementation of financial capability activities are impactful and meaningful. Because financial capability topics can span a wide range of topics, it is important to consider the employment status, foundational knowledge, culture, demographics, and financial priorities of the audience. YouthBuild USA recommends that partners working with opportunity youth should keep these topics top of mind when tailoring their support.

Topic	Examples of Key Elements for Consideration
Goal Setting	SMART Goals
Making a Budget	Wants vs. Needs
Credit Scores	FICO vs Vantage
Understanding Paystubs	Understanding Withholdings
Direct Deposit	Benefits and Best Practices
Filing Taxes	When and How (free, reliable resources)
Consumer Rights and Protections	Identifying Scams, Bureau of Consumer Protection
History of Institutional Racism in the Financial Sector	Redlining
Relationship with Money	Money Role Models
Special Topics for Court-Involved Youth	Navigating Court Fees, Disclosures for Job-Seeking

Since every young person has different learning needs and circumstances, there is not a one-size-fits-all approach. Programs often utilize multiple components of resources, engage in individual conversations, and customize activities to ensure they adapt support to align with the evolving needs of youth participants. Partners may offer customizable resources that allow young people to learn at their own pace and on their own terms.

Financial Capability Spotlight: Venice YouthBuild Partnership

When **Venice YouthBuild** is evaluating partnerships, staff look for organizations and companies that their youth can continue to use after graduation. They work to build lasting relationships between the staff and participants so that youth feel empowered to seek out supportive services independently. Their primary financial partner, Haven Services, is a community-based organization that focuses on building financial capability for everyone in the community. They worked with this organization to select topics that are meaningful to their youth participants. In addition, Venice YouthBuild seeks community assets that would not be traditionally considered financial capability resources but play a part in building sustainable finances. These include: food pantries, shelters, clothing donation centers, and organizations providing supplies for parents such as formula or diapers.

Insight 2: Court fees, fines, and restitution create significant financial and employment burdens for court-involved youth and their families. As court-involved youth continue their education and find work with living wages, they may not yet have the financial means to pay these exorbitant costs imposed on them. For young people and families

already in financial distress, this could mean deciding between paying court fees or necessities such as food and housing. In some cases, young people may not be aware of the costs that accumulate on their records and seek guidance with understanding their debt and financial requirements. As a result of not paying a fee or fine, young people face adverse consequences such as a warrant for their arrest and additional financial penalties.

In addition to navigating these costly financial obligations, court-involved youth who seek work often fear the implications of their involvement in the justice system on their job search and work responsibilities. Many employers conduct background checks, which may hinder a young person's ability to obtain and maintain employment. For young people in employment, the court process and dates can be overly burdensome and interfere with their work schedule.

These financial stresses and harmful practices only reinforce and push court-involved youth deeper into a cycle of debt and further incarcerations. Research shows that financial penalties increase recidivism, exacerbate racial disparities in the juvenile justice system, and heighten economic and emotional distress for families already struggling financially.³

While there are opportunities related to this subject for YouthBuild USA to investigate, court-involved youth need immediate relief from these fees and fines. Programs and young people need strong partnerships with local and regional court systems, employers, and elected officials. Partners could support in the following ways:

- Advocate for alternatives to fines and fees
- Guide young people through court processes and understanding their records
- Provide information on fair hiring practices
- Normalize felonies and convictions
- Offer second chance bank accounts

³ Feierman, J., Goldstein, N., Haney-Caron, E., & Fairfax Columbo, J. (2016). Debtors' Prison for Kids? The High Cost of Fines and Fees in the Juvenile Justice System. <https://jlc.Org/>. <https://debtorsprison.jlc.org/documents/JLC-Debtors-Prison-executive-summary.pdf>

Financial Capability Spotlight: American YouthWorks Partnership

American YouthWorks in Austin, TX established partnerships with their local elected officials to help youth participants understand their record, how to represent and disclose their record to potential employers, and what questions should and should not be asked of them when interviewing. American YouthWorks staff have had city representatives come to the program to discuss fair hiring practices with youth participants. Building that relationship with elected officials and working with them to understand opportunity youth provides young people with a chance to influence policy and advocate for their rights. Leveraging partnerships to combine understanding with empowerment to self-advocate makes this approach a lasting and sustainable experience for youth participants.

Insight 3: Both young people and programs identified the correlation between financial capability behaviors and mindsets and emotional and mental health. This may include trauma from poverty, stress from fines and bills, or insecurity related to understanding finances. Additionally, as young people in poverty gain financial stability, they may feel obligated or responsible to financially support others in their life. This causes additional stress to their financial situation and makes it incredibly difficult to plan long-term financial goals. Programs also identified a correlation between young people operating from a place of scarcity and the capability to develop long-term mindsets. When young people operate in survival mode, it can be challenging to plan for long-term financial goals and needs. Research shows that people experiencing poverty often cope with their money challenges by taking actions that are useful in the short term, such as delaying bill payments to purchase food. This can result in costly effects such as incurring expensive late fees.⁴ This is not the fault of young people in poverty, but rather the systemic barriers that perpetuate the cycle of poverty and create these conditions.

Because of these sensitive matters and challenges, financial capability instruction can evoke strong emotion and requires emotional regulation to put into practice, especially during times of stress. Youth participants need support utilizing their social and emotional skills to navigate money, relationships, and healthy boundaries. Programs emphasized the importance of integrating trauma-informed care and social-emotional learning in financial capability education. However, many programs expressed the lack of social-emotional learning in curricula outside of YouthBuild. Often, YouthBuild programs blend trauma-informed practices and social-emotional learning in their support services and career readiness training. Programs involved in this project designed their curricula or pulled components of external curricula and trainings to ensure young people feel supported in developing their social and emotional skills.

⁴ Haushofer, J., & Fehr, E. (2014). On the psychology of poverty. *Science (New York, N.Y.)*, 344(6186), 862–867. <https://doi.org/10.1126/science.1232491>

Insight 4: YouthBuild programs shared that inadequate access to inclusive financial services impedes the financial capability development of youth participants. Financial institutions need to offer opportunity youth-centered financial services and products. Youth participants often encounter challenges setting up checking and savings accounts due to the costly fees, obstacles related to gathering required documentation, and parental signatures. Some banks apply a monthly charge if a minimum balance is not maintained. An additional layer of expenses includes overdraft fees, which occur when a bank account falls to \$0. These added expenses are overwhelming and disproportionately impact court-involved youth and opportunity youth.

The lack of accessibility and affordability excludes youth participants from accessing trustworthy financial services such as banking, loans, and insurance. Predatory, neglectful, and exploitative banking practices such as check cashing, payday loans, and pawn loans may be the only convenient options in youth participants' communities. In addition to access, youth participants need trusting relationships, transparency from institutions, inclusive financial services, and relevant educational resources on effectively accessing and managing financial products.

YouthBuild programs are striving to understand how to support young people with navigating these barriers, and they need the support of strong partners. Having access to earning family-sustaining wages, managing those earnings, and building wealth can help opportunity youth overcome these barriers and benefit the economy as a whole. Some programs experienced success partnering with community banks and local credit unions that offer lower interest rates, low or no fees, and hands-on support using banking products. Programs identified flexibility and willingness to customize products and services to the needs of programs and young people as vital attributes they seek in banking partners. Many programs also leverage the expertise and knowledge of their banking partners to help with facilitating learning activities on checking accounts, saving accounts, and credit.

Financial Capability Spotlight: PACE YouthBuild New Bedford Partnership

PACE YouthBuild New Bedford in New Bedford, MA, partners with a credit union and nonprofit to integrate financial capability support throughout their three stages of program progression: Dream, Achieve, Succeed. During the Dream stage, program staff and youth participants engage with a local credit union to set up checking and savings accounts. As youth participants progress through the remaining program stages, they are encouraged to save a portion of their stipend. Using funds from United Way's Community Impact Grant, the program provides up to a \$1,000 match as an incentive to save. The credit union's ability to customize financial capability support to the needs of youth participants makes this partnership unique and successful. The banking partner provides youth-friendly offerings including low-fee accounts, hands-on customer support, and banking tours. Additionally, program staff can access the monthly financial statements of all participants, which has helped programs establish a culture of trust and accountability. The intentional, youth-focused design around the partnership and program stages has contributed to supporting youth with saving and accessing financial services that meet their needs.

Insight 5: Peer-led facilitation and activities can contribute to a comfortable, safe, and relatable environment when talking about money with youth participants. Programs and young people have found peer-led learning to be a valuable practice to increase engagement. YouthBuild USA and alumni have partnered to further explore this practice through other areas of work. In 2020, YouthBuild USA's Alumni Services Department received a grant from Experian for financial capability trainings. Seven YouthBuild alumni participated in a training facilitated by an experienced financial advisor who is also a YouthBuild graduate. The training covered financial capability topics such as understanding one's relationship with money, building and understanding credit, and tips for surviving and thriving during a crisis. The seven alumni collaborated to connect alumni, current students, and program staff nationally to virtual trainings throughout the year. This peer-led model allowed for thoughtful dialogues, the sharing of lived experiences, and the opportunity to learn more about budgeting, credit scores, and ways to improve overall financial wellness. The alumni involved in this project recorded short videos utilized by alumni clubs and programs with an accompanying resource guide. The resource guide and training videos can be accessed [here](#).

Financial Capability Spotlight: MyPath & Alumni Partnership

Since 2018, YouthBuild USA has been working with **MyPath**, a nonprofit based in San Francisco. MyPath is focused on instilling young people with financial tools and information as they are starting their first jobs, giving them a real shot at upward mobility, regardless of their zip code. In 2020, programs piloted the MyPath curriculum with YouthBuild alumni facilitators. These alumni had experience presenting financial capability tools to programs and were contracted to facilitate lessons with participating programs' young people. YouthBuild held focus groups with program participants, who stated in post-event surveys that hearing alumni success stories around homeownership and entrepreneurship was a motivating experience. They also felt more connected to the material as it was coming from someone they could relate to.

Insight 6: YouthBuild USA developed a new process and approach for evaluating and understanding the needs of programs, participants, and graduates. For this project, YouthBuild USA originally proposed to disseminate Bank of America's Better Money Habits to programs for implementation and evaluation. Based on practices that align with YouthBuild USA's field-informed learning and impact strategy, YouthBuild USA shifted the focus of this project to integrate a needs assessment. The needs assessment helped clarify what opportunity youth and court-involved youth need in the form of training, approaches, and resources to successfully develop financial capability skillsets and mindsets.

A strategic evaluation of needs at the onset of a collaboration helps mitigate potential challenges and ensures alignment around values, strategy, and impact. Partners benefit from understanding how to enhance their resources and maximize their impact, and programs and young people gain valuable support. YouthBuild USA seeks to further refine and replicate this process in other projects.

Insight 7: The perspectives of young people and program staff are an asset for partners striving to enhance their products, services, and resources. Young people and program staff have profound knowledge and understanding of challenges that prevent young people from addressing their financial needs. Throughout this project, youth participants and program staff illuminated challenges they have experienced or observed in their communities. Many of these challenges are tied to the pervasive inequitable practices, policies, and structures that exacerbate financial distress for the communities where opportunity youth reside. These practices, policies, and structures therefore perpetuate disproportionate access to tools needed to achieve financial stability and build wealth. Youth participants and programs possess unique perspectives on the resources, relationships, and challenges in their community. This makes them valuable assets to

partners, especially partners who strive to understand solutions to creating equitable financial service and educational offerings.

Financial Capability Spotlight: Design Thinking Approach

The Financial Capability Design Thinking Convening brought together YouthBuild program staff, youth participants, recent graduates, and alumni to generate ideas and solutions that address challenges to achieving financial stability. Alumni engaged participants by facilitating the design thinking process and utilizing human-centered design principles. Ideas that came out of the convening addressed topics such as:

- Incentive systems that remove court fines and fees
- Community resources and mentor programs to build trust with young people
- Financial education with peers and family members
- Increasing youth participant stipends
- Social-emotional learning financial literacy curricula plan

Section 5: Promising Directions for Further Research

While further work is needed, it is evident that strategic partnerships are requirements for creating effective and engaging financial capability programming within a YouthBuild program. As insights from the project demonstrate, collaborations can manifest in diverse ways, and partners can play various roles within each program's financial capability support offerings.

Insights from this work will be valuable for:

1. Strengthening partnerships with YouthBuild programs
2. Informing YouthBuild USA's financial capability strategy
3. Developing accessible and inclusive tools and resources for opportunity youth
4. Designing responsive resources, services, and products offered by partners

Stakeholders such as financial institutions, elected officials, nonprofits, court systems, employers, and community-based organizations will be vital to moving this work forward. YouthBuild USA will continue to explore and evaluate resources needed for opportunity youth to develop the skillsets and mindsets that lead to financial capability behaviors. This evaluation will require further investigation of practices within the YouthBuild field and broader landscape of financial capability.