

Inner-city kids gaining edge with financial literacy

BY CHRIS SHEFFIELD

A group of nonprofits that target low-income inner city youth have been working on a financial literacy education program that they believe could not only improve grades and behavior but also reshape how Memphis youth view money and personal finances. The Financial Literacy Collaborative is currently about 18 months into a three-year testing phase that uses incentives to reward participants for good grades, attending after-school programs, improving behavior and volunteering. It is funded by grants from the First Tennessee Foundation and private donors to the tune of about \$50,000 a year for the past two years, says **Gib Vestal**, a former investment banker and now chief executive officer of Memphis Athletic Ministries.

MAM is a member of the collaborative along with Brinkley Heights Urban Academy; Juvenile Intervention & Faith-based Follow-up, or JIFF; Neighborhood Christian Center; and Repairing The Breach Outreach Ministries. Together, the five organizations serve thousands of young people under age 18 weekly in the Memphis area with physical, educational and social programs. These organizations could serve as ideal environments to institute a successful financial literacy program for a demographic that has little or no experience with the banking system in a city that leads the nation in bankruptcies and poverty, organizers believe.

“Size-wise, this could be as big as you could imagine it,” says Vestal, who walked away from a 30-year career in finance, including 17 at Morgan Keegan & Co. Inc., to join MAM in 2001. He now serves as chairman of the collaborative. He says it was nothing short of divine intervention that the program would come to his attention and he’d be in a position to see it put into practice. His background includes stints at Union Planters National Bank and Commerce Union Bank. “In a nutshell, I had reached a point in my career where I wanted to use my skills and talents to impact people in a more significant manner than my financial services jobs allowed,” Vestal says. He envisions the program being instituted by every youth service organization in the city. Over time, it would create a “whole new level of financial acuity” in the community, he says. “How big would that be?” says Vestal. “And it would benefit multiple organizations.”



Gib Vestal, chief executive officer of Memphis Athletic Ministries assists student Rozaland Wright in financial literacy program.

The power behind the collaborative is a curriculum and software program called Economis, developed by Faith Based Consulting based in Charlottesville, Va. The program teaches critical financial literacy knowledge and develops skills such as delayed gratification and budgeting using a web-based mini-economy model. Participants in the program essentially earn an hourly wage, or points, based on their participation in education and social programs at their respective centers. They receive “bonuses” for milestones such as making the honor roll or having perfect school attendance. Those points, or accumulation of token income, is then converted into a currency value based on the number of participants and how much funding is available to “pay” the students, Vestal says.

MAM calls its currency Bluff City Bucks. “We’re like the Fed (Federal Reserve Bank) or the World Bank put together,” Vestal says. “This is a real economy.” But taxes can’t be raised and it can’t print money, he notes. It does, however, institute a 15 percent tax on participants’ “earnings” and issues a paycheck online that shows earnings for that period and total accrued earnings, says **Jackie Peters**, MAM’s chief administrative officer who tracks students’ earnings in the system. At

MAM, about 400 students are taking part in the Economis program. The total number of participants tops 700, Vestal says. The total net earnings for the group is just over \$354,000 Bluff City Bucks, which has a value of about \$6,000 of real monetary value.

Students can redeem their Bluff City Bucks for gift cards with values up to \$50 at Taco Bell, McDonald's, Target Stores and Wal-Mart Stores Inc., says MAM community director **Randy Odom**. "They get to see the results of their hard work in a tangible way," Odom says, noting that some get a gift card as soon as they have enough money earned. Others wait to save up for some bigger reward. Ultimately, when the program is rolled out in full force, possibly within a year, Vestal would like to have larger rewards like weekend vacations so students could see the value of long-term savings.

But before that can happen, Vestal says the collaborative continues to build a database to prove it can produce results. There is plenty of anecdotal evidence, though. At Neighborhood Christian Center, where more than 225 students at four different sites have participated in the program to some degree, good behavior is rewarded on a scale starting at \$5 of credits for "best behavior" down to \$3 for "good behavior," \$1 for "needs improvement" and losing a \$1 for "unacceptable," says **Amy Williams**, Neighborhood Christian Center education specialist. "I think behavior has improved, knowing they get points based on behavior," she says. "And it helps them want to do homework because some will try to do homework at school or do it at home before they come here." As opposed to gift cards, Neighborhood Christian Center students can buy actual items ranging from snacks and school supplies to pizza, skating field trips and electronic equipment such as digital cameras and jumpdrives. Williams recently added a \$500 portable PlayStation.

First Horizon National Corp.'s president of banking **Charles Burkett** says supporting financial literacy has long been one of the company's major giving efforts. It's provided nearly \$500,000 to the Smart Tennessee initiative started in 2006 to integrate financial literacy into the K-12 curriculum. That program has shown that financial literacy scores have risen 40 percent statewide since it was instituted, Burkett notes. What's particularly special about the collaborative's Economis program is that it targets an inner-city population largely unfamiliar with the banking and financial system, he says. "A lot don't bank and the more they learn financial acumen, the more likely they are to be successful and have a bank account," Burkett says. Memphis Junior Achievement research has found that as many as 80 percent of families in the Memphis City Schools system do not have a bank account. The banking system and the Memphis economy as a whole will be better off as more of its population engages in sound financial decision making, Burkett says. "The kids learn how to make a budget, pay taxes and do all the things that help them gain a skill set that helps them as they get older," he says.

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