



Request for City Council Committee Action from the Department of Community Planning & Economic Development

Date: May 13, 2014

To: Council Member Lisa Goodman, Community Development Committee

Subject: Authorization for the City to enter into a Prepaid Debit Card Agreement with US Bank.

Recommendation: That the proper city officials be authorized to enter into a contract with US Bank for the ability for the STEP-UP program to offer its interns on the City of Minneapolis payroll the option of a prepaid debit card for the summer of 2014.

Previous Directives: None

Prepared by: Tammy Dickinson, Family Support Specialist III, Employment and Training,
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Approved by: Charles T. Lutz, Interim CPED Director _____
Cathy Polasky, Director Economic Policy & Development, CPED _____

Presenters in Committee: Tammy Dickinson, Employment and Training

Reviews

- Permanent Review Committee (PRC): Approval ___ Date **N/A**
- Policy Review Group (PRG): Approval ___ Date **N/A**

Financial Impact

- No financial impact

Community Impact

- City Goals – One Minneapolis

Supporting Information

Minneapolis Employment and Training is requesting to enter into an agreement with US Bank to be able to offer our STEP-UP interns on City of Minneapolis payroll the option of a prepaid debit card for the summer of 2014. This card would be an option for our youth, not a requirement. Youth could choose to have their paycheck deposited directly to this card. It is anticipated that as many as 30% of the youth in the program may choose this option. There is no cost to the City of Minneapolis to offer the prepaid card.

At this time, STEP-UP is seeking to do this as a pilot project to determine the benefit of this product to our young people until the city banking full RFP is released. The City of St. Paul has used a similar prepaid card through US Bank for their summer employment program for the last two years and has had a positive experience.

STEP-UP staff is hoping the prepaid debit card helps to achieve several goals:

1. To help our young people, and potentially their families as well, many of whom are unbanked, form a relationship with a bank that may lead to a better understanding of budgeting and personal finance.
2. To reduce the number of STEP-UP interns that pay as much as \$15 – 20\$ per paycheck to have their check cashed at a check cashing service.
3. To allow youth quicker access to their paycheck and more options for using and saving the funds. This card offers an opt-in option for youth to put their funds in an interest-earning savings account as well.
4. To reduce the amount of printed and mailed paychecks. This is a cost savings with regard to postage but will also save staff time in tracking down and re-issuing paychecks that went to bad addresses or that were otherwise undeliverable. Much of our population is not in stable housing and several checks go astray or are returned each payroll cycle.

The STEP-UP team has researched the fees associated with the prepaid card and has found that most youth will be able to access their funds with few or no fees. Also, STEP-UP will work with US Bank to provide education to our interns on how to avoid paying fees on the card. In addition, unlike some states, the State of Minnesota has legislation that prohibits banks from charging a monthly inactivity fee on accounts that have not be active for a certain period of time, so youth will not lose their money if their account is inactive.