

# KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

## TRANSCRIPT

### **Katrina's Classroom:**

Financial Lessons from a Hurricane

Transcript of DVD

#### **Lesson 1**

HOST Voiceover:

On August 25th, 2005, Hurricane Katrina passed over southern Florida and hit the Gulf of Mexico. Two days later, the hurricane was heading toward New Orleans and the coast.

Nick's mom:

We thought we would be gone for two or three days.

Nick:

I brought my birthday money and my money from my summer job and a few pair of clothes.

Nick's mom:

Our important papers, and a couple of changes of outfits, and packed some snacks for the kids; six cars total, 23 of us ranging in ages from three months to 70 [years]. We took the van so we could all be together.

Nick:

It's not how like it used to be before Katrina, but it's still home. I missed all my friends and school.

Meteorologist:

By Sunday afternoon, it's going to be off the mouth of the river here with winds of 120. Now this is pushing water toward our area already, so by Sunday we're going to start to see the tides go up and water begin to move back towards our direction.

HOST:

On August 29, 2005, Hurricane Katrina made landfall on the Gulf Coast, dumping 8 to 10 inches of rain on the region in less than a day.

Jacquelyn's stepdad:

When it's time to evacuate you have to grab everything you ever want see again. It's as simple as that because it may not be here when you get home.

Jacquelyn:

At first we weren't going to leave because it wasn't even—I don't think it was supposed to be a big hurricane—we wound up getting 9 1/2 feet of water, so I lost everything that I left in my room.

HOST:

The same day Katrina hit, the levees that held back Lake Ponchartrain breached and 80 percent of New Orleans was underwater.

Jamie:

Well, when Katrina first struck, you know, I just, I thought it wouldn't be as long as a couple of days, but when it turned out to be a little bit longer, I thought this was going to push a lot of plans back in my senior year and we had only been in school for, I think a week and a half, and so we just knew that, okay, this [is] not days we're going to have to make up. We might not even get to go to school again.

HOST:

Tens of thousands were homeless. Some were relocated to other parts of the country.

Many who fled the Gulf Coast stayed in hotels or drove to stay with friends or relatives. How would they survive in the weeks or even months before they could return? How would those who stayed get food and water, or even gas? How could they get money when they didn't have an address and the banks were underwater or even completely gone?

Even though the storm forced the closing of the Federal Reserve's New Orleans office, other branch offices made sure that cash reached the area so that local banks could get money to their customers to buy food, water, and gas.

In addition, the Federal Reserve's electronic payment system continued to function making sure deposits, like Social Security, and other electronic payments were made directly into people's checking accounts.

During the weeks and months that followed, the Federal Reserve kept the payment system on track. The Federal Reserve and other banking regulators also encouraged banks to work with customers to help them meet their financial needs by honoring checks from other banks and deferring mortgage payments.

By being prepared, the Federal Reserve worked with banks to help thousands of Gulf Coast residents in the aftermath of the disaster.

And while some families weren't completely prepared to deal with the crisis, some had a solid financial footing to help get them through. You're going to meet three real families

that survived Katrina and see how they dealt with the financial challenges during and after the storm.

## Lesson 2

HOST Voiceover:

Today, Nick Carter is playing basketball at De La Salle High School. A pick-up basketball game may seem like a pretty ordinary activity, but it's very special to Nicholas. In the aftermath of Katrina, Nicholas and his family fled the area and spent nine months living in Atlanta. During that time, he really missed his friends and his hometown. He's happy to be back.

Nicholas:

I missed home. I was homesick. This is where I stay and grew up. It was just that Atlanta was too big for me. I needed to come back home.

HOST:

On August 27th, 2005, Nick and his family watched as Katrina moved across Florida and into the Gulf of Mexico.

Nicholas:

We thought something like that was never going to happen. It kind of hurt and it was sad.

Dad:

My wife called and told me we were evacuating. I said, "For what?" I said, "For another couple of days?" She said, "No, this time we have to leave for real."

HOST:

As they fled their home, they only had time to take a few things.

Nicholas:

Some things I wasn't able to bring were pictures, collectibles, and some clothes and shoes.

Dad:

We got everything ready and we left.

Mom:

I have a binder with birth certificates, shot records, Social Security cards, passports, any type of crucial items that you would need to establish identity. I keep copies of everything, so I had all of those in binders. When you are trying to get residence, or do your FEMA application, and all the things you have to do after a disaster, they ask for these papers, and if you don't have them, a lot of people were not able to proceed without it.

HOST (17th St. Canal):

Their emergency planning would pay off. Having her checkbook and account information gave Nicholas's mother a way to get money out of her bank account while still in Atlanta.

Mom:

I had no problem getting access to cash because I have my money directly deposited into my checking account, and I have ATM cards, and I can just go to any place and pay the fee if it's not one of the ones on the card. I had no problem getting money.

HOST:

Even though the banks in New Orleans were still underwater, his mother continued to receive her Social Security payments without interruption.

Mom:

I injured myself a few years back so I'm on Social Security disability, and I elected instead of a check getting lost in the mail to have it directly deposited into my checking account on a monthly basis.

HOST:

The Federal Reserve Bank worked with local banks to make sure that everyone who received Social Security or other electronic payments continued to get their regular monthly payments.

Mom:

The ability of having the new system online no matter where you are, if you don't have anything—we didn't have any more clothes, we didn't have a home. But we still had access to establish ourselves again because all of our money was available to us. Credit cards, all that information was on the computer.

HOST:

Nick's parents own this home here on Marywood Court. The house is still uninhabitable, but because they had mortgage and insurance information with them in Atlanta, Nicholas's parents were able to file an insurance claim and receive payment for the damage. Today, Nick and his parents are living in a rented apartment while they try to decide what to do next.

Dad:

It was rough being out here.

HOST:

Nicholas does odd jobs on the weekends to make extra money, but school comes first. He knows he needs an education to have a better future.

He works for neighbors doing yard work. Nick gets paid with personal checks and cash. And after his experience with Katrina, he realized the importance of having a bank account.

Nicholas:

You need credit cards, a little money in the pocket, you just don't know what's going to happen because we never thought that the hurricane was going to hit like that, like it was.

HOST:

Today, Nick is going to open his first bank account. Now his money will be safe, and having a bank account will make it easier for him to save. Now Nick will be in control of his money, and it will be easier to save for things he needs. In the last year, he's learned a lot about being financially prepared. His friends have shared similar experiences.

Friend 1:

I believe that Katrina humbled most people, at least myself because it allows you to see how easily something can be taken away from you at that moment. You know, it just, it kind of gives you appreciation for what you have.

Friend 2:

I am going to be more prepared next hurricane because I'll know what to bring. I'll know to bring my valuables and not just leave them in my room next time.

Friend 3:

Save money on the side in case we ever have to leave for something like this, and basically that's what we did. My mom and dad had a credit card, and they brought their checkbooks, so wherever we went, we'd have money.

HOST:

Nicholas's family was particularly well prepared for an emergency like this one. Do you or your family know where your records are? Will you have access to your money? And do you have emergency savings? Would you or your family be prepared for a disaster like Katrina? These are questions you need to answer now. Whether you're playing basketball or preparing for a financial emergency, you need to have a game plan.

Nicholas:

I'm happy to be back in New Orleans, happy to see my friends again, happy to be back in school, to play football for my team again. It might not be the same like it was, but it's close to it.

### Lesson 3

HOST Voiceover:

Jacquelyn Caillavet is happy to be at home babysitting her little sisters, because not too long ago, the Caillavets' home looked like this. The Caillavets live in Biloxi, Mississippi. Like so many buildings, their home was severely damaged by Hurricane Katrina. After seven months of renovations, Jacquelyn and her family have finally moved back in, and things are returning back to normal.

Jacquelyn:

I'm in a pageant for my school, Beauty and Beau, and I'm going to work in the summer and just earn some extra cash so I can do stuff on the weekends. If I want to go shopping, I'll have a little cash on my own instead of asking my parents for stuff all the time. Like, if I did my chores during the week and I asked to go to the movies, my parents will give me money for the movies and enough money to get food, you know when you watch movies, popcorn, nachos, drink, candy.

Jacquelyn's mom:

Jacquelyn, she's a strong kid. She just went on through it. She did good.

Meteorologist:

...already hurricane warnings for New Orleans and Mobile and Biloxi, and what does that mean? Hurricane conditions likely within the next 24 hours...

HOST:

Early on the morning of August 28th, Jacquelyn's mother and her stepdad decided to evacuate. At the time, they did not know that they would be gone for so many months.

Stepdad:

We all evacuated together. We had a little caravan that we all evacuated to Starkville, Mississippi, and sort of made camp at my sister's and rode it out there.

Jacquelyn's mom:

We had to use our credit cards, you know, like we lost everything. We had to use the credit cards for gas, we had to get clothes. I had to get clothes for my children, food, you know, I mean you don't pack up food and run with it, and so you have to use them for that.

HOST:

When the Caillavets returned to their neighborhood, they were shocked at what they saw.

Jacquelyn's mom:

I couldn't believe it. I was devastated. I started crying. Every house I looked at was gutted, was ruined, was destroyed, and I knew what was coming when we turned on our street—that our house was going to be the same way.

HOST:

In the aftermath of the storm, the Caillavets had to use their credit cards to buy necessities.

Jacquelyn:

It was like, wake up. Pack up. Get in the car. Let's go. Stop at the bank. Get a couple hundred dollars.

Jacquelyn's mom:

When you get where you're going, and then you can't get back, and it's a week later, of course that's not going to last too long, so you have to use credit cards and stuff to maintain in the meantime.

Jacquelyn's stepdad:

This complete door here and this window here were completely blown out. The water had taken them back out the back, and then this whole wall here, you can see completely out the front yard into the neighbor's yard.

HOST:

Today, the Caillavets have rebuilt their house, and they are starting to rebuild their lives and their finances. And because they used their credit cards to buy necessities, it's now important for them to pay off their credit card debt as quickly as they can. That's part of using credit wisely. You should generally use a credit card for convenience and when you can pay the balance off each month, or in an emergency. If you do run up your credit card bill, you should try to pay it off as quickly as you can. By having a credit card, a banking account, and electronically deposited paychecks, the Caillavets were prepared for an emergency. Looking back, there's just one more thing they wished they'd done. They wished they had set up an emergency fund by putting money aside regularly.

An emergency fund would have provided extra cash when they needed it most, and they would have had less credit card debt to pay back. Getting into the habit of saving can help prepare for an emergency. Saving money is a great way to achieve your goals. Jacquelyn has been saving up for a new dress for the Beauty and Beau pageant. Her mom agreed to split the cost, and today she has enough. They are ready to go shopping.

HOST:

So many lives were affected. Every one of Jacquelyn's friends has a story to tell.

Friend 1:

We didn't really get around that much; cause there wasn't that much food left because all the places were closed down, so we just kind of made do with what we had.

Jacquelyn:

I lost everything that I left in my room. I had a collection of ceramic dolls since I was a little kid, saved up from every birthday, every Christmas. I had about 15 all around my room. I laid them on my bed in trash bags and stuff and they're all gone.



Friend 2:

It's just our street didn't get power for like at least two, three months.

HOST:

Not a lot of money going around when there's a storm that hits and no one is working and everything's upside down. So how did your family get by financially?

Friend 3:

It was just really hard because right after the hurricane no banks were open.

Friend 2:

First of all, my dad did go to the bank and got money, and he got almost all of it out.

Jacquelyn:

My mom said that she thinks I'm getting old enough to where I can get an account of my own.

Friend 1:

My parents have always said it's good to have money like that saved up for when there is a tragedy like this. And I've always had one and I think they're a good idea because you never know what's going to happen, and it's good to have that money there for emergencies.

HOST:

Living through Katrina has taught Jacquelyn and her friends the value of being financially responsible.

Clerk (off camera):

She's paying for it herself?

Jacquelyn's mom:

She's helping.

Jacquelyn's mom:

It was rough on Jacquelyn. You know she had everything turned upside down on her also. She did good. She did good.

Jacquelyn:

I mean, I can tell I've changed, but I'm not really sure how. I'm very grateful. Like, there were so many people that were willing to help that could, you know, my aunts, my grandparents, my friends were there, you know.

Jacquelyn:

Oh, my gosh, I love that!

## Lesson 4

HOST Voiceover:

Today, Jamie Pounds is a freshman at Xavier University in New Orleans.

Jamie:

My major is biology pre-med.

HOST:

In 2005, Jamie was looking forward to starting her senior year in high school when Katrina struck. She was living here in Harvey, a New Orleans suburb, with her parents.

Mom:

We thought it was going to be just like three or four days, just bring the bare essentials, but Jamie had worked that summer.

Jamie:

And so before the school year started, I decided that I was going to buy my own school clothes, and so I bought about four or five outfits for school.

Mom:

And she said, just in case anything happened, she didn't want to leave the clothes that she purchased herself behind.

Jamie:

I said, "I'm taking everything that I just paid for!" I was like, you never know what might happen.

HOST:

Jamie and her family managed to evacuate to Houston, where they stayed with relatives.

Jamie:

When we first left that Sunday morning, my father has a sister that lives in Katy, Texas, and my father is one of nine children, and so all of his other siblings had the same idea as he did. So everyone went to my aunt's house in Katy, Texas, and I believe there was a total of 38 of us in a four-bedroom house with two bathrooms.

HOST:

In Texas, the Pounds needed to be able to pay for food and other expenses. Because her parents had a bank account, they were able to use ATM machines in Houston to get cash.

Jamie's mom:

I'm the type of person that when traveling, even when I'm going to the store, I like to keep cash in my pocket. I guess I'm a little old fashioned because sometimes when it comes to computers sometimes they don't work. So I made sure that I went to the ATM and got some cash, you know, along with knowing that I did have a debit card and I had some credit cards that I knew I was going to be able to use.

Jamie:

Having a bank account, I'd say now, is much easier than just having regular cash on you, because it's so easy just to go "It's like I have a debit card, I know I have money in my account so I could just swipe it." But then you always know there is extra cash that you have on hand in case you need a backup plan, and I just think it's always good to have one. You just have to make sure that you know how much money you have in your account so you don't just overdo it.

HOST:

The first step in being financially prepared in an emergency is to *have* a bank account.

Jamie:

When I got this bank account, I figured that that's way much easier than having money on me all the time. It's much better to have the debit card than it is just to have cash around.

HOST:

Jamie uses the money from her bank account to pay for food and expenses and to buy books for her classes. Even though she has a good scholarship, Jamie has a budget, so she knows how much she has and how much she can spend. By having a budget and a bank account, Jamie is able to control her finances. At the university center, Jamie meets up with her friends. All of them were deeply affected by Katrina.

Friend 1:

We lived day by day, hour by hour, literally.

Friend 2:

You're never ready for a situation like what we had to go through—Katrina. But like I guess the best thing to do is, if you have a job, save your money the best way that you can.

Friend 3:

Because you need to get in a situation where you have some money to fall back on, because if you were living check to check around by Katrina and then your job doesn't exist anymore, where do you go in between those checks? You know, so I'd just say, as best as you can, don't live check to check, you know, save that 25 cents.

Friend 4:

Don't live too comfortably because basically we all never thought that was going to happen. Basically, we thought we were going to be back in two to three days to our same clothes—just valuables, just material stuff—but you never know when that could be taken away from you or you could be taken away from it. So live your life and be comfortable, but be ready for anything.

Friend 5:

I would advise people to just learn how to lead a more sensible lifestyle and learn to be a little bit more practical.

Friend 6:

This could have happened to anybody, this whole situation: losing your house, family members, friends, anything.

Friend 1:

Don't take it lightly because if it happens again, you know, you know now, have your emergency money, somewhere.

HOST:

Jamie is pursuing her goal to become a doctor.

Jamie:

Now I'm just thinking medical school, and then, you know, residency, however long it takes to get where I want to get.

HOST:

Between classes and studying, Jamie doesn't have much time. And she's on a tight budget. Since Katrina and heading off to college, Jamie has more responsibilities, and she has to watch how she spends her money. But she still has enough to get a bite to eat with her friends and time to go to a free jazz concert. After all, it is New Orleans.

Jamie scrimps and saves now because she knows that getting an education is the biggest investment she can make for her future.

Jamie:

Definitely more school is in my future. Oh, Katrina has taught me a lot. It has taught me that I have to value everything.

Friend:

Well, I think, I would say appreciate everything and take nothing for granted.