

January 4, 2024

To: Mayor and Members of Council

202400014

From: Sheryl M. M. Long, City Manager

Re: Financial Freedom Initiatives – Recommendations

Reference Documents #202302108

The Council at its session on October 11, 2023, referred the following item for review and report:

MOTION, dated, September 26, 2023, submitted by Councilmember Harris, WE MOVE, that the administration produces a report within thirty (30) days on program recommendations for the \$2,125,000 set aside to implement the Cities for Financial Empowerment’s “Financial Freedom” blueprint. This should include any relevant updates on partnerships or other work being done to prepare implementation of the program(s).

Financial Freedom Blueprint - Overview

This memo provides a summary of the Financial Freedom Blueprint and background and updates for proposed Financial Freedom Initiatives. On July 17th, 2023, the City of Cincinnati released its Financial Freedom Blueprint (“the Blueprint”), the culmination of a yearlong research project to identify local strategies to address the racial wealth gap in Cincinnati. In response, Council set aside a \$2,125,000 allocation in a General Fund reserve account for future Financial Freedom Initiatives. The Mayor and Council identified that they would make a final determination on which Financial Freedom initiatives to fund and at what amounts during FY 2024.

The goal of the Blueprint is to ensure every resident can achieve financial freedom through asset ownership. There is a stark racial wealth gap in Cincinnati. Black Cincinnati residents own proportionally fewer homes and businesses and have less savings and investments. Systemic barriers hold many residents back from obtaining higher paying jobs and securing financial assets. As the City encourages long-term economic growth in the region, it acknowledges the importance of ensuring all residents are included.

<i>Median Net Worth (total assets minus total debt)ⁱ</i>			
	Cincinnati	Ohio	National
Overall Population	\$20,895	\$94,767	\$125,966
Black Residents	\$1,573	\$4,559	\$15,499
White Residents	\$77,820	\$125,182	\$194,043

In 2022, the City of Cincinnati applied for and received a \$75,000 grant from the national nonprofit, Cities for Financial Empowerment (CFE), to help the City build a Blueprint for all its residents, with a focus on Black residents to minimize demonstrated racial wealth gaps. The goal of the Blueprint was to

lay out evidence-based interventions that the City will pursue to address this inequity, particularly gaps in asset ownership.

The City conducted a representative sample survey¹ of over 1,000 residents, including 500 Black residents, and uncovered statistically significant² findings related to barriers around banking access, job mobility, student loans, debt and consumer protection, and housing. These findings informed the interventions and recommendations made in the Blueprint. The results are available in detail on Cincy Insights: <https://insights.cincinnati-oh.gov/stories/s/c7mg-cfw8>.

Financial Freedom Initiatives – Project Proposals

I. Medical Debt Forgiveness

Operational funding requirement: \$1,500,000 (one time cost)

What: Medical debt relief to qualifying individuals + connection to insurance coverage and primary care home.

Why: *The Blueprint survey insights:* 1 in 3 (~30%) of residents are behind on medical debt; 1 in 10 residents lack health insurance or medical coverage; 1 in 10 residents cannot afford their prescription; 10% of Cincinnatians do not have a way to get to and from medical appointments; 5% of residents do not see a doctor given their existing debt; residents struggle to afford doctor visits; screenings, tests, and deductibles. *Other supporting research:* Many families in the US sacrifice other household necessities (food, rent, medication, utilities) in order to pay medical bills and stop seeking further medical care.^{ii,iii} Medical debt is the number one cause of bankruptcy in the US, and it disproportionately impacts communities of color, perpetuating and exacerbating the racial wealth gap by draining cash flow that other households without medical debt can save or invest.^{iv}

Impact and Outcomes: Primary outcomes: Immediate debt relief; credit Score improvement; assistance signing up for medical coverage and connecting to a medical home to prevent future medical debt and provide preventative health care. Secondary outcomes: improved housing stability and food security (thus improved physical and mental health).^v With a budget of \$1.3M, RIP Medical Debt could cancel approximately \$130 million of medical debt.

Estimated Reach: Approximately 50,000 individuals.

Operations: City partnership with RIP Medical Debt³ to identify eligible medical debt accounts within participating hospitals and process debt forgiveness. RIP Medical Debt will ensure that City funds are used for the accounts of City residents. The City is developing a one-page insert provided to encourage connection with the Cincinnati Health Department's support to access health insurance coverage and a medical home (incentive provided to those who opt in and call the City).

Project Development Status:

- The City administration has partnered with The Health Collaborative regarding recruitment of area hospital partners. UC Health and Mercy Health Systems have committed to participating

¹ The research design included gathering survey responses from a representative sample of two populations in Cincinnati ('All Residents' and 'Black/ AA residents') balanced on race, age, gender, income, and neighborhood zone. With the sample sizes achieved, the results from the survey are projectable to the target populations with a margin of error of 3.042% at the 95% confidence level for All Residents and 4.245% at the 95% confidence level for Black/African American Residents, meaning that if the survey were replicated, we could expect close to the same results.

² A statistically significant difference means that one group's answers are meaningfully different from another group's answer.

³ <https://ripmedicaldebt.org/>

in the project. The City administration and The Health Collaborative are still in ongoing discussion with Christ Hospital and TriHealth (Good Samaritan Hospital) about their potential participation.

- The City administration meets regularly with RIP Medical Debt to discuss and refine data collection so that the City can glean details relevant to the overarching goal of wealth and racial equity because of medical debt forgiveness (if funded, the City will enter into a data sharing agreement).
- The Cincinnati Health Department has developed a staffing plan for connecting patients with forgiven debt to wraparound services including connections to Medicaid insurance, other health insurance coverage, and a primary medical home to prevent future medical debt by ensuring linkages to medical coverage and preventative health care.
- The Cincinnati Health Department has worked with the Hamilton County Department of Job & Family Services to streamline the Medicaid applications of patients with whom we connect through wraparound care.
- The City administration has met with the only other municipality (Muskegon County, MI) that included wraparound services with medical debt forgiveness (via RIP Medical Debt) to learn about what worked and what didn't during their intervention.

Considerations:

- The intervention provides one-time funding for medical debt forgiveness.
- Residents will not be able to apply for medical debt forgiveness; strategic external communication will need to emphasize selection methodology/ account identification.
- Since the publication of the Blueprint, the City of Cleveland has acted to erase \$181 million of medical debt for residents.⁴ And the City of Toledo has similarly acted to erase \$7.22 million of debt for its residents.

II. Children Savings Accounts

Operational funding requirement: \$375,000 City funds (one time), and equivalent annual match from third-party banking partner or private philanthropy (ongoing).

What: Seed funding for post-secondary education costs to qualifying low-income children.

Why: *The Blueprint focus group insights:* general lack of understanding regarding the difference between public and private student loans; *The Blueprint survey insights:* 20+% of all residents said they would benefit from financial coaching re: saving for child's education; Black residents value financial education more, especially for youth (24% Black; 14% all residents); Limitations in education or experience and the cost of student loans are the biggest barriers for residents in getting a better job with higher wages and better benefits (~20%); Private student loans are the most common and expensive form of debt delinquency (30+%); Black residents have higher private student loan amounts; Black residents prioritize tuition assistance/ student debt assistance from employers (43%). *Other supporting research:* The Chronicle of Higher Education released a study that found that just \$300 can be the sole factor preventing a low-income college student from graduating (car repair, broken laptop, unexpected costs, etc.).^{vi}

Impact and Outcomes: CSAs are intended to influence behavioral change (increased likelihood of attending and graduating from college) versus the actual dollar amount: exposure to financial literacy, setting up the idea, belief, and expectation of going to college from a young age (thus motivation for academic and social preparation), the importance of savings, opening bank accounts, etc. Some programs

⁴ See <https://www.clevelandohio.gov/news/program-set-erase-estimated-181-million-clevelanders-medical-debts>; see also <https://www.toledoblade.com/local/city/2023/10/06/medical-debt-relief-2/stories/20231006133>

go hand in hand with college tours, financial literacy, and empowerment courses. Research shows that low-and moderate-income children (households earning below \$50K/annually) with small dollar savings (\$1-\$499) prior to being 18 years old are 3x more likely to enroll in and 4x more likely to graduate from a postsecondary degree or certificate program than children with no account.^{vii} Even with savings of less than \$500, a child is 25% more likely to enroll in college and 64% more likely to graduate than a child with no savings.^{viii} Other studies found higher parental involvement and expectations of college attendance in addition to an increase in the student's self-perception and expectations around school performance and college attendance.^{ix}

Estimated Reach: Approximately 1,200+ children and families annually.

Operations: City partnership with Cincinnati Preschool Promise and local Bank to provide seed funding and third-party management of accounts (529 Plan or Custodial account), as well as financial education to support post-secondary tuition and/ or associated costs. Accessible by student at age 18; qualifying expenses; account and residential parameters.

Project Development Status:

- The City administration has researched best practices and met with other municipalities that have implemented CSAs (or “Baby Bonds” programs).
- The City administration has met with project leadership in Lansing, Michigan and the Upper Midwest CSA Consortium who have years of experience in CSA work; received copies of work plans and contracts with schools, banking, and financial literacy partners. Project leaders have been accessible to field our technical questions related to banking.
- The City administration has engaged in continued meetings with Preschool Promise to map out next steps for getting preschool children enrolled in CSAs. Preschool Promise works with 230 local preschools serving 2,600 area children. Their close connections and rapport with the leaders in these programs will provide a vital bridge to getting preschoolers enrolled in savings accounts.
- City Human Services Director Deanna White traveled to San Antonio, Texas at the invitation of Preschool Promise and 4C for Children teams to attend the Children’s Funding Institute national conference to network and learn more about other cities’ successful fundraising campaigns for issues that impact children.
- The City administration has met with several potential banking institution partners for the project. These discussions have included conversation about the need for ongoing financial commitment from banking institution partner, and financial literacy for family as part of the intervention. Emphasis in planning has been on a dual generational approach: programming for children and their parents, and an approach that surpasses a basic budgeting 101 course to include financial literacy information that is relevant to low- and middle-income families.

Additional Considerations:

- Ability to sustain program funding post-pilot - private philanthropic fundraising.
- Will not see long term impact until 13+ years from now when students are 18-22+ years old.
- Will need to work with Law Department to define account parameters and qualifying expenses.

III. Guaranteed Basic Income (GBI) - Pilot

Operational funding requirement for 2-year pilot program: City leverage/seed funding of \$250,000 (one time cost). Additional fundraising or private philanthropy commitment would be needed to reach a pilot budget of \$2.4 million.

What: Regular cash payments to qualifying individuals/ households, with no barriers or limitations.

Why: *The Blueprint survey insights:* Approximately a quarter of all residents have experienced unexpected/ emergency expenses; Black residents are less likely than all residents and the national average to have 3 months in emergency savings (62% vs. 44%); 40% of residents want better wages and benefits; Over half of all residents reported having tight budgets, with no money leftover after expenses (~50%), followed by fluctuating income (30%), and debt (30%) as biggest barriers to savings; Residents reported difficulty in getting credit card and loan approvals (40% Black residents; 30% all residents) due to poor credit and debt to income ratio; Rising rent is the top issue facing all residents who are renters (40+%); *The Blueprint focus group insights:* residents' wages are too low for cost of living. *Other supporting research:* debt and financial insecurity is associated with higher rates of depression and poor health (housing, energy, and food insecurity, high blood pressure); financial health is often considered a social determinant of health^{x,xi}

Impact and Outcomes: For example, the Stockton, California SEED pilot involving 125 families found that the guaranteed basic income program reduced month-to-month income fluctuations that households faced; unconditional cash enabled recipients to find full-time employment compared to control group; recipients had improved mental health and general wellbeing compared to control group, including self-determination and improved family and social relationships. Consistently, the largest spending category each month was food, followed by food purchases at wholesale clubs and larger department stores like Walmart. Other leading categories each month were utilities and auto care or transportation. Less than 1% of tracked purchases were for tobacco and alcohol.^{xii}

Estimated Reach of Pilot: Approximately 100 – 125 Cincinnati families for two-year period.

Operations: City partnership TBD to provide a regular cash payment, no strings attached to qualifying participants; eligibility requirements to be explored; optional wrap-around support services may include financial education and connection to self-identified/ desired services.

Project Development Status:

- The City administration has convened the Urban League of Greater Southwest Ohio, Up Together, and United Way of Greater Cincinnati to discuss a Logic Model.
- The City administration has researched guaranteed basic income projects implemented in other cities and learnings about project outcomes, including socio-economic impact, overall wellbeing, and how participants utilized the additional income.
- Convened with Shriver Center on Poverty Law (“Shriver”) and Cook County Promise to discuss the GBI project in Chicago.
- Engaged in a strategy session with Shriver attorneys to identify potential ways to assist Cincinnati GBI participants avoid the loss of other income-based programs (such as SNAP, Medicaid, and housing subsidies), sometimes referred to as the Benefits Cliff.
- A meeting is scheduled with stakeholders from Congressman Landsman’s Office, Hamilton County JFS, Greater Cincinnati Foundation, and Councilmember Harris’ office to further explore the GBI program concept.

Additional considerations:

- Ability to sustain program funding post-pilot period.
- Concerns about inability to privately fundraise for the pilot.
- Contribution to existing research showing that providing families with extra income leads to positive outcomes – but little evidence about sustained guaranteed basic income policies or programs nationwide that are solely supported.

IV. Improve Access to Cincinnati Recreation Commission (CRC) Childcare Services

Operational funding requirement: \$2,125,000.

What: Expand CRC before and after school childcare services and hours of operation. Increase CRC Staff childcare training and salaries; increase community awareness of CRC before and after school programming; and identify ways to eliminate barriers to program enrollment in order to fill 291 vacant spaces across CRC before and after school programs.

Why: *The Blueprint Survey insights:* When asked about barriers to employment and obtaining a higher paying/better benefits job: Approximately 1 in 10 residents experience a childcare related difficulty (11% all residents; 12% Black residents); 3% of residents need afterschool care for their school-aged children; Approximately 5% of residents said that they work non-traditional hours (<7am;>6pm; weekends) and can't find childcare during their shifts; 3% of all residents and 2% of Black residents cannot find childcare that they can afford; 2% of residents struggle to find childcare that is close to their home or workplace. *Other supporting research:* Public schools meet for only 6 hours per day, 180 days per year. The gap between parents' and children's schedules may amount to 1,000 hours per year; an estimated 35% of 12-year-olds care for themselves regularly during after-school hours while parents are working^{xiii}; Nearly one-fifth (18%) of violent offenses committed by youth occur in the 4 hours between 3 p.m. and 7 p.m. on school days.^{xiv}

Current CRC Before and After School Programming – Operational Status:

The total capacity of CRC's before and after school program is 1,277 seats. The current total enrollment in CRC before and after school care is 986, leaving 291 open spaces in the program. One hundred and six families are currently on the waitlist for before and after school care at five of the CRC locations where care is offered: Clifton (10); Hyde Park (77); McKie (Northside) (6); Pleasant Ridge Montessori (9); and Sands Montessori (4). The greatest need exists in Hyde Park, where the wait accounts for 73% of the total waitlist. Of note, Hyde Park, Pleasant Ridge, and Sands Montessori programming are limited to students who attend those schools. Despite openings across the City, families are inclined to stay within their neighborhoods and community; some parents are not aware or are disinterested in the availability of vouchers to assist with cost; and others are unaware that CRC offers before and after school programming. Please refer to Appendix A for detailed information regarding CRC before and after school programming enrollment, capacity, openings, and waitlists.

CRC Total Programming Capacity	CRC Total Enrollment	Current	Total Available	Spaces	Total Waitlist
1277	986		291		106

Impact and Outcomes: High-quality afterschool programs (programs using evidence-based procedures, operated by skills-trained staff and that include intentional and quality programming^{xv,xvi}) promote positive youth development and offer a safe space for youth to socialize including: social, emotional, cognitive, and academic development, physical health, and reduction in risky behaviors; ^{ibid} Regular participation in these programs has been shown to lower dropout rates and narrow academic achievement gaps, particularly among low-income students.^{xvii}

Estimated Reach: 100 youth/ students.

Operations: The CRC access project would focus on scaling before and after school care.

Project Development Status:

- The City administration conducted current landscape analysis with CRC to gain an understanding of current before and after school programming capacity, enrollment, and waitlists across the City.
- The City administration determined based upon its findings that the current capacity of CRC-led before and after school care was high, and therefore did not require further analysis.
- Cincinnati Recreation Commission will continue to explore how to facilitate its resources to maximize the already existing capacity of its childcare programming.
- The City administration is continuing its FY24-FY25 \$2 million City-funded pilot with 4C for Children in the “Childcare Workforce and Supply Expansion” project.
 - The pilot project will seek to increase the number of family-based and commercial daycare centers (and seats available to children) and expand the pipeline of early childhood workers to staff the new centers throughout the City that meet high quality care and early childhood education (ECE) requirements.
 - The outcomes for this pilot with 4C for Children are projected at:
 - 75 new staff finished the Child Development Associate coursework and obtained credentialing.
 - 7 new childcare centers with 250 new seats for children.
 - 65 new family childcare (home-based) centers with 390 seats for children.

cc: Virginia Tallent, Assistant City Manager
Deanna White, Director, Human Services
Maryse Amin, Assistant Health Commissioner, Cincinnati Health Department
Monica Pepple, Senior Management Analyst, Office of Performance and Data Analytics

References:

- ⁱ Urban Institute: <https://apps.urban.org/features/financial-health-wealth-dashboard/#mapSection>
- ⁱⁱ Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills - Main Findings - 9957 | KF
- ⁱⁱⁱ Himmelstein DU, Dickman SL, McCormick D, Bor DH, Gaffney A, Woolhandler S. Prevalence and Risk Factors for Medical Debt and Subsequent Changes in Social Determinants of Health in the US. *JAMA Netw Open*. 2022;5(9):e2231898. doi:10.1001/jamanetworkopen.
- ^{iv} Asset Funders Network: Medical Debt and Its Impact on Health and Wealth: What Philanthropy Can Do to Help
- ^v <https://cclponline.org/news/impacts-of-medical-debt/#:~:text=The%20effects%20of%20medical%20debt,or%20taking%20on%20additional%20debts.%E2%80%9D>
- ^{vi} <https://www.chronicle.com/article/when-300-would-keep-a-student-from-dropping-out/>
- ^{vii} Elliott, W., Song, H-a, and Nam, I. (2013). Small-dollar children's saving accounts and children's college outcomes by income level. *Children and Youth Services Review*
- ^{viii} University in St. Louis, Center for Social Development at Washington
- ^{ix} Rauscher, Emily & Elliott, William & O'Brien, Megan & Callahan, Jason & Steensma, Joseph. (2017). Examining the relationship between parental educational expectations and a community-based children's savings account program. *Children and Youth Services Review*
- ^x Ryu S, Fan L. The Relationship Between Financial Worries and Psychological Distress Among U.S. Adults. *J Fam Econ Issues*. 2023;44(1):16-33. doi: 10.1007/s10834-022-09820-9. Epub 2022 Feb 1. PMID: 35125855; PMCID: PMC8806009.
- ^{xi} Financial Health: The Root of Economic Security – Defining and Measuring A New Social Determinant of Health
- ^{xii} West, S., Castro, A. Impact of Guaranteed Income on Health, Finances, and Agency: Findings from the Stockton Randomized Controlled Trial. *J Urban Health* 100, 227–244 (2023). <https://doi.org/10.1007/s11524-023-00723-0>
- ^{xiii} Why Should We Care About After-School Care? Mary Larner. https://www.purdue.edu/hhs/hdfs/fii/wp-content/uploads/2015/07/s_mifis01c04.pdf.
- ^{xiv} Federal Bureau of Investigation. National Incident-Based Reporting System Master Files for the years 2018 and 2019 [machine-readable data files]. Washington, DC: U.S. Department of Justice, Federal Bureau of Investigation. <https://www.ojjdp.gov/ojstatbb/offenders/qa03301.asp>
- ^{xv} Vandell, D. L., Shumow, L., & Posner, J. (2005). After-school programs for low-income children: Differences in program quality. In J. L. Mahoney, R. W. Larson, & J. S. Eccles (Eds.), *Organized activities as contexts of development: Extracurricular activities, after-school and community programs* (pp. 437–456). Lawrence Erlbaum Associates Publishers.
- ^{xvi} Durlak JA, Weissberg RP, Pachan M. A meta-analysis of after-school programs that seek to promote personal and social skills in children and adolescents. *Am J Community Psychol*. 2010 Jun;45(3-4):294-309. doi: 10.1007/s10464-010-9300-6. PMID: 20300825.
- ^{xvii} The Expanded Learning and Afterschool Project: <https://expandinglearning.org/research/vandell/>

***Appendix A: CRC Before and After School Programming**

CRC Before/After School Programming at ODJFS LICENSED SITES						
Neighborhood	Elementary School(s)	Rec Center	Current Enrollment	Capacity	Spaces Available	Waitlist
Bond Hill	Bond Hill, Horizon	Bond Hill (After School)	10	45	35	
Walnut Hills	Douglass, Spencer	Bush (After School)	28	45	17	
Corryville	Corryville Catholic	Corryville (After School)	30	40	10	
Evanston	Evanston Academy	Evanston (After School)	35	35	0	
Avondale	South Avondale	Hirsch (After School)	24	30	6	
West End	Hays Porter, CCPA	Lincoln (After School)	23	45	22	
Madisonville	JP Parker	Madisonville (After School)	21	45	24	
Northside	Chase, Parker Woods, St. Boniface	Mckie (After School)	50	50	0	6
Millvale	Ethel M Taylor	Millvale (After School)	36	36	0	
East Price Hill	Rees E Price, Holy Family	Price Hill (After School)	13	30	17	
Pleasant Ridge	PRM	PRM (After School)	65	65	0	9
Sayler Park	Sayler Park	Sayler Park (After School)	15	30	15	
Winton Hills	Winton Hills	Winton Hills (After School)	36	45	9	
TOTAL			386	541	155	15
CRC Before/After School Programming at non-licensed sites (Cash pay)						
Neighborhood	Elementary School(s)	Rec Center	Current Enrollment	Capacity	Spaces Available	Waitlist
Clifton	Fairview, CANS	Clifton (Before School)	67	75	8	
Clifton	Fairview, CANS	Clifton (After School)	105	105	0	10
College Hill	CH Fundamental	College Hill (After School)	8	25	17	
West Price Hill	Carson, Covedale, St. Teresa	Dunham (After School)	21	30	9	
Hartwell	Hartwell, Carthage	Hartwell (After School)	9	30	21	
Hyde Park	Hyde Park	Hyde Park School (After School)	90	90	0	77
North Avondale	North Avondale	North Avondale (After School)	46	60	14	
Pleasant Ridge	PRM, Nativity	Pleasant Ridge (After School)	32	50	18	
Mt. Washington	Sands	Sands Montessori (Before School)	52	50	(2)	4
Mt. Washington	Sands	Sands Montessori (After School)	60	60	0	
Westwood	Gamble, Cheviot, Westwood	Westwood Town Hall (After School)	27	35	8	
TOTAL			517	610	93	91

TABLE CONT'D ON NEXT PAGE

CRC After School Programming - low-cost/drop-in programming						
Neighborhood	Elementary School(s)	Rec Center	Current Enrollment	Capacity	Spaces Available	Waitlist
Millvale	CPS high schools	Millvale (Tween/Teen After School)	31	36	5	
OTR	Rothenberg	OTR (Club CRC)	17	30	13	
Pleasant Ridge	PRM, Nativity	Pleasant Ridge Kids Club	15	15	0	
Hartwell	Hartwell	Hartwell Kids Club	8	15	7	
Avondale	South Avondale	Avondale Activities Club	5	15	10	
Mt. Washington	Mt. Washington	Mt. Washington Kids Club	7	15	8	
TOTAL			83	126	43	0
GRAND TOTAL			986	1277	291	106