

# City of Cincinnati Financial Freedom Research Briefing

# AGENDA

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† Overview of Policy Lab

† Review of the Process

† Key Insights and Recommendations

- Building Savings and Growing Investments
- Suitable Housing
- Job Quality and Workers Rights
- Equity in City Operations

# OPDA AND POLICY LAB



# Your Support Has Enabled this Work

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## **OPDA is Supporting a Data-Driven Culture**

OPDA is a team of 12 data, innovation, and performance management experts working with the City Manager to drive a culture of using data and evidence in decision-making.

## **Launch of Policy Lab**

OPDA has recently launched a dedicated research and evaluation team to help decision-makers design and evaluate programs and policies to be more outcomes-oriented.

# OVERVIEW OF FINANCIAL FREEDOM BLUEPRINT



# Overview

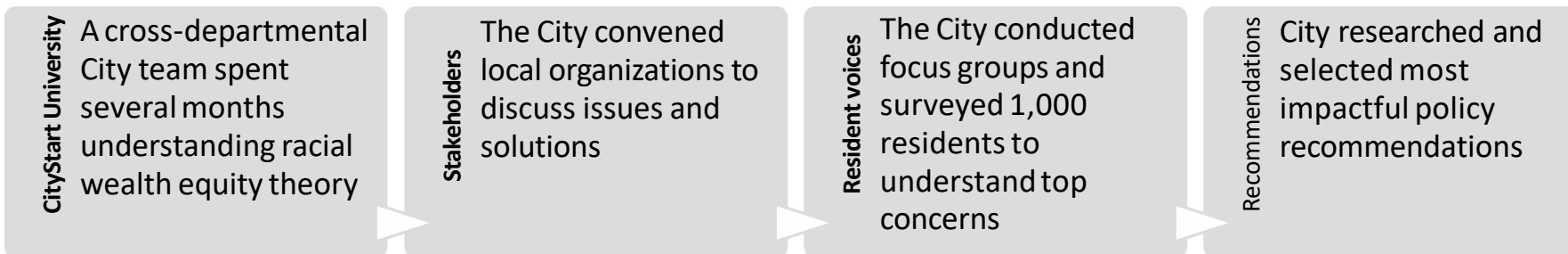
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In 2022, the city was one of three cities competitively awarded a \$75,000 grant through the nonprofit Cities for Financial Empowerment as part of Bloomberg’s Greenwood Initiative to develop a blueprint to address the racial wealth gap in Cincinnati.

## The Big Question

What is the City uniquely positioned to do to address the racial wealth gap and help all its residents gain financial freedom through asset ownership?

## The Process:

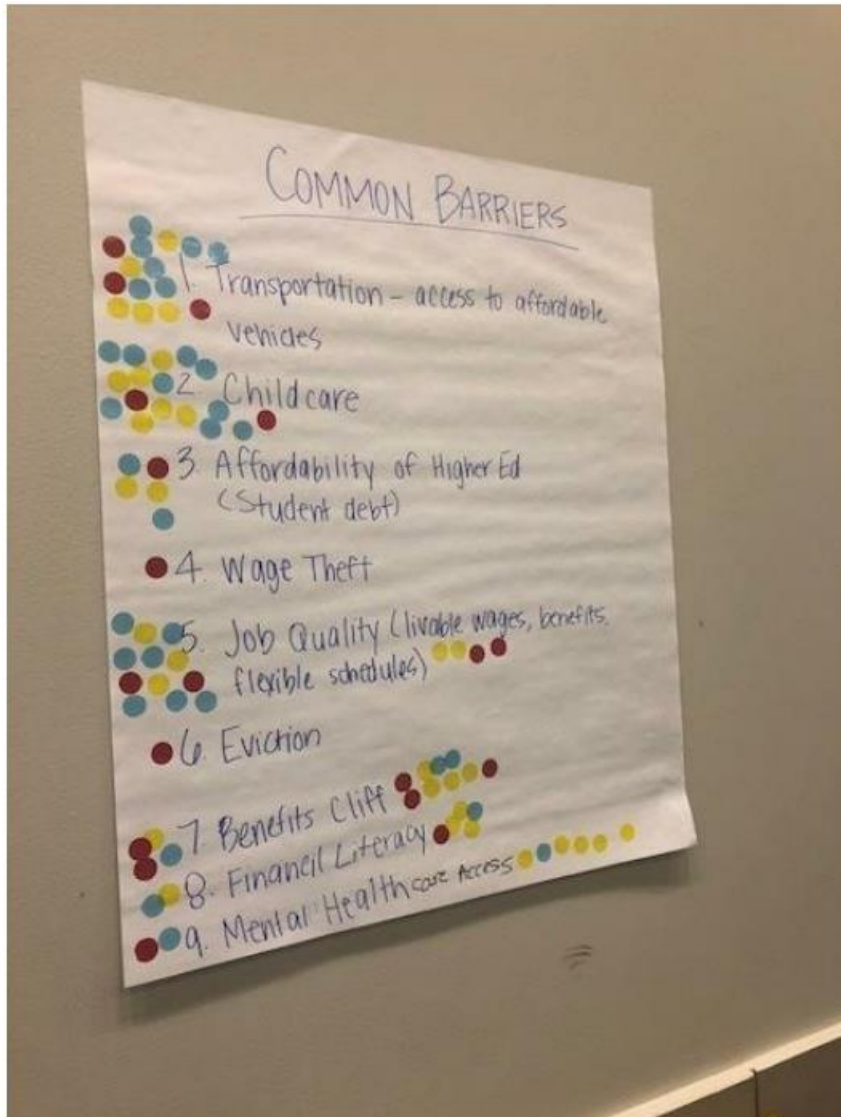


# STAKEHOLDER ENGAGEMENT

Facilitated four roundtables at the Duke Energy Center with over 100 individuals to solicit better understanding of problems and solutions around these themes:

- Small Business
- Affordable Housing
- Public-Private Partnerships
- Workforce Development

**Held over 25 1:1 interviews with community leaders and organizations** to explore topics around banking access, consumer protection, asset ownership, and financial education.



# SURVEY METHODOLOGY

The results from this study are accurate to within a margin of error of 3% at the 95% confidence level for General Population of Cincy and 4% at the 95% confidence level for Black/ African American residents of Cincy.

- ★ **1038 people took the survey**, including 533 Black/ African American (AA).
- ★ Adults 18+ living in Cincinnati
- ★ Survey compared All Cincinnati residents (including AA) to Black/ AA residents
- ★ City was divided into 6 "zones" as a proxy for geography
- ★ Responses balanced on age, gender, income, and zone to match Claritas 2023 City of Cincinnati Black/ AA Profile data and "2020 City of Cincinnati Neighborhood Comparison" data

## Data Collection Methodology

General Population	Black Residents
Online Survey from Panel Data	Online survey collected through field outreach
Burke	Voice of Your Customer
505 responses, including some Black residents	533 responses



# FOCUS GROUPS

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Worked with Voice of Your Customer to hold four 90-minute focus groups with these groups of 12-15 individuals:

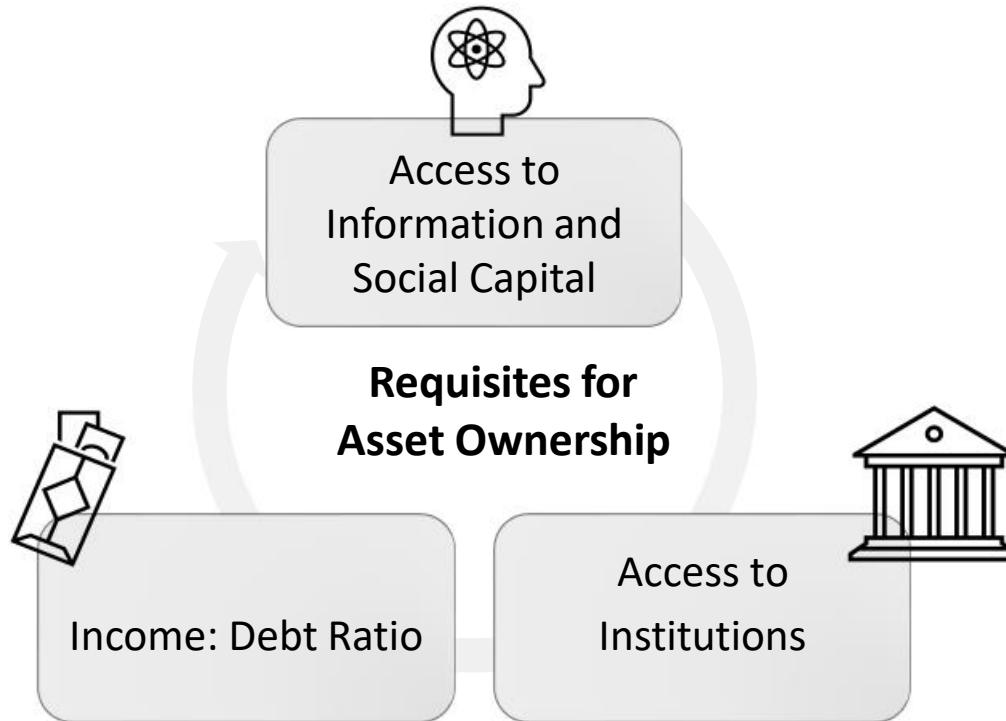
- Persons with an annual household income below FPL: eligible for subsidies
- Persons with an annual household income at FPL: not eligible for subsidies
- Seniors with a modest income (not eligible for subsidies)
- Unhoused men residing at Shelterhouse

# KEY INSIGHTS

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# OUR ASSET OWNERSHIP FRAMEWORK

Residents defined an **asset** as anything of **value that allows long-term financial freedom** such as a business, a home or land, or a retirement, savings, or investment account.





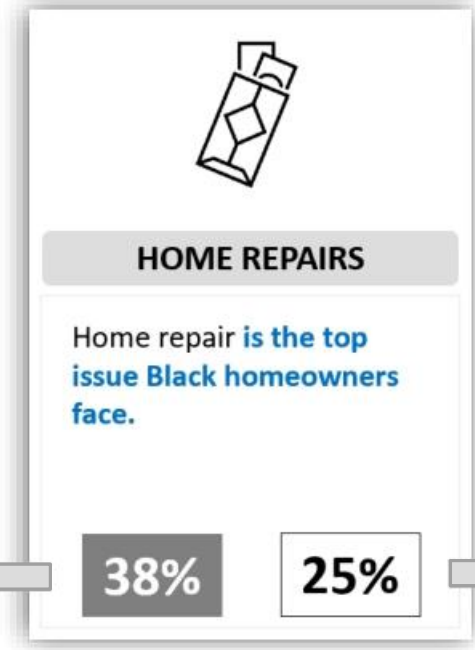
Income: Debt Ratio



Access to Institutions



Access to Information and Social Capital



Proportion impacting Black Pop

Proportion impacting All Cincinnati residents

## A NOTE ON HOW TO READ INSIGHTS

# WHAT TOP FINANCIAL GOALS DO OUR RESIDENTS HAVE?

The top financial goal for all residents is **reducing debt or remaining debt-free**, with nearly 40% of the population indicating this as a top goal

Black Residents are looking to **start businesses** (28%), **buy first homes** (31%), and **improve credits scores** (35%) at higher rates than the rest of the population

The rest of Cincinnatians prioritize **long-term retirement planning and investing** for the future at higher rates than Black residents

# BUILDING SAVINGS AND INVESTING



**6% OF BLACK RESIDENTS ARE UNBANKED;  
LESS LIKELY TO HAVE A VARIETY OF BANKING  
PRODUCTS**

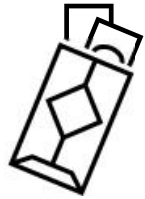
**BLACK RESIDENTS LACK THE ABILITY TO BE  
ABLE TO PLAN FOR THE FUTURE DUE TO  
TIGHT BUDGETS**

**BLACK RESIDENTS VALUE FINANCIAL  
EDUCATION MORE, ESPECIALLY FOR YOUTH**

**AFFORDING MEDICAL COSTS IS A  
UNIVERSAL CHALLENGE FOR ALL  
RESIDENTS**

## **BUILDING SAVINGS AND INVESTING**

# 6% OF BLACK RESIDENTS ARE UNBANKED; LESS LIKELY TO HAVE A VARIETY OF ACCOUNTS



## ACCOUNT FEES

Fees are the top barrier for Black residents when it comes to using banking products.

45%

38%



## APPROVAL

Difficulty in getting credit card and loan approvals is the second largest barrier for Black residents.

40%

30%



## LOCATIONS

Lack of banking locations impacts all residents at similar rates.

30%

27%



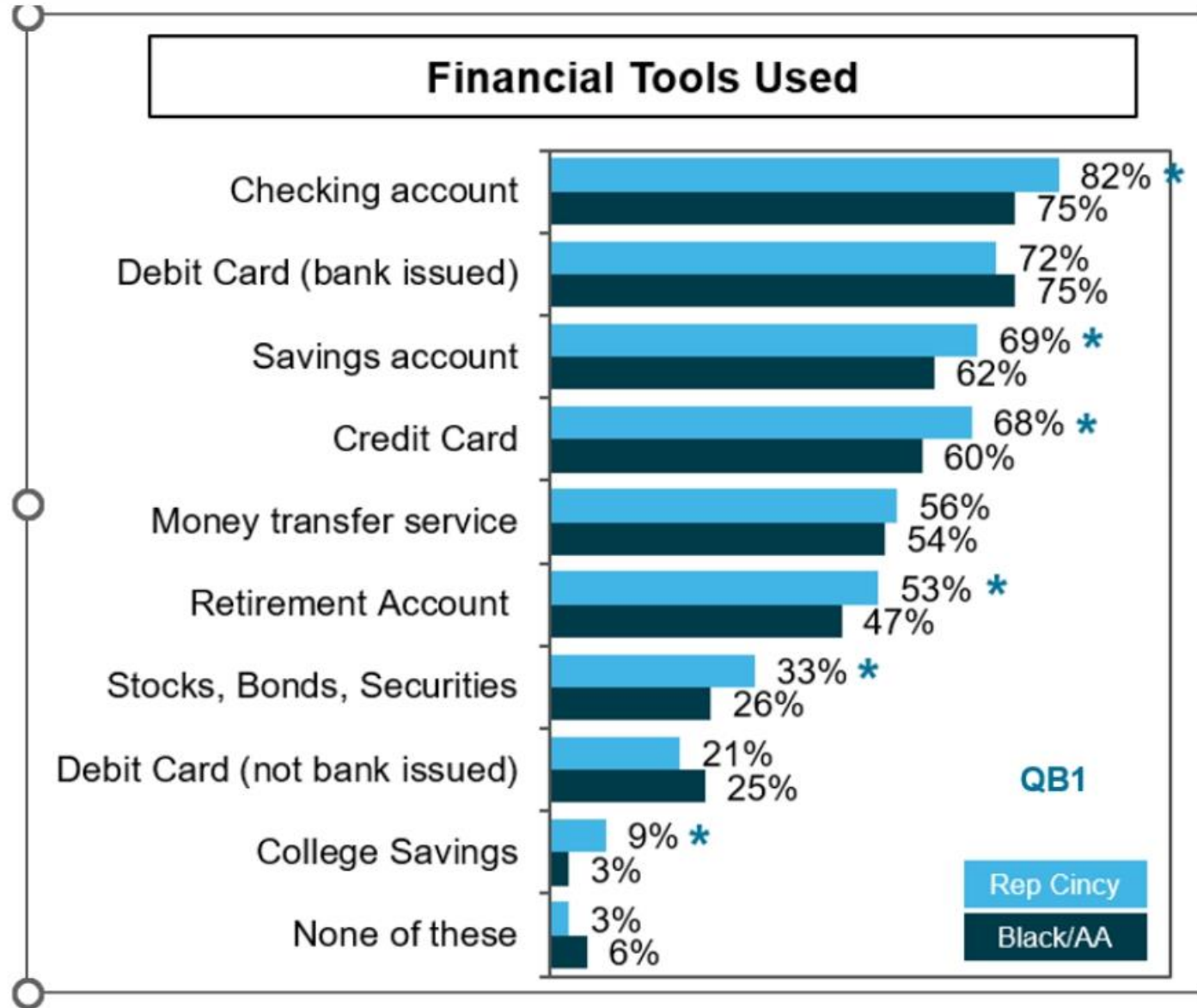
## ACCOUNT TYPES

Only about half of all residents have any form of retirement account and just over 3/5 have savings accounts.

Question: What top challenges do you face in when it comes to banking?



The financial tools used by the population demonstrates the limitations Black residents face in being able to plan for the future.



## FROM BLACK RESIDENTS

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“I do not have a relationship with a bank. I do not have enough money for a bank.”

“Too many **policies and penalties.**”

# BLACK RESIDENTS LACK THE ABILITY TO BE ABLE TO PLAN FOR THE FUTURE DUE TO TIGHT BUDGETS



## RAINY DAY FUND

Black residents are **less likely than All Cincinnati residents and national average** to have 3 months in emergency savings.

62%

44%



## BUDGETING

**No money leftover after expenses, followed by fluctuating income, and debt** are biggest barriers to savings.

51%

48%



## PLANNING

Fewer Black residents report **feeling comfortable with long-term planning** such as investing.

48%

56%

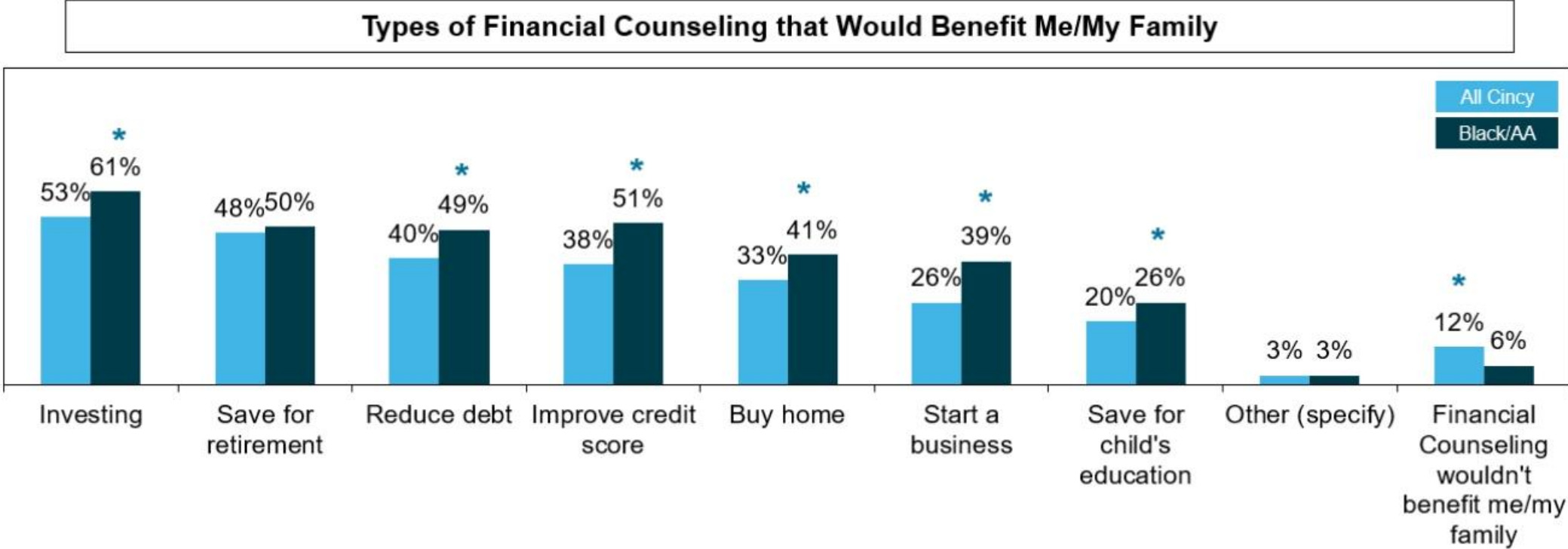
## FROM BLACK RESIDENTS

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“I just do not have money to save. **I barely have enough to pay my bills.**”

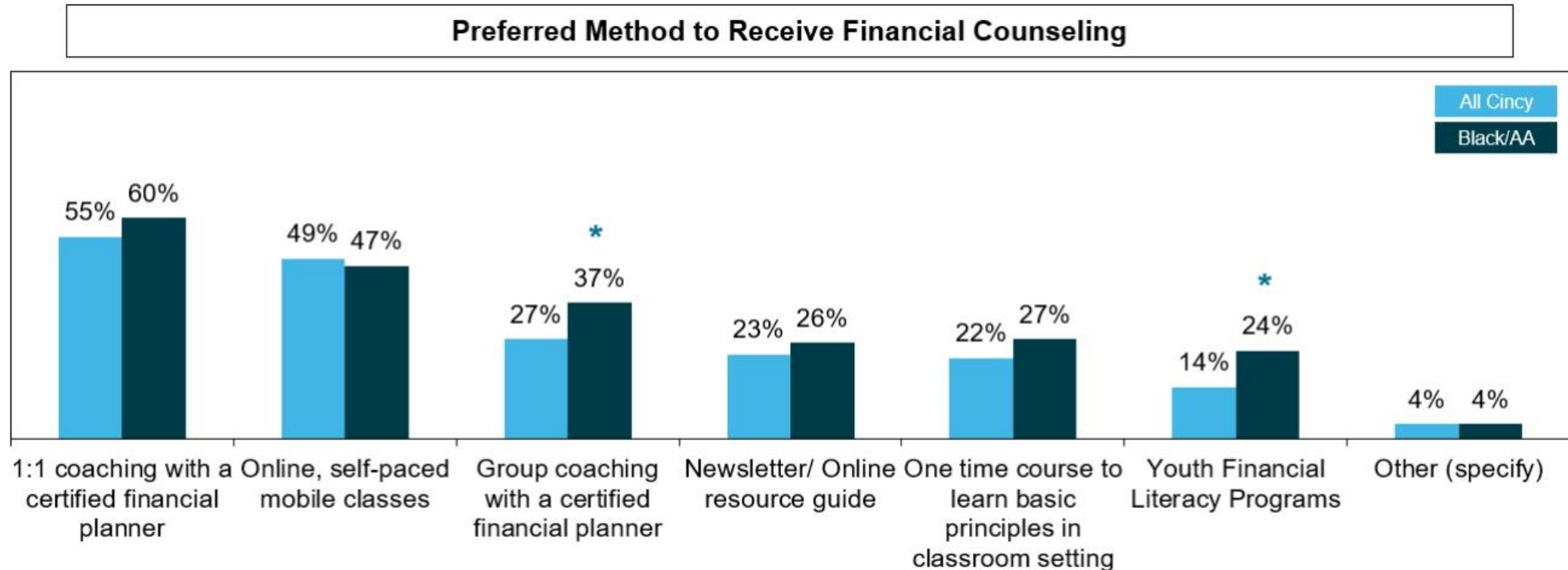
“Saving for retirement is hard when you need your money for daily living.”

# BLACK RESIDENTS VALUE FINANCIAL EDUCATION MORE



**Black residents across the board indicated greater interest in financial education**

# BLACK RESIDENTS VALUE FINANCIAL EDUCATION MORE, ESPECIALLY FOR YOUTH



**24% of Black residents said youth financial education programs would be beneficial, compared to 14% of All Cincinnatians.**



# Debt

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60% of all residents have some form of delinquent debt, with the biggest categories being:

- credit cards;
- medical debt;
- private student loans

**“Debt keeps me up at night. I do not get much sleep.”**

# 1 IN 3 RESIDENTS ARE BEHIND ON MEDICAL DEBT; AFFORDING MEDICAL COSTS IS A CHALLENGE FOR ALL RESIDENTS

5% of residents don't see a doctor given their existing debt. The rate of uninsurance is as high as 23% in some neighborhoods.

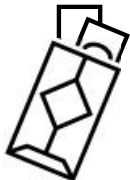


## HEALTH INSURANCE

On average, 1 in 10 residents **lack health insurance and cannot afford their prescriptions.**

**13%**

**10%**

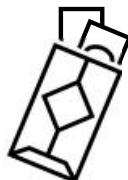


## TRANSPORTATION

10% of the population **don't have a way to get to and from medical appointments,** with higher impact on males.

**11%**

**11%**



## AFFORDABILITY

Residents **struggle to afford doctor visits, screenings, tests, and deductibles.**

**17%**

**15%**





# ACCESS TO SUITABLE HOUSING

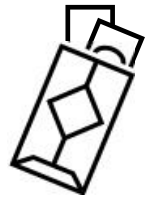
BUYING A FIRST HOME IS A TOP FINANCIAL GOAL **FOR ALMOST A THIRD OF BLACK RESIDENTS**, BUT MAJOR BARRIERS PERSIST

RISING COSTS ARE A BARRIER FOR ALL HOMEOWNERS, BUT **HOME REPAIR COSTS ARE THE BIGGEST ISSUE FOR BLACK HOMEOWNERS**

BLACK RENTERS **STRUGGLE MORE WITH PROPERTY MAINTENANCE** AND AREA CRIME

# ACCESS TO SUITABLE HOUSING

# BUYING A FIRST HOME IS A TOP FINANCIAL GOAL FOR ALMOST A THIRD OF BLACK RESIDENTS, BUT MAJOR BARRIERS PERSIST



## DOWN PAYMENT

Affording a **down payment** is the **top barrier** for Black residents wanting to buy a home.

**37%**

**30%**



## MORTGAGE REJECTION

**Black mortgage applications** are rejected at a **much higher rate** due to credit history and debt to income ratio.

**60%**

**20%**



## INFORMATION

Black residents **report feeling less aware** of what is needed to qualify for a mortgage.

**37%**

**25%**



## SUPPORT PROGRAMS

Over 1/2 of Black residents are **interested in homeownership support programs**, but less than a 1/3 are aware of any.

**53%**

**23%**

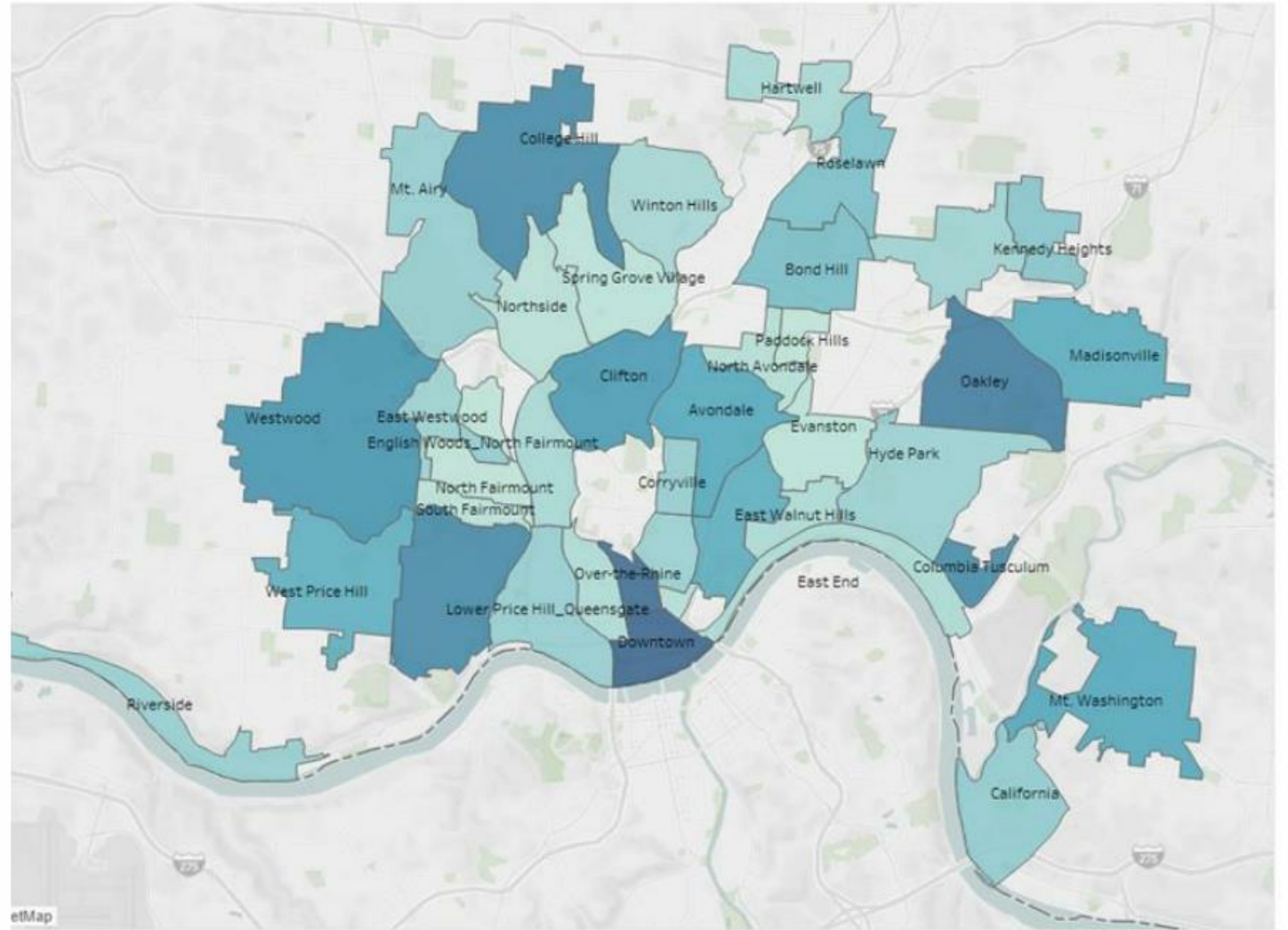
## FROM BLACK RESIDENTS

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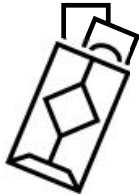
“Finding the right mortgage lender. **They go through your credit history with a fine-toothed comb.**”

“I need help **understanding the homebuying process.**”

Aspirations around homeownership are highest in OTR, Downtown, Oakley, College Hill, Westwood, and Lower Price Hill



# 12% OF BLACK HOMEOWNERS ARE WORRIED ABOUT LOSING THEIR HOME; HOME REPAIR IMPACTS BLACK HOMEOWNERS MORE

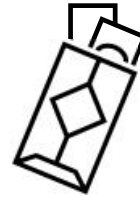


## HOME REPAIRS

Home repair is the top issue Black homeowners face.

38%

25%



## UTILITIES

All Cincinnati residents struggle more with the cost of utilities compared to Black homeowners.

26%

38%



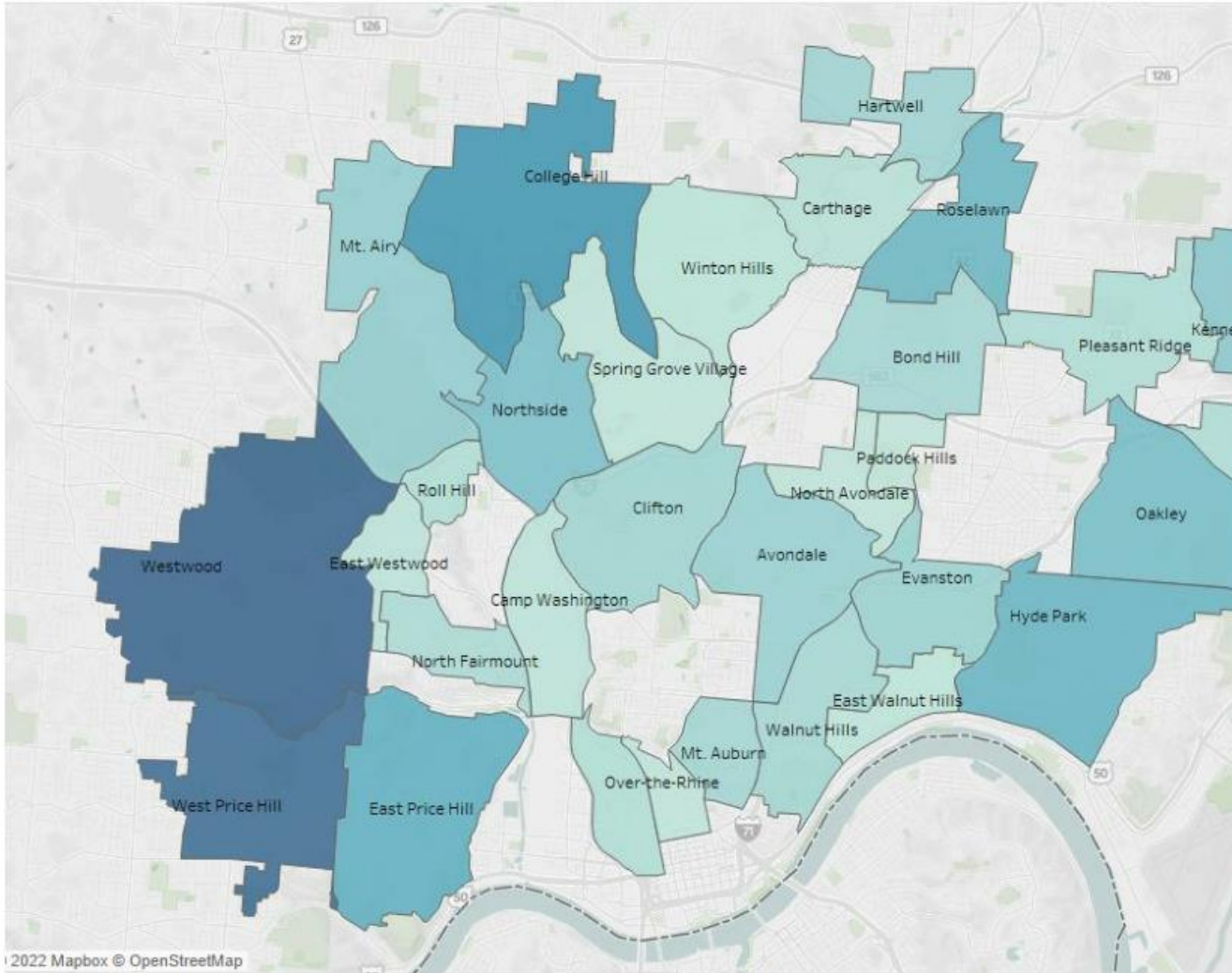
## PROPERTY TAXES

Rising property taxes is a top struggle for all homeowners.

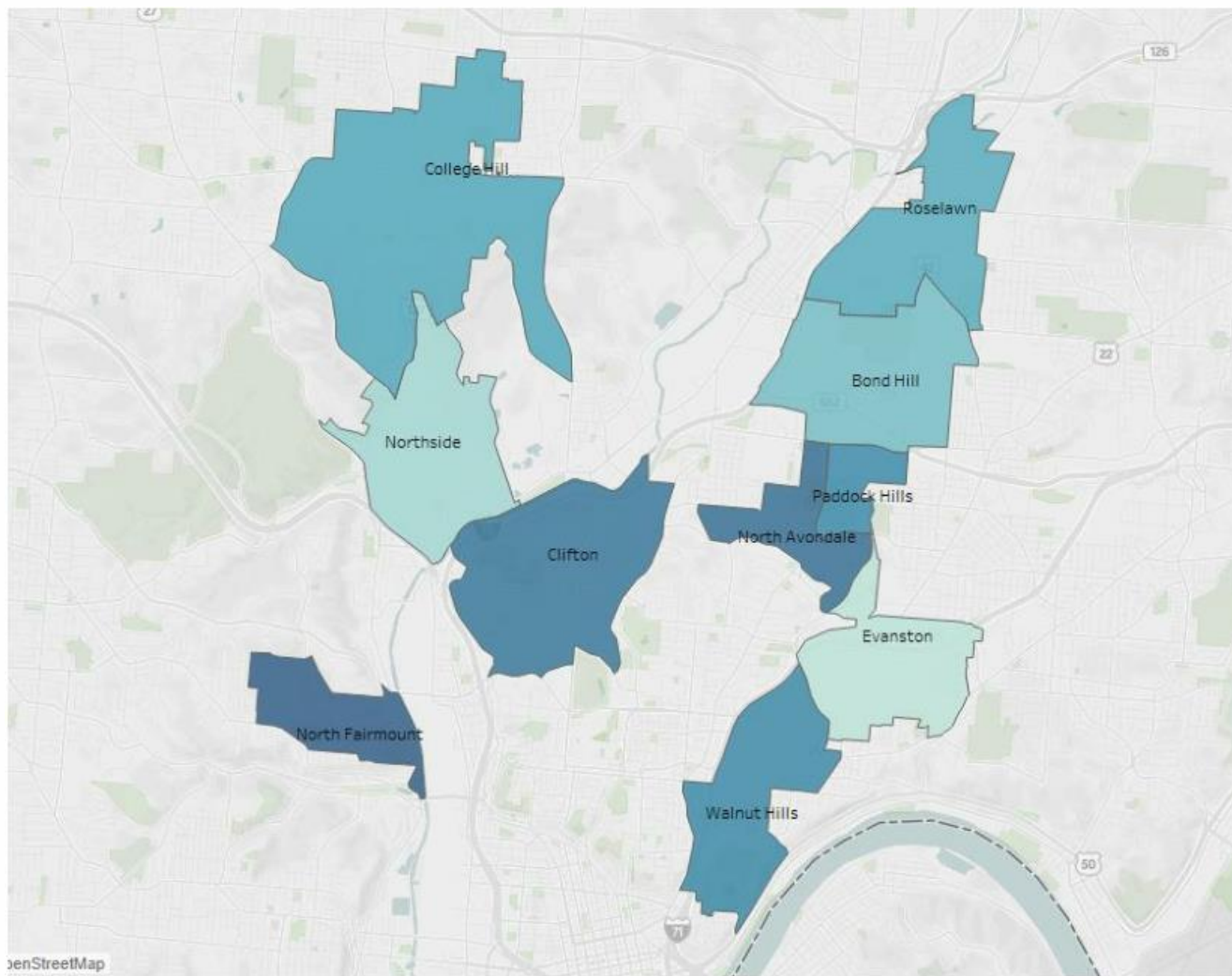
31%

38%

Question: What top challenges do you face in keeping your home, as a homeowner?



HOME REPAIR CHALLENGES ARE HIGHEST IN WESTWOOD AND WEST PRICEHILLS



10% OF  
HOMEOWNERS CITED  
CODE ENFORCEMENT  
AS A BARRIER TO  
KEEPING THEIR HOME

This is most  
pronounced in Clifton,  
North Avondale,  
Walnut Hills, and  
North Fairmount.



## FROM BLACK RESIDENTS

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“Navigating older homes – (they) may need more maintenance.”

**“Remain where you currently live with dignity.** Someone comes in with tax abatements. They get to build a house the neighbors cannot afford, and now taxes go up. **The people in the neighborhood cannot afford the higher taxes, and now they must move.”**

# RISING RENT IS A CONCERN ACROSS ALL RENTERS; BLACK RENTERS STRUGGLE MORE WITH PROPERTY MAINTENANCE AND AREA CRIME



## RISING RENT

Rising rent is the top issue facing all renters.

42%

45%



## MAINTENANCE

Poor landlord maintenance affects slightly more African American residents.

30%

25%



## CRIME

More AA renters identified crime in their neighborhood as a barrier.

23%

14%

Question: What top challenges do you face in staying in your home as a renter?

## FROM BLACK RESIDENTS

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**“You cannot get apartments because of low credit scores.”**

“Market rent is *constantly* going up.”

**“Buildings are not well maintained in cheap (affordable) apartments. It is hard to find something in your price range that is accommodating and decent.”**

# JOB MOBILITY AND WORKERS RIGHTS

*Despite increases in wages for African Americans, the median earnings of white Cincinnatians consistently remain about 1.3 times higher.*



**COST OF EDUCATION IS A MAJOR BARRIER FOR AFRICAN AMERICANS**

AFRICAN AMERICANS AND THE GENERAL POPULATION FACE THE SAME BARRIERS TO JOB MOBILITY, BUT **BLACK RESIDENTS PRIORITIZE STARTING SMALL BUSINESSES**

40% OF RESIDENTS WANT BETTER WAGES AND BENEFITS

**OVER 36% OF RESIDENTS HAVE EXPERIENCED SOME FORM OF WAGE THEFT, WITH HIGHEST OCCURANCE AMONG BLACK MALES**

**ISSUE: BUILDING  
JOB MOBILITY  
AND WORKERS  
RIGHTS**

# COST OF EDUCATION IS A MAJOR BARRIER FOR ALL RESIDENTS, BUT DEBT IS LARGER FOR AFRICAN AMERICANS

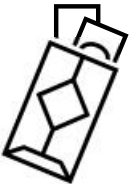


## JOB MOBILITY

Limitations in education or experience, and the cost of student loans, is the biggest barrier for all residents in getting a better job.

18%

21%



## STUDENT DEBT

Private student loans is the most common and expensive form of debt delinquency. Black residents have higher private student loan amounts.

34%

29%



## BENEFITS

Black residents prioritize tuition assistance/ student debt assistance from employers.

43%

30%

## FROM BLACK RESIDENTS

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**“I have both public and private student loans. I did not know the difference. I was just trying to finish school to get a better job.”**

**“My parents signed me up for private loans.”**



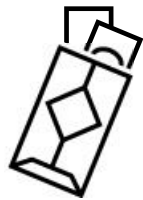
The average amount of Private Student Loan Debt is **\$27,577 for All Cincinnati residents** and **\$31,796 for Black residents.**

In total, Black residents in Cincinnati have more than **\$1.38 Billion** in delinquent private student loan debt.



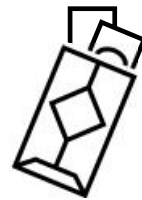
# IN ADDITION TO DIFFICULTY GETTING TRAINING AND EDUCATION, RESIDENTS FACE THE SAME BARRIERS TO JOB MOBILITY

40% of residents want better wages and benefits. While education and student debt is the biggest barrier to job mobility, some of the other hurdles with changing jobs are:



## CHILDCARE

**Childcare impacts affects 1 in 10 residents**, with childcare during non-traditional hours being the biggest concern.



## TRANSPORTATION

**Getting to and from work is a barrier** for 1 in 10 residents.



## PUBLIC BENEFITS

1 in 10 residents are worried **getting a better job means losing benefits.**

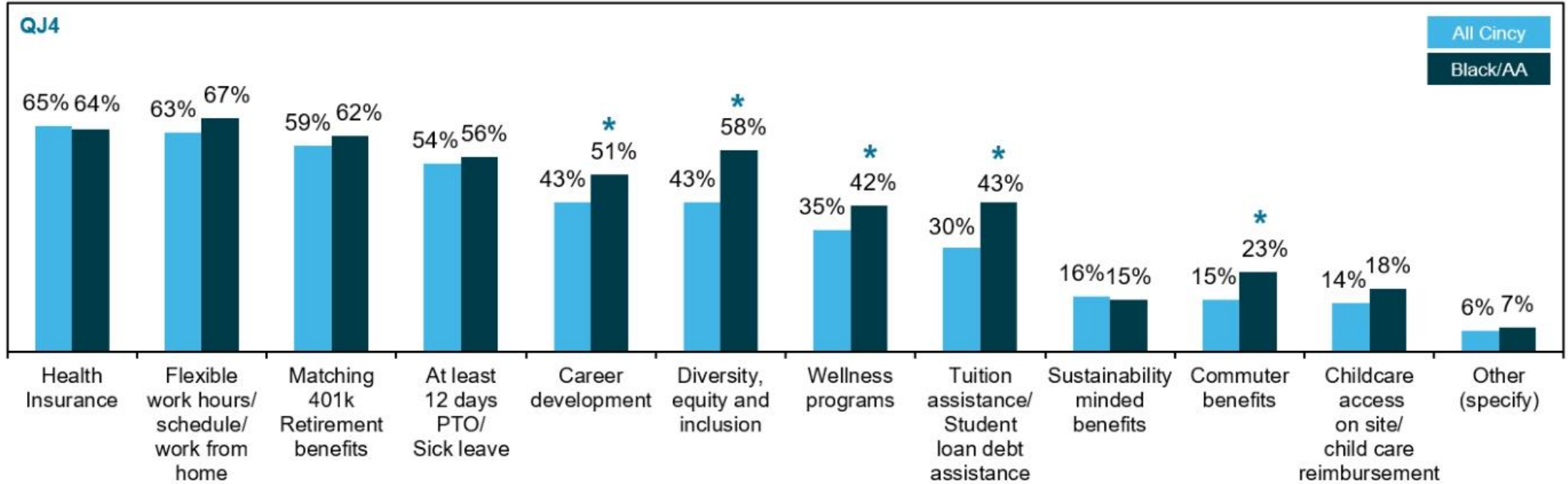
## FROM BLACK RESIDENTS

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**“The wages are just too low for the cost of living.”**

**“The jobs that pay more are further away. I cannot get to them and meet the rules of being in the shelter – when I can sleep, shower, come and go.”**

## Important Types of Benefits and Flexibility in the Workplace



40% of all residents want better wages and benefits. All residents prioritize health insurance, flexible scheduling/PTO, and retirement benefits

BLACK RESIDENTS PRIORITIZE CAREER DEVELOPMENT, DIVERSITY, EQUITY, AND INCLUSION, AND WELLNESS PROGRAMS AT MUCH HIGHER RATES

# OVER 36% OF RESIDENTS HAVE EXPERIENCED SOME FORM OF WAGE THEFT, WITH HIGHEST OCCURRANCE AMONG BLACK MALES



## OVERTIME

**No time and half paid** for time worked over 40-hours is biggest form of wage theft.

**15%**

**18%**



## PAID FOR ALL HOURS

The second most common instance was **not being paid for all hours worked.**

**19%**

**18%**



## FRAUD

About 33% of all residents have been **victim to a financial crime** that cost \$300+.



# EQUITY IN CITY OPERATIONS

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# THE CITY DOESN'T HAVE A FRAMEWORK FOR APPLYING EQUITY THROUGH ITS OPERATIONS

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## Current Challenges

- **Residents expressed a distrust in government and financial institutions that is rooted in historical practices (redlining, neighborhood planning)**
- **Departments don't use the same framework for thinking about equity for their operations**
  - Example: Is our citizen service request reaching all residents equally?
  - Example: Are our service complaints equally responsive across neighborhoods
  - Example: Are our capital improvement investments equitably distributed across neighborhoods?
- **Employees lack shared language and direction on how to think and talk about diversity, equity, and inclusion**



# RECOMMENDATIONS

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# RECOMMENDATIONS: OUR ASSET OWNERSHIP JOURNEY

The Enabling Conditions		Asset Ownership		
Creating Conditions for Stability and Security	Managing Delinquent Debt	Job Mobility and Growing Savings, Investment and Retirement Accounts	Owning a Home	Launching a Business
<i>Cincinnatians:</i>	<i>Cincinnatians:</i>	<i>Cincinnatians:</i>	<i>Cincinnatians:</i>	<i>Cincinnatians:</i>
<ul style="list-style-type: none"> <li>○ Live in safe and secure homes and neighborhoods.</li> <li>○ Are empowered to secure tenant and workers’ rights.</li> <li>○ Establish a relationship with a financial institution for basic checking, savings, and lending needs.</li> </ul>	<ul style="list-style-type: none"> <li>○ Have paid off delinquent debt.</li> <li>○ Avoid use of predatory financial products</li> </ul>	<ul style="list-style-type: none"> <li>○ Build rainy day funds for emergencies.</li> <li>○ Plan for financial goals.</li> <li>○ Save towards investments, such as downpayment or car loans.</li> <li>○ Improve credit score</li> <li>○ Establish and contribute towards retirement accounts.</li> <li>○ Have the structures/ environment needed to support job mobility</li> </ul>	<ul style="list-style-type: none"> <li>○ Purchase their first house or own investment properties.</li> <li>○ Are able to keep and maintain a home</li> </ul>	<ul style="list-style-type: none"> <li>○ Launch or scale their businesses.</li> </ul>

The recommendations in the blueprint fall along each stage of this asset ownership journey



# OVERALL RECOMMENDATION PROCESS

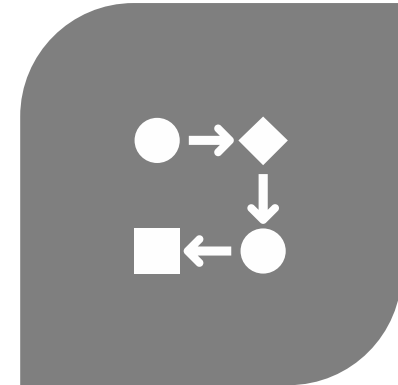
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COLLECTED OVER 40 POLICY AND PROGRAM INTERVENTION IDEAS

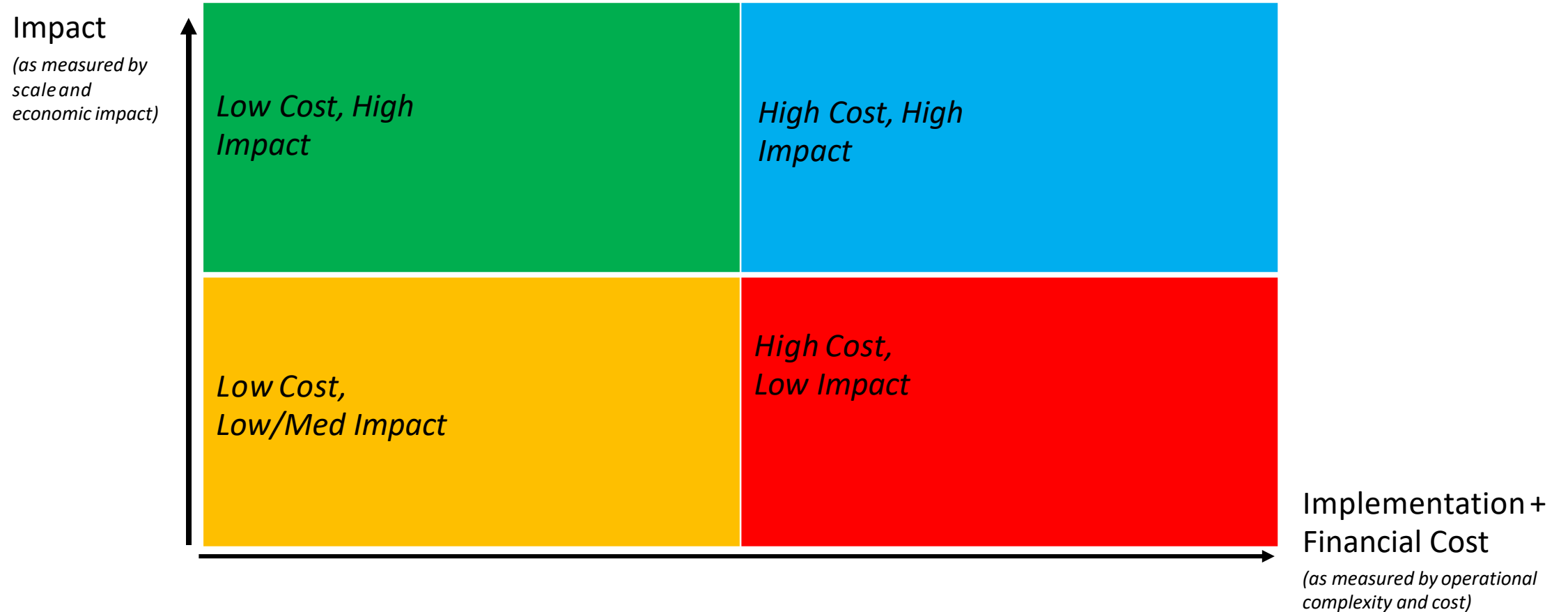


ALIGNED POLICY AND PROGRAMS WITH THE LARGEST PROBLEMS RESIDENTS IDENTIFIED THROUGH THE SURVEY



SCORED THE PROGRAMS AND POLICIES BY IMPACT AND IMPLEMENTATION COMPLEXITY

# RECOMMENDATION ROI SCORING



# RECOMMENDATIONS IN FY 24 Budget

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The Blueprint includes a few policy and programmatic interventions. Highlights in the FY24 Budget include:

A \$250k pledge towards a Guaranteed Income Pilot

\$1.5 Million towards forgiveness of delinquent medical debt for Cincinnati residents

\$375k commitments towards launching a children savings accounts for the next two years



# NEXT STEPS

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# The Blueprint Is a Living Document

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The City can make progress alone on many issues, but large-scale systemic issues will require partnerships and broader state and federal advocacy. The Blueprint is a commitment for City to continue to pursue bold and innovative solutions, such as:

- Solicit innovative public-private partnerships to address large-scale issues flagged in our research, such as cost of **home repair, childcare, and job mobility**.
- **Advocate for public benefits expansion policies at state and federal level.**
- **Cultivate partnerships around shared programming**, such as youth financial literacy in Cincinnati .