

Memorandum



CITY OF DALLAS

DATE June 13, 2014

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Financial Capability: Knowledge + Access + Action

The Monday, June 16th Budget, Finance and Audit Committee agenda will include a briefing on Financial Capability: Knowledge + Access + Action. The briefing will be presented by Afreda B. Norman, Vice President of Community Development of the Federal Reserve Bank of Dallas.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager

Financial Capability: Knowledge + Access + Action

Budget, Finance and Audit Committee
June 16, 2014

ASSETS & OPPORTUNITY PROFILE: DALLAS



Cities have long been thought of as places of opportunity for low-income workers to forge pathways to the middle class. Yet, far too many urban households struggle to gain a foothold in the mainstream economy. In major U.S. cities, almost 60% of consumers have subprime credit scores, and more than one-third are asset poor, i.e., do not have enough assets to live for three months at the federal poverty level should they lose their source of income. Not only does financial insecurity destabilize families, it also jeopardizes the long-term vitality of cities and local economies.

The data in this Profile documents the scope and scale of financial insecurity among households in Dallas, and the picture that emerges is revealing. Sixty-eight percent of Dallas residents have subprime credit scores, two out of five Dallas households are asset poor, and half of low-income residents do not have health insurance. Moreover, the data on racial disparities shows a grim reality in Dallas. One in two households of color in Dallas live in asset poverty. Black families are seven times more likely to be in income poverty than white families, and white adults are nearly eight times more likely to have a bachelor's degree than Hispanic or Latino adults.

Traditional efforts to address these challenges have focused on increasing residents' income through job-related strategies and subsidizing housing and other basic goods. These strategies are crucial, but a broader set of interventions is needed to help reduce financial instability and disparity among Dallas residents. Efforts to address these challenges are already on the ground in Dallas, but there is an opportunity to do more and at a greater scale. Dallas can learn from and leverage the work that a growing number of cities are doing to redefine what cities can and should do to create financial security and opportunity for low-income residents.

ABOUT THE PROFILE

This Assets & Opportunity Profile was created to fuel a local conversation about wealth, poverty and opportunity in Dallas. It includes a data snapshot of the financial security and opportunities for Dallas residents. It also describes what it takes to become financially secure and examples of what cities are doing nationally to enable their residents to build a more prosperous future.

KEY HIGHLIGHTS

39%

of households in the City of Dallas live in asset poverty

19%

of families in the City of Dallas live in income poverty

45%

of households in the City of Dallas with children live in asset poverty

68%

of Dallas County consumers have subprime credit scores

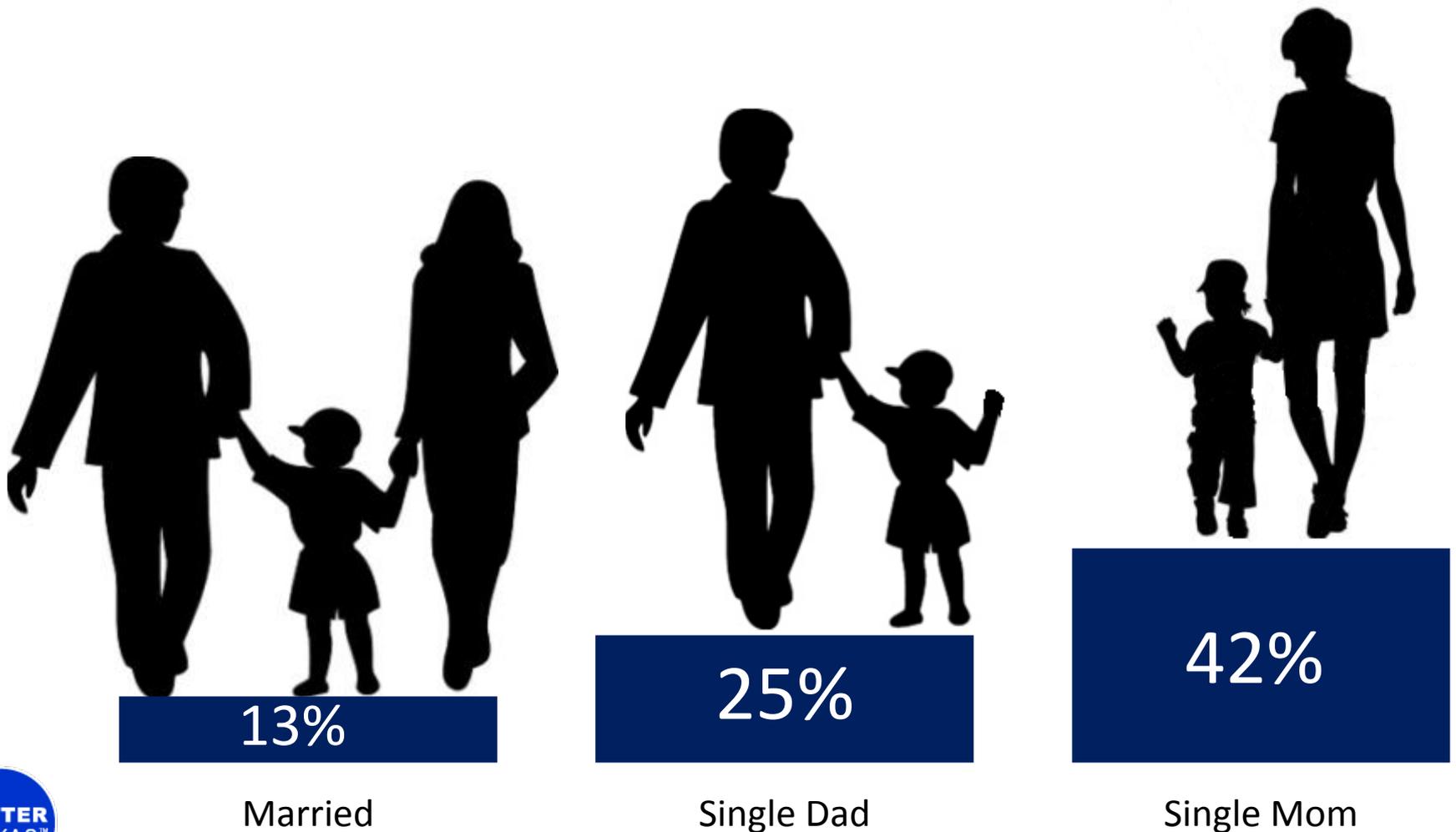
50%

of low-income residents of the City of Dallas have no health insurance

28%

of residents of the City of Dallas have less than high school education

Texas families with two-earners are much less likely to live in poverty.



What does a **2 working adult, 2 child family** in **Dallas-FW-Arlington** need to get by?

Combined hourly wage needed for 2-adult household	\$24.13
Necessary Annual Income	\$48,252
Percent of Dallas-FW-Arlington jobs that don't pay enough for this family to reach the necessary annual income	13%
How much bigger is their necessary annual income than poverty?	2.1x

What does a **2 working adult, 1 child family** in **Dallas-FW-Arlington** need to get by?

Combined hourly wage needed for 2-adult household	\$21.72
Necessary Annual Income	\$43,440
Percent of Dallas-FW-Arlington jobs that don't pay enough for this family to reach the necessary annual income	13%
How much bigger is their necessary annual income than poverty?	2.4x

What does a **1 working adult, 1 child family** in **Dallas-FW-Arlington** need to get by?

Combined hourly wage needed for single-adult household	\$20.83
Necessary Annual Income	\$41,664
Percent of Dallas-FW-Arlington jobs that don't pay enough for this family to reach the necessary annual income	70%
How much bigger is their necessary annual income than poverty?	2.7x

What does a **1 working adult, 0 child family** in **Dallas-FW-Arlington** need to get by?

Combined hourly wage needed for single-adult household	\$10.56
Necessary Annual Income	\$21,120
Percent of Dallas-FW-Arlington jobs that don't pay enough for this family to reach the necessary annual income	13%
How much bigger is their necessary annual income than poverty?	1.8x

WHAT IS ASSET BUILDING?

ASSET BUILDING IS A STRATEGY TO ENABLE GREATER ACCESS TO ECONOMIC SECURITY AND OPPORTUNITIES, PARTICULARLY FOR LOW-INCOME COMMUNITIES AND COMMUNITIES OF COLOR.

Asset building consists of programs, policies, institutional practices, and tools that enable individuals, families, and communities to build a strong foundation of resources they can draw upon to meet more than their basic survival needs. Financial savings and long-term asset building create the capacity to invest in and plan for the future, and to achieve security, stability, upward mobility, and well-being.

ASSETS INCLUDE:

PERSONAL RESOURCES	HUMAN AND SOCIAL RESOURCES
<ul style="list-style-type: none">▪ Homes▪ Cash savings▪ Stocks and bonds▪ Good health▪ Vehicles▪ Retirement accounts▪ Business ownership	<ul style="list-style-type: none">▪ Education▪ Job skills and experience▪ Health care▪ Social networks▪ Community services

WITH ASSETS, PEOPLE MOVE FROM MAKING ENDS MEET TO PLANNING FOR THEIR FUTURE. ASSETS ENABLE PEOPLE TO:

- ☑ Remain stable through financial emergencies
- ☑ Live with housing security
- ☑ Pursue a path to prosperity and upward mobility
- ☑ Pursue higher education for themselves or their children
- ☑ Take risks that result in a better job or starting a business
- ☑ Retire securely

GOAL

Improve access to high quality financial information, education and counseling

CITY STRATEGIES

- Create financial education and counseling networks and referral structures
- Open neighborhood-based financial one-stop centers
- Incorporate financial education into social service and workforce programs
- Standardize and certify financial education services and providers

Increase access to income-boosting supports and tax credits

- Leverage technology to streamline public benefits screening and uptake
- Create access points for benefits screening in high-need communities
- Launch VITA and EITC public awareness campaigns
- Fund free or low-cost tax prep services
- Enact a locally-funded EITC

Connect residents to safe, affordable financial products and services

- Increase access to low-cost transaction and savings products through Bank On campaigns or in partnership with financial institutions
- Create affordable credit products, e.g., small dollar, refund anticipation (RALs) or auto refinance loans
- Encourage employers to use direct deposit

Create opportunities to build savings and assets

- Provide access to short-term and emergency savings products
- Offer incentivized savings accounts, e.g., Individual Development Accounts (IDAs), college savings accounts, or other accounts for uses such as buying a home or a vehicle
- Expand access to small business capital and training and use tax time to connect businesses and the self employed to training and resources
- Provide opportunities for first-time homeownership through homeownership counseling or shared equity programs

Protect consumers in the financial marketplace

- Limit or manage the proliferation of alternative, high-cost alternative financial service providers through licensing and zoning powers
- Curb predatory consumer lending through enforcement of local disclosure laws or litigation
- Implement foreclosure prevention strategies, including foreclosure counseling, forgivable emergency loans, encouraging lender workouts, and assistance to tenants in foreclosed properties

Building Wealth

A BEGINNER'S GUIDE TO SECURING YOUR FINANCIAL FUTURE



FEDERAL RESERVE BANK OF DALLAS

Free Mobile App Now Available

KERA NEWS
ONE CRISIS AWAY





Federal Reserve Bank of Dallas

Alfreda B. Norman

Vice President Community Development

Federal Reserve Bank of Dallas

alfreda.norman@dal.frb.org

Follow Us on Twitter

[@DallasFedComDev](#)

[@Budget2Save](#)