

OHIO FINANCIAL EMPOWERMENT FUND



For more information, contact:
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The Ohio Financial Empowerment Fund will move low-income, asset-poor families toward self-sufficiency and economic security—thereby increasing the state’s prosperity as a whole. The economic health of Ohio’s communities is dependent on residents’ financial stability. Ohioans who are financially secure can better withstand temporary income drops and rely less on local services for housing support and cash assistance. This is needed more than ever since a February 2021 study indicates that Ohio is experiencing the slowest workforce recovery from COVID-19¹. Economically secure families are also more likely to provide stable housing conditions and support for their children. Moreover, financially healthy residents contribute more to the local economy—supporting property, sales, and income taxes.²

WHAT IS THE OHIO FINANCIAL EMPOWERMENT FUND?

The Ohio Financial Empowerment Fund will award competitive grants to non-profit organizations across Ohio who provide financial empowerment services. Financial empowerment programs offer participants: free financial counseling, employment assistance, housing counseling, money management training, debt reduction and credit improvement services, connections to safe and affordable banking opportunities, savings-building planning, and referrals to other needed services. These programs help Ohioans attain living-wage employment, boost their credit rating, and increase their net income and net worth.

HOW WILL THE OHIO FINANCIAL EMPOWERMENT FUND WORK?

The Ohio Financial Empowerment Fund will receive a \$2 million allocation annually. The Ohio Development Services Agency will administer the Fund to nonprofit organizations providing financial empowerment services. The Ohio CDC Association can assist in the program’s implementation. Ohio has several successful programs that will serve as a model for replication statewide (e.g., Toledo LISC’s Financial Opportunity Centers, Cities for Financial Empowerment Fund in Cleveland and Akron/Summit County, and Northwest Ohio Community Action Commission’s Financial Empowerment Programs). The funds will be distributed in a regional manner, ensuring each corner of Ohio can benefit from the Fund.

FINANCIAL EMPOWERMENT WILL ADDRESS PRESSING CHALLENGES IN THE STATE

Ohio’s performance in resident prosperity is below average, relative to other states; the large gap between white residents and residents of color drops the state’s rank even further.⁴ Increased accessibility to impactful financial empowerment programs will improve Ohioans’ economic well-being and address several existing challenges:

Building Savings. Nearly **43 percent** of Ohioans have \$0 in savings.⁵ Households with savings of \$250 to \$749 are “less likely to be evicted, miss a housing or utility payment, or receive public benefits after a job loss, health issue, or large income drop.”¹

Debt Reduction. Nearly **25 percent** of Ohio borrowers had debt that exceeded 75 percent of their total credit card limit in 2018.⁴ Experts recommend that borrowers use no more than 30 percent of their total limit—above 30 can negatively impact credit scores. Those who use more than 75 percent are at risk of not being able to pay off their debt.

Credit Rating Improvement. About **48 percent** of Ohio consumers had a credit rating below 720 in 2017.³ Credit is essential for accessing safe and affordable capital, which helps residents “weather emergencies, build assets, and climb the economic ladder.”

Affordable Banking Access. Of Ohio households with a mainstream bank account in 2017, **17 percent** still used alternative financial services for basic transactions (e.g., non-bank money orders and check-cashing services, payday loans, rent-to-own services, or pawn shops).² These households are considered “underbanked.”

The Ohio Financial Empowerment Fund will complement other initiatives such as housing eviction and foreclosure prevention, workforce development, and prisoner re-entry.

¹ DeNatale, Dave “Dino”, “Study: Ohio experiencing the slowest workforce recovery from COVID-19 in the U.S.” WKYC Studios (February 2021)

² Signe-Mary McKernan, Caroline Ratcliffe, et. al, Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities, (April 2016)

³ “Data by Location,” Prosperity Now Scorecard, <https://scorecard.prosperitynow.org/data-by-location#state/oh>, (2019)

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The Ohio Financial Empowerment Fund will move low-income, asset-poor families toward self-sufficiency and economic security—thereby increasing the state’s prosperity as a whole. There are numerous examples and studies of financial empowerment programs and services propelling individuals to better economic standing, which benefits society as a whole.

CASE STUDY OF FINANCIAL EMPOWERMENT

According to a LISC report analyzing Financial Opportunity Centers (FOCs), financial empowerment services, especially when bundled lead to positive results. FOCs help clients find and maintain good jobs, stick to realistic budgets, improve their credit and save for the future. Clients who received both financial counseling and employment services had **net income increases that were 89 percent higher** than those receiving only financial or income support counseling. Additionally, **76 percent of clients increased their net income**; more than **half increased their net worth**; **60 percent either increased their credit score** or acquired a credit score; and **58 percent of those who started with zero or negative net income moved to positive net income**.⁴ Those percentages mean real spending power for some of the lowest-income people—dollars that are quickly put back into local economies and catalyze growth.

FINANCIAL EMPOWERMENT IN ACTION IN OHIO

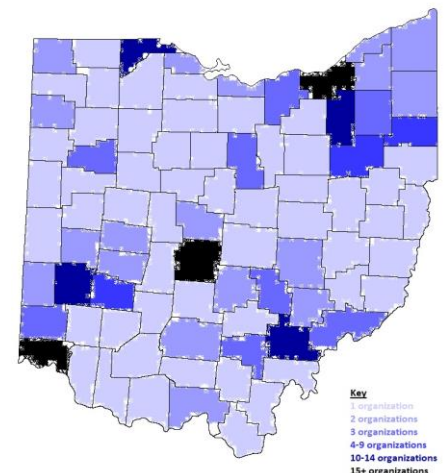
Jessica is one of the hardworking clients who has graduated from multiple SELF programs in Butler County, all while working to support her child as a single mother. SELF’s Individual Development Account (IDA) Facilitator says Jessica was always open to receive help, consistently stayed after class to ask questions, and never missed a class. She enrolled in the IDA program and used her savings toward her business. Upon completing the Microenterprise program, Jessica applied for a microloan and was denied, but she persevered and worked with SELF to strengthen her business strategy. Several months later, Jessica re-applied for the loan, and was approved. Now Jessica successfully runs her own cleaning business, You’ve Got it Maid With Jess, LLC. She remains in contact with SELF staff, working with them to continue to grow her customer base. In 2019, Jessica was recognized by SELF for her hard work and growth at its 23rd Annual Awards Dinner and Silent Auction as the IDA Client of the Year.



Pictured left to right: Jeffrey Diver, SELF Executive Director, Gayle Drexler, SELF Program Director, and Jessica

ABOUT OHIO CDC ASSOCIATION

Founded in 1983, the Ohio CDC Association (OCDCA) is a statewide membership organization that fosters vibrant neighborhoods and improves the quality of life in all communities through advocacy and capacity building of our member agencies. OCDCA’s vision is the creation of a community development environment that comprehensively improves life opportunities for all Ohioans. Our membership is 270 strong and works primarily in low-to-moderate income (LMI) areas. The members address the needs of their communities through community development tactics including affordable housing, community economic development, community engagement, financial empowerment, and food access. Each of Ohio’s 88 counties is represented by at least one OCDCA member.



⁴ Sarah Rankin, Building Sustainable Communities, (April 2015)