

# EQUITABLE ECONOMIC MOBILITY



Breaking down barriers to employment & equitable asset building

## OPPORTUNITY

Enable equitable economic mobility by addressing the systemic barriers that get in the way of accessing and retaining good jobs, including self-employment, for individuals with low income. Asset building provides greater opportunities for families to sustain intergenerational economic well-being.

## CHALLENGE

Key structural challenges continue to hold many individuals back from achieving economic mobility, such as how public benefits are designed, broad employer practices, limited access to critical work supports, embedded inequities in economic development and access to financial products that can drive asset-building. Non-profit partners often seek to address these challenges through programmatic workarounds. Ultimately, lasting change will require policy changes and efforts that influence practice change within our local economy.

## PORTFOLIO COMPOSITION

Investment of  
**\$2,120,000**  
in 16 partners



## SYSTEMS CHANGE PARTNERS

- BAWAC Inc.
- Center for Employment Opportunities Inc.
- Cincinnati Works
- Collective Empowerment Group
- Easterseals Serving Greater Cincinnati
- GENERATION NOW
- Greater Cincinnati Microenterprise Initiative
- IKRON Corporation
- Life Learning Center
- Madisonville Education and Assistance Center
- Madisonville Mission Ministries
- Mercy Neighborhood Ministries
- MORTAR
- New Horizons Rehabilitation Inc.
- Northern Kentucky Community Action Commission
- Urban League of Greater Southwestern Ohio

## WHY THIS IS IMPORTANT:

***Economic mobility is a complex issue that is impacted by systems and structures often beyond the control of any one individual. Yet, the systems and structures are often what inhibit mobility the most, especially in Black and Hispanic communities and among other historically marginalized populations.***

Solutions to improve economic mobility must seek to repair the current broken systems and build new systems. Impact of this work goes beyond financial stability – improving economic mobility has a positive impact on families, communities and future generations. Income and wealth (net worth and assets) are associated with better health and lower premature death as well as stronger communities, and more of them.<sup>i</sup> But in the United States, the opportunity for economic mobility and asset-building is not equitably available to all. The average Black and Hispanic households earn about half as much as their white peers and own only 15-20% as much net wealth.<sup>ii</sup> As defined by the Pew Research Center, wealth is “the value of assets owned by a family, such as a home or savings account ... that provides security and social status for future generations.”<sup>iii</sup> The rise in economic racial inequity in the U.S. has continued uninterrupted since the 1980s, at the same time the gap between low-income and high-income Americans has widened.<sup>iv</sup>

Changing these trends requires new solutions that address the flawed systems and root causes driving inequitable opportunity to employment and asset-building.



## UNDERSTANDING THE CHALLENGE:

Households earning 200% of the Federal Poverty Guidelines (FPG) are often considered to have the financial resources to be “self-sufficient” or meet their basic living expenses. For a family of four, 200% of the FPG means earning more than \$55,500.<sup>v</sup> Earning a self-sufficient wage, which typically doesn’t provide families with available resources to build savings or invest in assets, has become more difficult and increasingly requires post-secondary education. Based on a report published by Cincinnati USA Regional Chamber, the local median income for individuals with a bachelor’s degree is nearly double of those with only a high school diploma or equivalent. The same study also showed that most job growth will continue to be in lower paying jobs with only seven of the top 25 fastest-growing occupations paying a self-sufficient or higher wage.<sup>vi</sup>

Access to jobs and affordable higher education are just two of the systemic challenges that hold back families from equitable opportunities that lead to economic mobility and well-being. Families also face challenges within public-benefit systems, especially low-income families with young children and those accessing disability benefits. One of the most common issues is the “benefits cliff.” This is a structural flaw in most child care assistance benefits systems. The “benefits cliff” discourages parents from earning more due to the net loss of resources that occurs despite receiving a wage increase.<sup>vii</sup> Families are forced to make the hard decision of maintaining lower wages so they can continue to afford child care with the help of public benefits.

These are only a few of the interconnected systemic challenges holding back families from equitable economic well-being. They intersect with and are compounded by many more challenges, such as pay inequity, discriminatory or predatory lending practices, institutionalized racism, low social capital and so on.<sup>viii</sup>

*continued*

“Lack of access to capital, especially for businesses in marginalized communities. This challenge causes businesses and families to fall into predatory lending practices (pay day loans, high interest rates), raises income-to-debt ratio lowering credit scores, and leaves them with no opportunity to build wealth because they are just trying to survive.”

– Educator & Co-op Developer

## NATIONALLY

- Research has shown that **Black Americans have substantially lower rates of upward mobility** and higher rates of downward mobility than whites.
- **Black households have 12 cents for every dollar** that a typical white family holds.<sup>ix</sup>
- Black families had a harder time weathering the COVID-19 pandemic. **45.8% of Black households took out loans and 28.5% borrowed from friends and families.** Of those that borrowed from friends and family, 43.9% canceled post-secondary plans and 12.9% decided to take fewer classes.<sup>x</sup>

## LOCALLY

- **In Greater Cincinnati, 26% of individuals are living with incomes below 200% FPL** and they are disproportionately Black and Hispanic or Latino people.<sup>xi</sup>
- **According to Jobs Outlook 2028, the median income for individuals with a bachelor's degree is \$64,977.** That compares to \$41,001 for people with some college or an associate degree and \$35,323 for those with a high school diploma or equivalent.<sup>xii</sup>

“ Programs build rules that don't work for everyone. You need to put together things that are unique for each person... these are human beings. ”

– Community Partner

## OPPORTUNITIES FOR SYSTEMS CHANGE

### Community Driven Policies & Practices

Due to the many factors that contribute to supporting or inhibiting economic advancement, the specific challenges that get in the way of any one family are often unique, especially when considering the community in which they live. As a result, community residents experiencing the most obstacles to achieving economic mobility best understand the complexity of the structural challenges in policies and practices. By centering community members in informing and designing new solutions, there is opportunity to improve the policies and practices that currently contribute to economic disparities, such as benefit cliffs and inequities in wages and asset-building.

*How might we center families in informing and designing new policies and practices that seek to address the structural challenges currently inhibiting equitable economic mobility?*

### Mindsets and Partnerships

Economic well-being is often assessed through financial indicators, but it encompasses more than just income. It is the ability of an individual or family to have present and future financial security. This includes being able to make economic choices and feel a sense of security, satisfaction and personal fulfillment with one's personal finances and employment pursuits. As a result, it's also important to understand and assess mindsets – sense of personal value, belonging, inspiration and overall well-being.

Too often, solutions focused only on assessing the change in income miss opportunities to also support a mental shift toward more holistic well-being. By partnering together, nonprofit organizations have the opportunity to combine their individual expertise to test holistic solutions that build equitable economic well-being.

*How might we work to shift the mindset from poverty to building holistic economic well-being by leveraging the individual expertise of nonprofit organizations working to improve economic mobility for families and individuals living with low incomes?*

### Data from Insights

Survey participants shared the following insights:

- 56% of participants ranked Economic & Financial well-being in their top three prioritized challenges
- 85% of participants think educational opportunities after high school are important to get a good paying job but only 36% think such educational opportunities are easy to find and access
- Only 22% of people think most jobs can meet people's financial needs, and most people think these jobs are not easy to find or obtain.

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