

Financial Insecurity in Boston: A Data Profile



Boston Households

LIQUID ASSET POVERTY

46%

Don't have 3 months of savings to live above poverty level

ASSET POVERTY

35%

Don't have 3 months of net worth to live above poverty level

UNBANKED

16%

Don't have a checking or savings account

UNDERBANKED

23%

Have a bank account but still use check cashing or pay day loans

In Boston today 17% of households live in poverty, but far more (46%) are financially vulnerable. These liquid asset poor households do not have enough savings to live at the poverty level for three months if they suffer an income disruption such as losing a job or facing a medical crisis. Communities of color fare even worse: 69% of African American households and 75% of Hispanic households in Boston are liquid asset poor.

Many working families are living in a state of persistent financial insecurity – one emergency away from falling into debt or even losing a home. Of households earning \$50,000 to \$75,000 annually, 40% are liquid asset poor.

The inability to bounce back from financial pitfalls not only hurts Boston families, it stifles the city's long-term economic growth.

The findings are from a new data analysis from Family Assets Count, a project of CFED (the Corporation for Enterprise Development) and the Assets & Opportunity Initiative in partnership with Citi Community Development and the Midas Collaborative. Through cutting edge data, tools, and resources, Family Assets Count leverages the power of cities to improve financial stability for families.

With the support of this data, Mayor Walsh is leading the City of Boston in developing a new Economic Opportunity Agenda to address the continuum of household financial security – from jobs, to building assets, to consumer protection.

The analysis spotlights a range of challenges confronting Boston's vulnerable families:

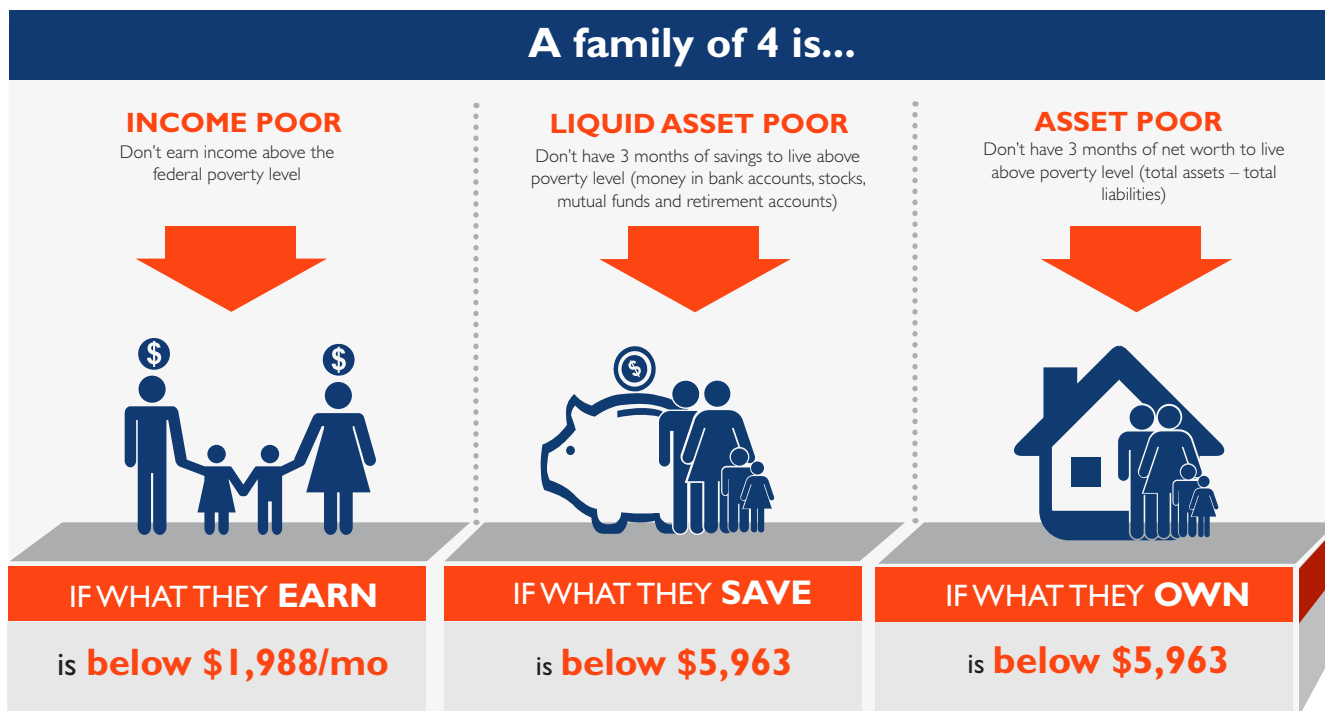
- 40% of homeowners are paying more than 1/3 of their income on housing and 52% of renters are 'cost-burdened'. One in three families are "asset poor," meaning they lack sufficient net worth (what they own minus what they owe) to subsist at the poverty level for three months in the absence of income.
- 16% of Boston families do not have a savings or checking account – twice the national rate.
- One in five families has a bank account but still relied on alternative financial services such as check cashing or payday loans in the past year, which means they are paying far too much for accessing their hard-earned money.
- College completion greatly improves the chances that a family will not be liquid asset poor in Boston. 57% of Bostonians with just some college are liquid asset poor, compared to only 25% of those with a bachelor's degree.

Through cutting edge data, tools and resources Family Assets Count leverages the power of cities to improve financial stability for families and advances programs and policies that reduce barriers and encourage families to save and build assets. For more information and data visit FamilyAssetsCount.org

Asset Poverty & Liquid Asset Poverty: 2014 Assets & Opportunity Scorecard, Census Bureau, Survey of Income and Program Participation (SIPP), for US and States (excluding AK, DC, SD, WY). **Unbanked and Underbanked:** 2011 FDIC National Survey of Unbanked and Underbanked Households, for US, States, DC and 71 largest MSAs. **Local Estimates:** Estimates at smaller geographies are derived from CFED's statistical modeling process using the FDIC or SIPP and 2008-2012 American Community Survey data. The figures are geographic estimates and are not meant to directly reflect the FDIC or SIPP data.

MEASURING FINANCIAL INSTABILITY

The concept of asset poverty serves to broaden our definition of financial instability to include not only what a family earns, but also what it saves and owns. Rates of liquid asset and asset poverty are typically far higher than income poverty demonstrating the pervasiveness of the issue.



ECONOMIC OPPORTUNITY AGENDA FOR BOSTON

Advancing families out of these types of poverty and towards financial security means families can get ahead, not just get by. The Mayor's Office of Jobs and Community Services (JCS) is spearheading implementation of the Mayor's Economic Opportunity Agenda by assessing programs and policies that can improve family financial stability. JCS is dedicated to ensuring the full participation of all Boston residents in the city's economic vitality. The Economic Opportunity agenda will focus on:

- Increasing earning potential by
 - Improving access to quality jobs through education and workforce development
 - Increasing the number of quality jobs for adults and youth
- Improving financial empowerment and stem the cyclical of poverty by
 - Opening new Financial Opportunity Centers and tax preparation sites
 - Coordinating and integrating services across Boston with a new Office of Financial Empowerment
 - Protect consumers from predatory practices to preserve savings and assets
- Creating pathways to ownership by
 - Improving small business access to capital & credit

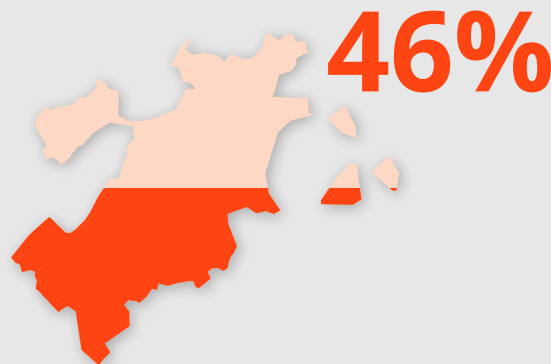
The data make clear that many Boston families, especially low-income and families of color, are living on the brink of financial catastrophe. As the Boston economy grows, we must ensure that we are not leaving behind vulnerable families. Whatever the measure, whether it be income, liquid asset poverty, income poverty, unemployment, homeownership, or educational attainment, racial and ethnic disparities must be addressed, and the Walsh Administration is committed to providing Boston families pathways to prosperity.

WHO IS LIQUID ASSET POOR IN BOSTON, MA?

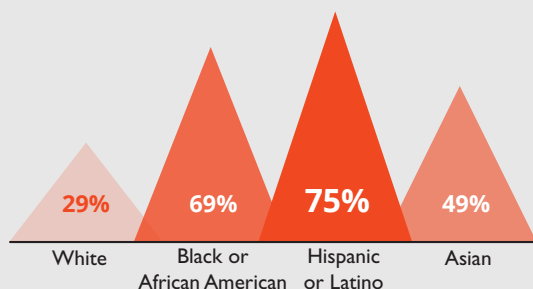
Liquid asset poverty means there is no "slack" in a family's budget. If a liquid asset poor family faces an unforeseen expense, such as a broken down car or a medical bill, they may have to borrow to cover the tab. Liquid asset poverty also means deferring future financial security—whether that is saving for retirement or investing in a home or college education.

Almost half of Boston households are liquid asset poor, and those most likely to be affected are households of color, low-income households, single parents and those with less than a college degree. However, the makeup of this financially vulnerable group often confounds the stereotypes. One-quarter of homeowners and 15% of those with advanced degrees are liquid asset poor. Approximately one in four households earning between \$75,000 and \$100,000 have less than three months of savings.

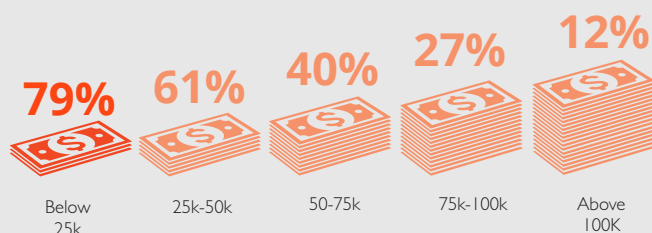
HOUSEHOLDS IN LIQUID ASSET POVERTY ...



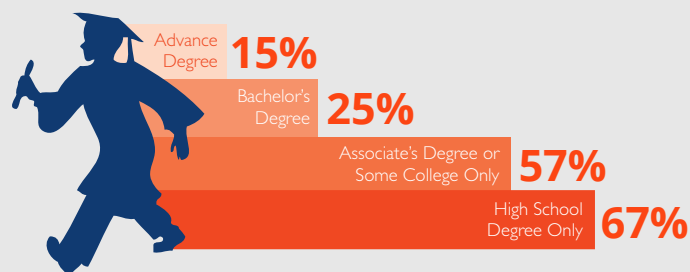
BY RACE & ETHNICITY



BY HOUSEHOLD INCOME



BY EDUCATION



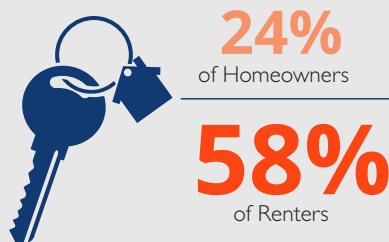
BY POVERTY STATUS

39% Households above the poverty line

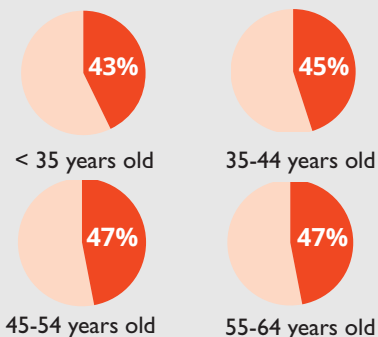
2011 POVERTY LINE (family of 4): \$23,850

80% Households below the poverty line

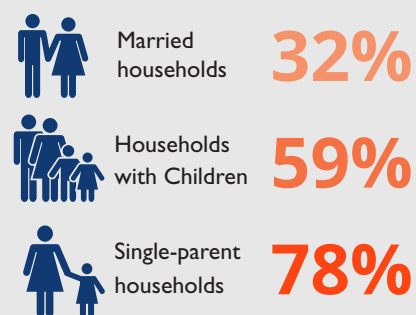
BY HOUSING



BY AGE OF HOUSEHOLDER



BY FAMILY STATUS



Note: Liquid asset poverty estimates at the city level are derived from CFED's statistical modeling process using the Census Bureau's Survey of Income and Program Participation and the 2008-2012 American Community Survey data. Caution should be used in interpreting the local estimates as the statistical model is based on national surveys of fewer than 50,000 households.

POPULATION AND DEMOGRAPHICS

Measure	Boston	Suffolk County	Boston MSA*	Massachusetts	United States
Total Population	628,365	734,699	4,602,669	6,605,468	311,609,369
Total Households	248,738	288,162	1,753,363	2,524,028	115,241,776
White	133,220	159,522	1,387,477	2,029,700	80,883,267
Black or African American	56,704	58,561	119,195	152,160	13,872,302
American Indian and Alaska Native	684	722	2,801	5,240	818,268
Asian	21,637	22,902	99,093	115,404	4,704,838
Hispanic or Latino	35,222	44,843	126,333	193,168	13,627,997
Population with Disability	11.3%	11.5%	10.1%	11.2%	12.1%
U.S. Citizenship Rate	85.3%	84.3%	91.4%	92.5%	92.8%
Speak English Less Than "Very Well"	17.2%	18.7%	9.4%	8.9%	8.7%

HOUSEHOLD FINANCES

Measure	Boston	Suffolk County	Boston MSA*	Massachusetts	United States
Asset Poverty	35.0%	34.6%	20.5%	24.2%	25.4%
Liquid Asset Poverty	46.3%	46.8%	32.2%	35.3%	43.5%
Households with Zero Net Worth	23.8%	23.5%	-	14.1%	17.0%
Median Household Income	\$51,452	\$51,153	\$71,375	\$65,029	\$51,771
White	\$70,644	\$66,047	\$77,864	\$70,750	\$56,699
Black or African American	\$36,152	\$36,233	\$41,869	\$41,245	\$34,406
American Indian and Alaska Native	\$16,045	\$15,182	\$39,842	\$33,225	\$36,096
Asian	\$36,471	\$37,307	\$73,502	\$72,327	\$70,207
Hispanic or Latino	\$27,461	\$33,544	\$38,773	\$33,510	\$40,857
Income Poverty Rate	17.4%	17.3%	7.4%	8.3%	11.6%
White	6.2%	7.5%	4.2%	4.9%	7.2%
Black or African American	23.1%	23.3%	19.6%	20.1%	23.8%
American Indian and Alaska Native	-	-	19.5%	19.8%	24.1%
Asian	21.9%	21.1%	10.9%	10.9%	9.5%
Hispanic or Latino	33.0%	30.6%	25.5%	29.2%	22.8%
Unbanked Households	15.5%	11.4%	4.2%	4.9%	8.2%
Underbanked Households	23.1%	21.6%	14.7%	14.1%	20.1%
Average Credit Card Debt	-	\$8,206	\$12,560	\$12,142	\$9,920
Average Installment Debt	-	\$32,460	\$27,702	\$26,518	\$26,198
Borrowers 90+ Days Overdue	-	3.1%	2.4%	2.6%	3.3%

USE OF SERVICES

Measure	Boston	Suffolk County	Boston MSA*	Massachusetts	United States
Households Receiving SNAP	18.7%	19.2%	10.2%	12.1%	12.8%
Households Receiving Public Assistance	4.5%	4.4%	2.7%	3.1%	2.9%
Households Receiving SSI	8.8%	8.8%	5.4%	6.4%	5.3%
Total Tax Filers Receiving EITC	17.9%	18.2%	11.8%	13.0%	19.9%
Average EITC Received	\$2,062	\$2,073	\$1,950	\$1,994	\$2,359
EITC Returns Prepared By Volunteer	8.6%	8.1%	4.3%	3.9%	2.6%
EITC Returns Prepared by Paid Preparer	55.3%	56.6%	56.2%	55.9%	57.1%
EITC Refunds Received through Direct Deposit	72.8%	72.4%	72.3%	73.6%	82.8%

* The Boston--Cambridge--Quincy metropolitan statistical area consists of Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties in Massachusetts, and Rockingham and Strafford Counties in New Hampshire.

EMPLOYMENT AND BUSINESS OWNERSHIP

Measure	Boston	Suffolk County	Boston MSA*	Massachusetts	United States
Unemployment Rate	8.1%	8.0%	7.2%	7.8%	8.4%
White	5.4%	5.7%	6.2%	6.7%	6.8%
Black or African American	12.5%	12.7%	13.3%	14.2%	15.2%
American Indian and Alaska Native	-	0.0%	0.0%	16.9%	14.8%
Asian	6.9%	6.5%	6.3%	6.7%	6.5%
Hispanic or Latino	10.9%	10.0%	11.1%	12.4%	10.0%
Average Annual Pay	-	\$80,697	\$65,856	\$60,898	\$49,289
Microenterprise Ownership Rate	-	15.6%	16.4%	16.5%	17.3%
Self-Employed Workers	6.5%	6.5%	9.3%	9.1%	9.8%
Vehicle Non-Availability by Working Household	27.2%	25.4%	7.8%	6.8%	5.2%

HOUSING AND HOMEOWNERSHIP

Measure	Boston	Suffolk County	Boston MSA*	Massachusetts	United States
Homeownership Rate	33.2%	34.7%	61.5%	62.3%	64.7%
White	42.1%	43.9%	68.4%	69.1%	72.1%
Black or African American	26.6%	26.5%	31.6%	32.0%	43.5%
American Indian and Alaska Native	11.3%	10.7%	31.8%	36.6%	54.1%
Asian	24.5%	24.8%	48.0%	48.9%	57.7%
Hispanic or Latino	15.4%	17.9%	25.7%	24.9%	46.4%
Cost Burdened Renters	51.8%	52.2%	50.1%	50.6%	52.8%
Cost Burdened Owners	39.9%	42.1%	38.1%	37.6%	36.2%
Affordability of Homes (median value/median income)	7.2	6.9	5.0	5.0	3.4
Seriously Delinquent Mortgages	-	3.3%	2.3%	2.7%	2.8%

EDUCATIONAL ATTAINMENT

Measure	Boston	Suffolk County	Boston MSA*	Massachusetts	United States
Less than High School	15.2%	16.3%	9.4%	10.7%	14.1%
High School Degree or Higher	84.8%	83.7%	90.6%	89.3%	85.9%
White	94.5%	93.6%	94.1%	92.5%	91.1%
Black or African American	79.7%	79.7%	82.1%	82.1%	82.5%
American Indian and Alaska Native	82.2%	81.1%	80.3%	75.8%	78.3%
Asian	75.8%	75.9%	83.4%	82.9%	85.5%
Hispanic or Latino	66.1%	63.2%	68.5%	66.8%	63.1%
Associate's Degree or Some College	18.7%	19.3%	22.9%	24.1%	29.0%
Bachelor's Degree or Higher	43.4%	39.8%	43.0%	39.2%	28.6%
White	62.8%	56.1%	46.0%	41.6%	32.0%
Black or African American	17.3%	17.4%	22.6%	22.4%	18.4%
American Indian and Alaska Native	14.4%	13.9%	17.3%	16.5%	13.4%
Asian	45.3%	56.7%	-	55.6%	50.2%
Hispanic or Latino	17.0%	14.5%	19.2%	16.8%	13.4%
Graduate or Professional Degree	19.6%	17.5%	19.0%	16.9%	10.7%

CONCLUSIONS

Although the data are sobering, there are models and practices that can and do work to strengthen opportunity. Economic resilience for Boston families will require coordinated, strategic partnerships that build from the wealth of existing programs too numerous to list here:

Boston EITC Campaign

The Mayor's Office of Jobs and Community Services (JCS), as part of its Earned Income Tax Credit (EITC) Campaign, collaborates with dozens of partners to provide free tax preparation, credit advising, and access to savings opportunities at 24 free tax assistance centers across Boston's neighborhoods. In the 2014 tax season the sites provided services to over 11,000 tax payers and returned \$22 million dollars back to the community in refunds and credits. The EITC Campaign also partners with the Federal Reserve Bank of Boston on applied research that has transformed the local understanding of low- to moderate-income families' financial behavior and choices.

Workforce Development

JCS offers many direct services for workforce development through community-based Resource Centers that provide job skills training, job development, access to adult basic education, and service referrals. JCS also partners with agencies like SkillWorks – a public-private initiative which recently concluded a pilot with Midas Collaborative, Jewish Vocational Services and Asian American Civic Association. The pilot demonstrated that, when financial stability content and coach training was provided to career coaches, 80% of program participants were able to achieve savings and debt reductions goals and career coaches reported being more prepared to assist participants with financial challenges.

Summer Jobs Program

Boston's summer jobs program is a collaborative effort between the City's Boston Youth Fund, the business community, the Boston Private Industry Council (PIC), and ABCD. In 2014, almost 7,700 Boston youth between the ages of 14 and 21 were provided paid jobs with corporations, non-profits, and government agencies throughout the city. Of these youth, over 2,200 participated in financial education workshops to build financial literacy. There are efforts underway to build access to accounts to build on the workshops and encourage savings behavior.

The Boston Home Center

The Department of Neighborhood Development's Boston Home Center helps families enter into and maintain homeownership. Each year, 3,700 people take homebuying and credit classes and 100 families receive direct financial assistance toward purchasing their first home. In addition, the department helped almost 400 families avoid foreclosure last year, and expects to provide 350 households with foreclosure prevention assistance in the coming year.

Mentoring for Economic Independence

Crittenton Women's Union's Career Family Opportunity (CFO) program helps single parents achieve economic independence using a pioneering Mobility Mentoring approach. This five-year initiative partners with participants to develop personalized plans to achieve a career that will pay a family sustaining wage and accumulate \$10,000 through a matched savings account to build assets. At the end of FY14, 95% of participants are either working or in school, 38% of those employed are in a career that will pay a family sustaining wage, and participants have accumulated over \$100,000 in personal savings – averaging over \$2,000 in personal savings per participant.

The Boston Local Development Corporation

The Boston Local Development Corporation (BLDC) increases employment opportunities for Boston residents by providing loans to small commercial, industrial, and service businesses. In the last fifteen years, the BLDC has provided \$14 million in small business loans while successfully leveraging over \$81 million through collaborations with Boston's banking community. The loan funds have helped create and retain more than 2,800 Boston jobs.

ACKNOWLEDGEMENTS

Family Assets Count: Boston would like to thank representatives from the following institutions for participating in the Economic Opportunity Working Group to establish programmatic and policy priorities:

- | | |
|--|---|
| ■ Sonia Alleyne, Santander Bank | ■ Ruthie Liberman, Crittenton Women's Union |
| ■ Susanne Beaton, The Paul and Phyllis Fireman Charitable Foundation | ■ Margaret Miley, The Midas Collaborative |
| ■ Sol Carbonell, Federal Reserve Bank of Boston | ■ Bill Nickerson, Boston Local Development Corporation |
| ■ Kory Eng, United Way of Massachusetts Bay & Merrimack Valley | ■ Jerry Rubin, Jewish Vocational Services |
| ■ James Jennings, Tufts University | ■ Sharon Scott-Chandler, Action for Boston Community Development (ABCD) |
| | ■ Bob Van Meter, LISC Boston |

DATA MEASURES & SOURCES

	Data Measure	Measure Description	Source
Population Demographics	Total Households	Total number of households	U.S. Census Bureau, 2010-2012 American Community Survey
	Total Population	Total population	U.S. Census Bureau, 2010-2012 American Community Survey
	Population with Disability	Percentage of population living with a disability	U.S. Census Bureau, 2010-2012 American Community Survey
	U.S. Citizenship Rate	Percentage of population that are U.S. citizens	U.S. Census Bureau, 2010-2012 American Community Survey
	Speak English Less Than "Very Well"	Percentage of population that speaks English less than "very well"	U.S. Census Bureau, 2010-2012 American Community Survey
Household Finances	Asset Poverty	Percentage of households without sufficient net worth to subsist at the poverty level for three months in the absence of income	2014 Assets & Opportunity Scorecard, Census Bureau, Survey of Income and Program Participation (SIPP), 2008 Panel, Wave 10, for US and States (excluding AK, DC, SD, WY). Local Estimates: Estimates at smaller geographies are derived from CFED's statistical modeling process using the SIPP and 2008-2012 American Community Survey data. The figures are geographic estimates and are not meant to directly reflect the SIPP data.
	Liquid Asset Poverty	Percentage of households without sufficient liquid assets to subsist at the poverty level for three months in the absence of income	2014 Assets & Opportunity Scorecard, Census Bureau, Survey of Income and Program Participation (SIPP), 2008 Panel, Wave 10, for US and States (excluding AK, DC, SD, WY). Local Estimates: Estimates at smaller geographies are derived from CFED's statistical modeling process using the SIPP and 2008-2012 American Community Survey data. The figures are geographic estimates and are not meant to directly reflect the SIPP data.
	Households with Zero Net Worth	Percentage of households that have zero or negative net worth	2014 Assets & Opportunity Scorecard, Census Bureau, Survey of Income and Program Participation (SIPP), 2008 Panel, Wave 10, for US and States (excluding AK, DC, SD, WY). Local Estimates: Estimates at smaller geographies are derived from CFED's statistical modeling process using the SIPP and 2008-2012 American Community Survey data. The figures are geographic estimates and are not meant to directly reflect the SIPP data.
	Median Household Income	Median household income in the past 12 months	U.S. Census Bureau, 2010-2012 American Community Survey
	Income Poverty Rate	Percentage of all families with income in the past 12 months below the federal poverty threshold	U.S. Census Bureau, 2010-2012 American Community Survey
	Unbanked Households	Percentage of households lacking both a checking and savings account	2011 FDIC National Survey of Unbanked and Underbanked Households, for US, States, DC and 71 largest MSAs. Local Estimates: Estimates at smaller geographies are derived from CFED's statistical modeling process using the FDIC and 2008-2012 American Community Survey data. The figures are geographic estimates and are not meant to directly reflect the FDIC data.
	Underbanked Households	Percentage of households that have a checking or savings account but have used non-bank money orders, non-bank check-cashing services, payday loans, rent-to-own agreements, or pawn shops at least once or twice a year or refund anticipation loans at least once in the past five years	2011 FDIC National Survey of Unbanked and Underbanked Households, for US, States, DC and 71 largest MSAs. Local Estimates: Estimates at smaller geographies are derived from CFED's statistical modeling process using the FDIC and 2008-2012 American Community Survey data. The figures are geographic estimates and are not meant to directly reflect the FDIC data.
	Average Credit Card Debt	Average amount of revolving debt (including debt from credit cards, private label cards and lines of credit) per revolving borrower	TransUnion (Q2 2014)
	Average Installment Debt	Average amount of installment debt per installment borrower	TransUnion (Q2 2014)
	Borrowers 90+ days overdue	Percentage of borrowers who are 90 days or more past due on any debt payments	TransUnion (Q2 2014)

DATA MEASURES & SOURCES

	Data Measure	Measure Description	Source
Use of Services	Households Receiving SNAP Benefits	Percentage of households that have received SNAP (Supplemental Nutrition Assistance Program) benefits in the past 12 months	U.S. Census Bureau, 2010-2012 American Community Survey
	Households Receiving Public Assistance	Percentage of households that have received Public Assistance income in the past 12 months	U.S. Census Bureau, 2010-2012 American Community Survey
	Households Receiving SSI	Percentage of households that have received SSI (Supplemental Security Income) in the past 12 months	U.S. Census Bureau, 2010-2012 American Community Survey
	Total Tax Filers Receiving EITC	Percentage of tax filers that received an EITC (Earned Income Tax Credit)	Brookings Institute analysis of 2012 tax filing data
	Average EITC Received	Average credit received, in dollars, by tax filers who received an EITC	Brookings Institute analysis of 2012 tax filing data
	EITC Returns Prepared By Volunteer	Percentage of tax returns that received an EITC that were prepared by a volunteer	Brookings Institute analysis of 2012 tax filing data
	EITC Returns Prepared by Paid Preparer	Percentage of tax returns that received an EITC that were prepared by a paid preparer	Brookings Institute analysis of 2012 tax filing data
	EITC Refunds Received through Direct Deposit	Percentage of EITC refunds received through direct deposit	Brookings Institute analysis of 2012 tax filing data
Employment & Business Ownership	Unemployment Rate	Percentage of civilian labor force who are unemployed but actively searching for employment	U.S. Census Bureau, 2013 American Community Survey
	Average Annual Pay	Average annual pay for all workers covered by unemployment insurance	U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (2010)
	Self-Employed Workers	Percentage of workers 16 years and over who are self-employed	U.S. Census Bureau, 2010-2012 American Community Survey
	Microenterprise Ownership Rate	Number of firms with 0-4 employees (non-employer firms plus establishments with 1-4 employees), per 100 people in the labor force	CFED calculation based on U.S. Census Bureau, Nonemployer Statistics (2008), County Business Patterns (2008), and Current Population Survey (2008); U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (2008)
	Vehicle Non-Availability by Working Household	Percentage of households (with at least one worker) lacking access to a vehicle	U.S. Census Bureau, 2010-2012 American Community Survey
Housing & Homeownership	Homeownership Rate	Percentage of occupied housing units that are owner occupied	U.S. Census Bureau, 2010-2012 American Community Survey
	Cost Burdened Renters	Percentage of renter-occupied units spending 30% or more of household income on rent and utilities	U.S. Census Bureau, 2010-2012 American Community Survey
	Cost Burdened Owners	Percentage of mortgaged owners spending 30% or more of household income on selected monthly owner costs	U.S. Census Bureau, 2010-2012 American Community Survey
	Affordability of Homes	Median housing value divided by median household income	CFED calculation based on U.S. Census Bureau, 2010-2012 American Community Survey data
	Seriously Delinquent Mortgages	Percentage of all mortgage borrowers currently 90 days or more past due on mortgage loans	TransUnion (Q2 2014)
Educational Attainment	Less than High School	Percentage of population 25 and older who have not completed high school	U.S. Census Bureau, 2010-2012 American Community Survey
	High School Degree	Percentage of population 25 and older who have a high school degree, GED or alternative degree only	U.S. Census Bureau, 2010-2012 American Community Survey
	Associate's Degree	Percentage of population 25 and older who have an associate's (2 year college) degree or some college	U.S. Census Bureau, 2010-2012 American Community Survey
	Bachelor's Degree	Percentage of population 25 and older who have at least a bachelor's (4 year college) degree	U.S. Census Bureau, 2010-2012 American Community Survey
	Graduate or Professional Degree	Percentage of population 25 and older who have a graduate or professional degree	U.S. Census Bureau, 2010-2012 American Community Survey

Family Assets Count is a national project of CFED and Citi Community Development empowering decision makers and advocates expanding financial security for vulnerable families in major cities across the U.S. By providing local data tools and convening key stakeholders, Family Assets Count helps promote the public dialogue and partnerships necessary to advance data-driven municipal solutions to household economic security.

