RECOVERY WEEKLY CHECK-IN WITH DMPED
Economic Recovery Updates
February 23, 2021
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Economic Recovery Updates

February 23, 2021

CORONAVIRUS.DC.GOV/RECOVERY
Welcome

Deputy Mayor John Falcicchio,
Planning and Economic Development (DMPED)
DISB Updates

Commissioner Karima Woods, Director, Department of Insurance, Securities and Banking (DISB)
DISB Programs & Services

Bank On DC: bankondc.org

Financially Fit DC: welcomefinanciallyfitdc.com

Student Loan Ombudsman: 202-442-8000 or DCLoanHelp@dc.gov

Foreclosure Prevention Hotline: 202-265-2255

DC BizCAP: 202-442-7821 or disb.dc.gov/service/small-business-resources

File a Complaint: 202-727-8000 or disbcomplaints@dc.gov

Financial Empowerment and Education

Michelle Hammonds, Director, Office of Financial Empowerment and Education, Department of Insurance, Securities and Banking (DISB)
About Us

• DISB created office in 2020.
• Provides resources and information on how to increase generational wealth and maximize income.
• Partners with stakeholders to provide innovative initiatives that safeguard the financial future of Washingtonians.
• Promotes resilience through financial education and access to tools, skills and resources.
Financial Empowerment & Education

✓ Financial Emergencies
  – Learn the dynamics of the financial needs of District’s residents and provide resources to help alleviate the issues.

✓ Breaking the Unbanked and Underbanked Cycle
  – Develop and cultivate the public trust in the institutions and the resources they provide.
  – Work with financial institutions to develop products and services for specific demographics
Our Programs

Current Economic Development Programs:

- Bank on DC
- Earned Income Tax Credit Campaign
- Financially Fit DC
- Financial Navigators
- Opportunity Accounts
- MBSYEP Financial Education Liaison
Managing Money in an Emergency

✓ Control spending
✓ Manage debt
✓ Avoid new debt
✓ Invest in yourself
✓ Protect what you have
• Remember:
  – a crisis doesn’t last forever.
America Saves Week 2021

- An annual call to action for Americans to commit to saving successfully.
- Partnership with over 1700 organizations.
- Opportunity to focus on the importance of emergency savings and saving automatically.

- **Monday, February 22**
  Save Automatically
- **Tuesday, February 23**
  Save for the Unexpected
- **Wednesday, February 24**
  Save to Retire
- **Thursday, February 25**
  Save by Reducing Debt
- **Friday, February 26**
  Save as a Family
Financial Navigators Program

• Free program to help District residents facing critical financial struggles during the coronavirus (COVID-19) public health emergency.

• In partnership with United Planning Organization
Financial Navigators

Remote, confidential financial navigators can help you manage money + connect to resources - free!

TO SCHEDULE A SESSION CALL 202-231-7908 OR VISIT finnav.org/interest-dc

To make an appointment, you'll just need:
- Name
- ZIP Code
- Language preference
- Phone and/or email address
FEBRUARY 2021

Tracking the Credit Health of Washington, DC Residents

How can city leaders support an inclusive recovery and help residents build financial health?
Indicators of the Credit Health of City Residents

*Three ways to characterize credit health using credit data:*

1) **Credit scores** are a composite indicator of overall credit health. Having a subprime credit score can limit access to credit and increase the cost of debt.
   - Scores range from 300 to 850; a score below 600 is subprime.

2) **Credit use** indicates access to credit, which families may use to meet their financial needs. The share of available credit used is a measure of debt burden. Higher debt burdens could signal financial distress.
   - Use of alternative financial service loans like payday loans can indicate emergency needs.

3) **Delinquent debt** data can show where support is needed to avoid foreclosures, bankruptcies, calls from debt collectors, and other hardships. Delinquent debt appears on credit reports, which are sometimes used by employers and landlords to assess job and rental applicants.
   - Delinquent debt is debt that is 30, 60, or more days past due or in collections.
The share of DC residents with a subprime credit score declined between February and October 2020.

<table>
<thead>
<tr>
<th>Month</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Feb-20</td>
<td>26.1</td>
</tr>
<tr>
<td>Apr-20</td>
<td>25.2</td>
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<tr>
<td>Jun-20</td>
<td>24.2</td>
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<tr>
<td>Aug-20</td>
<td>23.5</td>
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<tr>
<td>Oct-20</td>
<td>22.8</td>
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</tbody>
</table>

Source: Tabulations of Urban Institute credit bureau data.

Notes: Subprime credit score is a VantageScore of 600 or below.
Delinquency rates for major loan types declined between February and October 2020

![Bar chart showing delinquency rates for different loan types between Feb-20 and Oct-20]

- **Student Loan (60+ days)**: 16.3 Feb-20, 11.8 Oct-20
- **Auto/Retail Loan (60+ days)**: 6.0 Feb-20, 5.8 Oct-20
- **Mortgage (30+ days)**: 2.4 Feb-20, 1.2 Oct-20
- **Credit Card (30+ days)**: 5.8 Feb-20, 4.2 Oct-20
- **AFS Credit (30+ days)**: 11.4 Feb-20, 5.1 Oct-20

**Source:** Tabulations of Urban Institute credit bureau data.

**Notes:** AFS = Alternative Financial Service. 30+/60+ = Minimum days debt is past due.
Communities of color in DC experience worse debt outcomes than majority-white neighborhoods

Washingtonians in communities of color in are:

- 5x more likely to have **any debt in collections**
- 6x more likely to have **subprime credit scores**
- 8x more likely to use **alternative financial services loans** (e.g., payday loans)

<table>
<thead>
<tr>
<th></th>
<th>Majority-white communities</th>
<th>Communities of color</th>
<th>All communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share with any debt in collections</td>
<td>7.7</td>
<td>37.6</td>
<td>26.5</td>
</tr>
<tr>
<td>Share with subprime credit scores</td>
<td>5.8</td>
<td>33.1</td>
<td>22.8</td>
</tr>
<tr>
<td>Share using alternative financial services loans</td>
<td>0.5</td>
<td>4.0</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Source: Tabulations of Urban Institute credit bureau data.

Notes: Data are for October 2020.
Southeast DC has the highest share of debt in collections in the District.

Source: Tabulations of Urban Institute credit bureau data.

Notes: Share with any debt in collections is the share of people with a credit bureau record who have any debt in collections.
Special Guest Remarks

Alona Joyner, CAAB/DC Opportunity Program participant
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