Family Financial Security Matters for Cities

The financial health of Dallas residents
The financial health of cities depends on financially secure residents. When families have little to no savings and experience a disruption in their income or expenses, bills may be missed and consequences such as eviction may result.
The financial security of Dallas is tied to the financial health of its residents

$30–69 million
The minimum cost to Dallas government of family financial insecurity from eviction and unpaid property taxes and utility bills

332,000
of the 513,000 families in Dallas are financially insecure

43%
of Dallas residents have subprime credit scores

Among families in Dallas, 65% were financially insecure, with less than $2,000 in savings, compared with 52% nationally.
Financial Health of Dallas Residents
Indicators of the financial health of city residents

Three ways of characterizing financial health using credit data

1) Delinquent debt
   - Having delinquent debt is an indicator of financial distress
   - Delinquent debt is debt that is 60 or more days past due or in collections

2) Credit score
   - Credit scores are a composite indicator of overall financial health
   - Scores range from 300 to 850; a score below 600 is subprime

3) Credit use
   - Having a credit card or other revolving debt indicates access to credit, which families may use to meet their financial needs
   - But the share of available credit used is a measure of debt burden
Delinquent Debt
More than 40 percent of Dallas residents have delinquent debt

Delinquent debt indicates residents have trouble meeting financial obligations

Share of residents with delinquent debt

<table>
<thead>
<tr>
<th>City</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>35%</td>
</tr>
<tr>
<td>Texas</td>
<td>43%</td>
</tr>
<tr>
<td>Dallas</td>
<td>44%</td>
</tr>
<tr>
<td>Chicago</td>
<td>40%</td>
</tr>
<tr>
<td>Houston</td>
<td>42%</td>
</tr>
<tr>
<td>San Francisco</td>
<td>22%</td>
</tr>
<tr>
<td>Columbus</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: Urban Institute tabulations of data from a major credit bureau, 2018.
Notes: Delinquent debt includes debt that is 60 or more days past due or in collections. Dallas and other city residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. Data Point: Credit Invisibles. Washington, DC: Consumer Financial Protection Bureau).
There are geographic disparities in delinquency within Dallas. In some neighborhoods, more than half of residents have delinquent debt.

Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: Delinquent debt includes debt that is 60 or more days past due or in collections. Dallas residents include consumers with a credit record living within city limits. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. Data Point: Credit Invisibles. Washington, DC: Consumer Financial Protection Bureau). Data are visualized at the zip-code level.
Many Dallas residents struggle with medical debt
About one-quarter of residents have medical debt in collections, above the national average

Source: Urban Institute tabulations of data from a major credit bureau, 2018. 
Notes: Dallas residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. Data Point: Credit Invisibles. Washington, DC: Consumer Financial Protection Bureau).
Student debt may be a challenge for some Dallas residents

Fifteen percent of residents with student debt have loans in collections, on par with the national average.

Source: Urban Institute tabulations of data from a major credit bureau, 2018.
Notes: Student collections are among those with any student loan debt. Dallas and other city residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles.* Washington, DC: Consumer Financial Protection Bureau).
Summary of findings on delinquent debt

1) Delinquent debt is a measure of financial distress. It indicates that residents have trouble meeting financial obligations.

2) Over 40 percent of Dallas residents have delinquent debt, a rate that is higher than the national average.

3) Geographic disparities in delinquency impact Dallas residents. In some neighborhoods, more than half of residents have delinquent debt.
Credit Score
Credit health affects residents’ costs of living

Having a subprime credit score increases the costs of common consumer purchases

Credit Score

- $10,000 car loan (4 years)
  - Subprime (<600): $3,987
  - Prime (660+): $1,031
- Average price of a refrigerator
  - Subprime (<600): $1,990
  - Prime (660+): $678
- $550 car repair (3 months)
  - Subprime (<600): $942
  - Prime (660+): $566

Dallas residents have relatively poor credit compared with the national average

*Half of Dallas residents have a credit score that is below prime*

Share of residents by credit score range

- **National**:
  - No score or subprime: 28%
  - Near prime: 13%
  - Prime: 59%

- **Texas**:
  - No score or subprime: 35%
  - Near prime: 15%
  - Prime: 51%

- **Dallas**:
  - No score or subprime: 38%
  - Near prime: 14%
  - Prime: 49%

**Source:** Urban Institute tabulations from a major credit bureau, 2018.

**Notes:** The VantageScore credit score ranges from 300 to 850. Subprime scores range from 300 to 600, near-prime from 601 to 660, and prime or more from 661 to 850. Dallas residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).
Dallas residents have slightly poorer credit than residents in other cities

Dallas’ median credit score is below the national median and slightly below Houston’s

### Median credit score

<table>
<thead>
<tr>
<th>City</th>
<th>Credit Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>689</td>
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<tr>
<td>Texas</td>
<td>665</td>
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<td>Dallas</td>
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<td>Houston</td>
<td>666</td>
</tr>
<tr>
<td>San Francisco</td>
<td>745</td>
</tr>
<tr>
<td>Columbus</td>
<td>687</td>
</tr>
</tbody>
</table>

**Source:** Urban Institute tabulations of data from a major credit bureau, 2018.

**Notes:** The VantageScore credit score ranges from 300 to 850. Subprime scores range from 300 to 600, near-prime from 601 to 660, and prime or more from 661 to 850. Dallas and other city residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).
There are geographic disparities in credit health within Dallas

In some neighborhoods, the median credit score is subprime

Median credit score
- Insufficient data
- Subprime: 300-600
- Near Prime: 601-660
- Prime: 661-740
- Super prime: 741-850
- City boundaries

Source: Urban Institute tabulations of data from a major credit bureau, 2018.
Notes: The VantageScore credit score ranges from 300 to 850. Dallas residents include consumers with a credit record living within city limits. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara, 2015. Data Point: Credit Invisibles. Washington, DC: Consumer Financial Protection Bureau). Data are visualized at the zip-code level.
Just over half of Dallas residents have healthy credit

*Dallas residents have poorer credit health than US residents overall*

**Share of residents with healthy credit**

![Bar chart showing credit score distribution across national, Texas, and Dallas.](chart)

- **National**: 63%
- **Texas**: 55%
- **Dallas**: 55%

Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: Consumers with healthy credit have at least one line of credit never delinquent in the past year and no lines of credit paid 60 or more days late in the past two years. Dallas residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).
Summary of findings on credit score

1) Credit scores are a composite indicator of overall financial health. Poor credit is costly for city residents.

2) Dallas residents, on average, have poor credit compared with US residents or residents of other cities. Half of Dallas residents have subprime credit.

3) In some Dallas neighborhoods, the median credit score is subprime, while in others it is prime or higher.
Credit Use
About half of Dallas residents have access to credit
A credit card or other sources of credit can help residents meet their financial needs

Share of residents with credit card or other revolving credit

Source: Urban Institute tabulations of data from a major credit bureau, 2018.
Notes: A revolving account is one in which the credit may be used or withdrawn repeatedly up to a pre-approved credit limit. Credit cards are the most common type of revolving account. Dallas residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. Data Point: Credit Invisibles. Washington, DC: Consumer Financial Protection Bureau).
Credit burden for Dallas residents is similar to the national average

Credit card holders using a larger share of their available credit have larger debt burdens

Share of available credit used, among credit card holders

<table>
<thead>
<tr>
<th></th>
<th>National</th>
<th>Texas</th>
<th>Dallas</th>
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<tbody>
<tr>
<td>0%</td>
<td>29%</td>
<td>33%</td>
<td>33%</td>
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<td>5%</td>
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<td>35%</td>
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Source: Urban Institute tabulations of data from a major credit bureau, 2018.
Notes: Available credit is the credit amount available for the borrower to use; the amount difference between the credit limit and outstanding balance. Dallas residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. Data Point: Credit Invisibles. Washington, DC: Consumer Financial Protection Bureau).
Summary of findings on credit use

1) Having a credit card or other revolving debt 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.

2) Approximately half of Dallas residents have access to these sources of credit. The credit burden faced by Dallas residents with a credit card is similar to the national average.
Key takeaways

- Residents’ financial health is linked to cities’ financial health.

- Steps cities can take:
  - Offer financial coaching, counseling, and innovative uses of technology to help build residents’ financial well-being, including savings strategies.
  - Integrate financial interventions—such as those that help residents repay rent and utility debt—into other programs to meet people where they are.
  - Make saving easy through incentivized programs that provide matching funds to help residents build an emergency savings cushion and move up the economic ladder.

- To learn more about how Dallas’s financial health compares to similar cities across the country and specific actions cities can take to improve their residents’ financial health, explore Dallas’s profile on our interactive City-Level Dashboard.
Thriving Residents, Thriving Cities

INTERACTIVE FEATURE
The Financial Health of Residents: An Interactive Dashboard

RESEARCH BRIEF
Thriving Residents, Thriving Cities

BLOG
Financially Insecure Residents Can Cost Cities Millions

Thriving Residents, Thriving Cities

The economic health of cities and communities depends on residents’ financial health and stability. When residents thrive, cities are better able to thrive. And when residents struggle to make ends meet, cities can too. By improving family financial health, cities can bolster their own financial security and ensure that all residents have the chance to succeed.

Financial Health of Residents: A City-Level Dashboard
Credit scores perpetuate racial disparities, even in America’s most prosperous cities
Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities

Why Cities Should Care about Family Financial Security
The Financial Health of Detroit Residents
Detroit’s financial future is looking up, but residents have a long way to go
Debt in America: An Interactive Map

apps.urban.org/features/debt-interactive-map/
Family Financial Security Matters for Cities

The financial health of Dallas residents
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Diana Elliott, William Congdon, Breno Braga, Kassandra Martinchek, and Alex Carther

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