Unlocking Ohio’s economic potential

The impact of eliminating racial disparities on Ohio businesses, governments and communities

Overview
Ohio can grow its economy and preserve public resources by ensuring that every person has the opportunity to live a healthy life and fully participate in the state’s economy. When people are healthy and financially stable, their families, businesses and local communities benefit.

However, the 2023 Health Value Dashboard shows that Ohioans face worse health outcomes, including living shorter and less healthy lives, than people in most other states. Contributing factors include rising overdose and suicide deaths and Ohio’s long-term decline in labor force participation.

These challenges are especially stark for Black and Hispanic/Latino Ohioans, who often face barriers to health and employment — barriers that are rooted in systemic and historical injustices that continue to this day. This results in disparities, or systematic differences in outcomes, experienced across groups of Ohioans.

Beyond the substantial impacts on people and communities of color across Ohio, disparities in outcomes, such as life expectancy and overall health status, represent missed economic opportunities for Ohio businesses, governments and communities. Allowing these disparities to continue to exist will only result in a more economically unstable and unhealthy Ohio. By eliminating racial disparities, leaders in Ohio can grow the workforce, increase consumer spending, strengthen communities and reduce fiscal pressures on state and local budgets.

This analysis:
- Summarizes the factors that contribute to racial disparities in Ohio
- Provides new data on the economic benefits Ohio could gain by eliminating disparities
- Recommends a series of actions that Ohioans can take to eliminate racism, improve health and increase economic vitality

If Ohio eliminates disparities...
Researchers estimate that by 2050:

- Ohio could gain $79 billion in economic output each year

In addition, Ohio could gain:
- $40 billion more in total income
- $30 billion more in consumer spending
- $4 billion more in state and local tax revenues
- $3 billion in reduced healthcare spending
- $2 billion in increased employee productivity
- $821 million in reduced corrections spending
key findings for policymakers

1. Eliminating disparities experienced by Black and Hispanic/Latino Ohioans can increase the state’s health, well-being and economic vitality. Ohio stands to gain an estimated $79 billion in annual economic output by 2050 by providing fair environments and opportunities to every resident.

2. If Ohio fails to act, the state stands to continue losing billions of dollars in income, consumer spending, tax revenues, employee productivity and excess healthcare and government spending each year.

3. Leaders across various sectors have many options to drive meaningful change. Public and private partners from all corners of the state have a role to play in supporting the well-being of every Ohioan and maximizing everyone’s potential to contribute.

About this analysis
This analysis is a first-of-its-kind look at the economic potential associated with eliminating racial and ethnic disparities in Ohio. Building on recent national findings, researchers from Altarum, a nonprofit and nonpartisan research firm, measured current differences in outcomes in income, health and incarceration experienced across racial and ethnic groups. Researchers then calculated the economic effects of eliminating those disparities. They also quantified the ways Ohio’s changing demographics will affect those economic impacts over time.

This groundbreaking analysis offers fresh insights but comes with limitations. It may not fully account for all the economic benefits that could accrue to the public sector or businesses. Estimates also do not include the cost of any investments that may be needed to close gaps in outcomes. The findings nonetheless illustrate that advancing a more equitable Ohio is a path to economic growth. The methodology includes a detailed description of data sources and methods.

Key terms used in this analysis
- **Disparities**: Avoidable, patterned differences in outcomes across populations or communities
- **Inequities**: Unequal and unfair conditions that are the underlying drivers of disparities. For example, inequitable access to a quality education can lead to disparities in employment or wages
- **Racism**: The process by which policies, practices and beliefs inequitably distribute resources, power and opportunity based on race
Why do racial disparities exist in Ohio?

Research has shown that health is primarily shaped by the conditions of the places where we live, work and play. However, the resources, experiences and environments that support health are not equally available to all Ohioans.

For example, some neighborhoods have plenty of places to get affordable, nutritious food, while others are cut off from the supply of fresh produce. Place affects diet, which affects health.

Place also affects access to quality education, employment opportunities, safe housing and transportation — all of which play a role in health and well-being. In fact, it is estimated that 50% of the modifiable factors that influence health are attributed to the social, economic and physical environments (known as the social determinants or drivers of health); while 30% are attributed to health behaviors and 20% to clinical care (as shown in figure 1).³

Race and racism play a role in where people of different races and ethnicities live. Housing segregation — both historical and current — hinders access to safe neighborhoods, quality housing and education and employment opportunities for Ohioans of color.⁴ Many racially segregated communities were created through discriminatory policies of the past, such as when financial institutions used maps created by the federal government to “redline” neighborhoods where Black Ohioans lived, refusing to issue insurance and mortgages in those areas.⁵

By creating barriers to Black homeownership, this racially discriminatory policy undermined the generational build-up of home equity and related wealth.⁶ In other instances, white people benefited from government programs that Black people were restricted from accessing, such as when state governments, financial institutions and housing lenders used the GI Bill after World War II to promote homeownership and college education among white veterans, but barred Black veterans from accessing these same opportunities.⁷

These are examples of how racism unfairly and unequally distributes resources, power and opportunity, resulting in disparities in outcomes experienced by marginalized Ohioans of color.⁸ Racism shows up in society in many ways: in personal interactions; in the policies that govern schools, workplaces and other institutions; and in systems.⁹ This is illustrated in figure 2, which shows the four levels of racism. Because racism has been built into our systems over time, these systems can now produce unequal outcomes without the active participation of people who hold or act on racist ideas.¹⁰

Figure 1. **Modifiable factors that influence health**

- **Social, economic and physical environment**
  (Community conditions, such as economic stability, food insecurity, housing, education and transportation) — 50%

- **Clinical care**
  (Such as health care quality and access) — 20%

- **Health behaviors**
  (Such as physical activity and tobacco use) — 30%

- **Underlying drivers of inequity**
  Racism and other forms of discrimination (i.e., ableism, ageism), trauma, toxic stress and violence

*Source: University of Wisconsin Population Health Institute*
Structural racism places communities of color at a higher risk of experiencing violence, incarceration and other forms of trauma. Direct personal experiences of racism are also highly stressful. Over time, repeated or prolonged exposure to serious stressors can cause physical and mental exhaustion and toxic stress. Toxic stress results from prolonged activation of the body’s “fight-or-flight” stress response, leading to increased levels of the stress hormone cortisol. When the body is flooded with stress hormones, this harms the nervous, endocrine and immune systems. Over time, this “wear and tear” on the body contributes to poor health outcomes, including high blood pressure, heart disease, stroke, depression and maternal mortality, as illustrated in figure 3.

The effects of toxic stress can also be carried through generations, as toxic stress sends signals that can turn genes on or off. Some genetic changes increase the risk for certain diseases or health conditions. Those risks can be inherited by later generations.

Ohioans of color have faced centuries of policies and practices that limit the opportunity to live a long and healthy life. These conditions, rooted in current and past racist policies and practices, make it more difficult for community members to access resources they need to be healthy, as demonstrated in figure 4. For example, maternal and child health outcomes are a key measure of overall community well-being. Black infants in Ohio are 2.5 times more likely to die before their first birthday than white infants.

Figure 3. Toxic stress and health disparities

<table>
<thead>
<tr>
<th>Toxic stressors</th>
<th>Biological changes</th>
<th>Health disparities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Racism</td>
<td>High stress hormones</td>
<td>High blood pressure</td>
</tr>
<tr>
<td>Poverty</td>
<td>Genetic changes</td>
<td>Heart disease</td>
</tr>
<tr>
<td>Adverse childhood experiences (ACEs)</td>
<td>Harm to nervous, endocrine and immune systems</td>
<td>Stroke</td>
</tr>
<tr>
<td>Inequitable access to social drivers of health</td>
<td></td>
<td>Maternal and infant mortality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Depression</td>
</tr>
</tbody>
</table>
The connections between health and community factors are evident. Access to safe and affordable housing, healthy food, quality education, livable income, safety, desegregated neighborhoods and reduced incarceration are all linked to better maternal and child health outcomes, such as lower infant mortality rates.¹⁸

Notably, racial health disparities like infant mortality persist across socioeconomic groups, pointing to the impact of racism across income, education and geography. For all Ohioans to reach their full potential, racism and discrimination must be acknowledged and eliminated.

Racism and financial prosperity

Financial status involves both income (earnings from work or other sources) and wealth (financial assets accumulated over time, not only from current earnings). Wealth provides a safety net that can protect people and communities during moments when income is low or missing. Wealth can also make it easier to take advantage of opportunities that increase prosperity, from higher-quality education to financial investments. Home ownership is the most common way that families and individuals build wealth in the United States. Importantly, a lack of wealth in one generation has a cascading effect across time, as wealth is then not available to pass to the next generation.

Racism has a profound impact on financial prosperity for marginalized communities of color. Notably, historical policies including redlining, through which banks would not insure home mortgages for racial groups deemed too risky, have limited home ownership opportunities for marginalized communities of color. In current times, research has shown that Black properties are undervalued in appraisals, further hindering wealth building in Black communities.¹⁹ Racism also limits economic opportunity by limiting access to quality education, (e.g., Black veterans were prevented from using the GI bill to access higher education), which reduces the likelihood of securing higher-paying work.

The cascading effects of structural racism help explain why families of color face large wealth and income disparities in Ohio and across the United States. Incomes for Black and Hispanic/Latino Ohioans are about two-thirds the incomes of white Ohioans, as shown in figure 5. In terms of wealth, national Black and Hispanic/Latino homeownership rates were 42.1% and 47.7%, respectively, compared to a white homeownership rate of 73.3% in 2019.²⁰ It is projected that the Ohio homeownership rates in 2040 will be 73.1% for white Ohioans, 54.4% for Hispanic Ohioans, and 35.3% for Black Ohioans.²¹
What economic benefits could Ohio gain by eliminating disparities and inequities?

Disparities and inequities experienced by Ohioans of color limit opportunities to live long and financially stable lives. This translates to billions in lost economic opportunity each year. Eliminating current disparities in income, health outcomes and incarceration experienced by Ohioans of color would result in economic benefits across Ohio.

Eliminating disparities in income

Income shapes people’s ability to maintain good health by providing access to necessary resources such as health insurance coverage, nutritious food, safe housing and high-quality education. People with higher incomes tend to live longer and healthier lives than people with lower incomes.

Everyone deserves a full and fair chance to achieve financial stability, but not all Ohioans have the same access to jobs that pay a meaningful wage and include benefits like health insurance and retirement savings plans. Barriers to employment and wage growth can include a lack of affordable transportation and uneven access to training needed for career advancement. Ohioans of color are more likely to encounter these barriers, resulting in incomes for Black and Hispanic/Latino Ohioans that are less than two-thirds the incomes of white Ohioans, as shown in figure 5.

Researchers estimate that, if Ohio took steps to eliminate racial and ethnic disparities — so that the average incomes of Hispanic/Latino, Black and white Ohioans were all about $36,000 a year — the total income of all Ohioans would be 6.2% higher, representing $27 billion per year. The impacts of income growth on Ohio’s economy would include:

- **Growth in economic output:** This increase in earnings would result in growth in economic activity and in the size of Ohio’s economy. This would mean an estimated $51 billion increase in the annual gross state product (GSP).

Figure 5. Average annual individual income of Ohio adults by race/ethnicity, 2019

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Average Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>White, non-Hispanic</td>
<td>$35,721</td>
</tr>
<tr>
<td>Black, non-Hispanic</td>
<td>$21,171</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>$20,036</td>
</tr>
</tbody>
</table>

For this analysis

If disparities were eliminated, the average incomes of Hispanic/Latino, Black and white Ohioans would all be about $36,000 a year.

Source: U.S. Census Bureau, American Community Survey

Note: Current data sets do not allow for a meaningful analysis of Asian American experiences in Ohio, which can vary widely.
• **More spending on goods and services:** Higher incomes across Ohio would mean more spending on goods and services, bolstering employers and small businesses across the state. A $27 billion increase in income would lead to an estimated additional $21 billion in consumer spending on items like food, housing, clothing, transportation and entertainment.

• **Increased state and local tax revenues:** Higher incomes also generate more tax dollars for state and local governments. A $27 billion increase in income would generate nearly $3 billion in increased tax revenues, an 11.8% increase over taxes received in the state in 2020.²⁰

Because Ohio’s population growth is largely driven by communities of color (as detailed on page 8), the potential impact of closing disparities in income will increase over time. By 2050, this would mean the following for Ohio annually:

• $40 billion more in income
• $79 billion more in GSP—an increase that is more than the current gross domestic product of two-thirds of the countries in the world
• $30 billion more in consumer spending
• $4 billion more in state and local tax revenues

### Eliminating disparities in health outcomes

Many of the same factors that contribute to disparities in income also contribute to health disparities, such as limited access to employment opportunities, transportation and health insurance, as well as experiences of racism and discrimination. Ohioans of color are more likely to face these barriers to good health and experience related disparities, ranging from heart disease to early death, than white Ohioans.²⁴ For example, Black Ohioans are 1.3 times more likely and Hispanic Ohioans are 1.2 times more likely than white Ohioans to report low levels of overall health. Figure 6 displays disparities in overall health status experienced by Ohioans of color.

Health disparities also create substantial economic costs that are borne by all Ohioans. If disparities in health outcomes were eliminated so that Ohioans of color experienced the same health outcomes as white Ohioans, this would impact:

- **Healthcare spending:** Public and private insurer spending, as well as patient out-of-pocket spending on services and goods, such as hospital care, physician services, home health care and prescription drugs, would be reduced by an estimated $2 billion annually.
- **Employee health and productivity:** Labor market productivity, in the form of fewer sick days, more annual hours of work and wage increases, would increase an estimated $1 billion per year.
- **Years of life lost:** Differences in life expectancy experienced by Ohioans of color are associated with more than 130,000 years of life lost annually due to premature deaths, valued in economic terms at $14 billion per year.

By 2050, if current disparities remain, population growth and changing demographics will increase the economic burden of health disparities to $3 billion in excess healthcare spending, $2 billion in productivity costs and $18 billion in the value of lost life years.

![Figure 6. Percent of Ohio adults who report low levels of overall health by race/ethnicity, 2021](image)

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White, non-Hispanic</td>
<td>16.2%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>19.8%</td>
</tr>
<tr>
<td>Black, non-Hispanic</td>
<td>21%</td>
</tr>
<tr>
<td>American Indian or Alaskan Native, non-Hispanic</td>
<td>23.2%*</td>
</tr>
</tbody>
</table>

*Interpret with caution due to small sample size

**Note:** There is insufficient data on Asian and Native Hawaiian or Pacific Islander populations

**Source:** Centers for Disease Control and Prevention
Eliminating disparities in incarceration

Poor economic conditions, unemployment and low educational attainment can also lead to criminal justice involvement. Ohioans of color are more likely to experience these conditions and be negatively affected by unjust biases, policies and structures in the criminal justice system. This results in stark racial disparities in criminal justice outcomes, including that Black people are more likely to be charged with one or more crimes after arrest than white people, and defendants of color are less likely to receive reduced charges than white defendants. According to data from the Ohio Department of Rehabilitation and Correction, Black Ohioans are incarcerated at nearly six times the rate of white Ohioans (as shown in figure 7).

Current and prior involvement with the criminal justice system has wide-ranging negative effects on physical and mental health. It also causes long-term barriers to employment, education and housing.

Ohio spends more than $2 billion per year in general revenue fund dollars on corrections. If disparities were eliminated so that Black Ohioans were not disproportionately incarcerated, 40% fewer Ohioans would be incarcerated, corresponding to a savings of $638 million per year in corrections spending. By 2050, this would represent a reduction of more than 22,000 incarcerated people and a $821 million reduction in costs.

Ohio’s changing demographics

Ohio has always been a multi-racial state, with our racial and ethnic diversity serving as a source of cultural, social and civic prosperity. Today, communities of color are a key driver of our population growth. Between 2010 and 2020, all of Ohio’s population growth occurred among Ohioans of color. As our state’s population of consumers, workers and investors evolves to include more people of color, the benefits of eliminating racial disparities will become even more significant. Over the coming decades, as illustrated in figure 8, communities of color are expected to grow from one-fifth of the Ohio population to about one-third.
What can Ohioans do?
In 2020, Ohio Gov. Mike DeWine, along with 32 local governments and health departments in the state declared racism a public health crisis, acknowledging the severe negative impact that racism has on the health of our communities. Subsequently, countless private-sector organizations issued similar statements.30

Many are putting their words into action, however there is room to do more to advance public and private collaboration and motivate action. Ohioans of all ages and from all sectors, communities and backgrounds can take meaningful steps to dismantle systemic racism and improve the health and economic vitality of the state. Recommended action steps, as well as examples of how people are changing systems for the better, are outlined below.

<table>
<thead>
<tr>
<th>Recommended action steps</th>
<th>Implementation examples</th>
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<tr>
<td>1. Implement and assess policies and programs that promote justice and fairness. Establish and measure plans, policies and initiatives that eliminate racism and increase opportunities for good health.</td>
<td>Meigs County, Ohio: The Meigs County Health Department’s Health Equity Policy describes the organization’s plan to align programs and resources, work in partnership across communities, improve data collection and analysis and work at the policy level to advance health equity. Virginia: The Virginia Joint Legislative Audit and Review Commission provides racial and ethnic impact statements that examine proposed criminal justice legislation for potential impact on disparities. Illinois: In 2021, Illinois passed the &quot;Illinois Health Care and Human Services Reform Act,&quot; which sought to expand access to health care for residents with low incomes and in rural areas to end inequities.</td>
</tr>
<tr>
<td>2. Tailor policies and practices to support Ohioans of color. Partner with and engage communities and customize approaches to ensure they fit the needs of the community.31</td>
<td>Toledo, Ohio: The Toledo Racial Equity and Inclusion Council is a public-private partnership formed to engage community members to address the root causes of poverty, dismantle systemic barriers caused by structural racism and build wealth within communities of color. Ohio: The Ohio Department of Health has designated 735 neighborhoods across the state as Health Improvement Zones, which can inform long-term planning to address inequities.</td>
</tr>
<tr>
<td>3. Allocate funding and resources to support policies that strengthen Ohio’s communities. Ensure that all communities can access the resources and services they need for good health, such as equitable access to education, workforce development programs and safe and affordable housing.</td>
<td>Columbus, Ohio: Franklin County and the City of Columbus collaborated to develop a Housing Action Fund to expand the availability of affordable places to live. Denver, Colorado: CareerConnect partnered with Denver Public Schools’ Division of Student Equity and Opportunity to make career-technical education programs accessible to all students. The program connects students with employers from growing industries and increases student engagement with the workforce through internships and apprenticeships.32</td>
</tr>
</tbody>
</table>
4. Increase accountability for eliminating disparities in outcomes. As policies and programs to eliminate disparities are implemented, ensure that these policies are evaluated, and progress is reported.

Ohio: The Ohio Department of Medicaid, in partnership with managed care plans, is focused on eliminating disparities in infant mortality in the state’s ten Ohio Equity Initiative (OEI) communities. The OEI Evaluation project aims to determine the extent to which the selected interventions serve high-risk Medicaid-enrolled pregnant women and assess the effect of these interventions on health care utilization and birth outcomes.

5. Implement criminal justice policies that provide accountability while addressing the underlying causes of criminal offenses, such as mental health and substance use disorders. Related strategies include treatment courts, pretrial diversion and pretrial services programs.

Montgomery County, Ohio: The Montgomery County Prosecutor’s Diversion Division offers a deferred prosecution program that provides accountability while preventing people from being unnecessarily caught up in the criminal legal system.

Lucas County, Ohio: In 2015, Lucas County courts adopted the Arnold Foundation’s Public Safety Assessment tool, which helps judges more fairly and reliably assess whether people with a legal problem can await trial without being jailed. After the first year of implementation, court appearance rates improved, along with public safety rates and pretrial success rates. Several other Ohio counties have pretrial service programs.

Harris County, Texas: Harris County adopted bail reforms in 2019, amending its local bail ordinance to require unconditional release of defendants charged with most misdemeanors. People who do not qualify for immediate unconditional release must be given a hearing within 48 hours and any bail amount set must be within a defendant’s ability to pay. After this change, researchers found that there was no increase in recidivism rates among people released pretrial. Additionally, the disparity in pretrial release rates for Black and white defendants narrowed, indicating that the pretrial process was more equitable.

6. Increase equitable access to financing, support and business resources for entrepreneurs from systematically disadvantaged communities.

Ohio: The Ohio Department of Development’s Minority Business Enterprise Program is designed to ensure that businesses owned by people of color have a full and fair chance to do business with state government.

Pennsylvania: The Pennsylvania Minority Business Development Authority provides low-interest loans to businesses owned and operated by people of color, who are more likely to be charged higher interest rates by private lenders.

Other resources and recommendations for action:
- Connections between Criminal Justice and Health
- Connections between Racism and Health: Taking Action to Eliminate Racism and Advance Equity
- Social Drivers of Infant Mortality: Recommendations for Action and Accountability in Ohio
Conclusion

Past progress demonstrates that strong leadership, bipartisan cooperation, sustained investment and local collaboration can reduce disparities and improve opportunities for every Ohioan. For instance, pandemic-related policies that extended healthcare access and provided support to families with children likely reduced disparities in access to care and child poverty. Without further action and collaboration to eliminate racial disparities and inequities, Ohio stands to lose billions of dollars in economic potential each year. By closing gaps in outcomes, leaders across the state can improve Ohio’s economic vitality and strengthen the health and well-being of Ohio’s communities.

Notes

26. Ibid.


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