



News Release

For Immediate Release

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New Report Finds Millions of Americans Stuck in Perpetual Financial Insecurity

***Situation Particularly Dire for Families of Color as State and Federal Policies
Provide Little Relief, According to “2016 Assets & Opportunity Scorecard”***

Washington, D.C. – Despite the nation’s on-going economic recovery, millions of low- and moderate-income Americans are, like the Greek mythological character Sisyphus, perpetually forced to push an outsized boulder up a steep hill with little prospect of reaching stable financial ground, according to new research by the Corporation for Enterprise Development (CFED).

CFED’s *2016 Assets & Opportunity Scorecard* concludes that today’s economic status quo offers little hope to these struggling families. Without sufficient income to cover basic needs such as housing, it becomes next to impossible to build up even a small amount of savings for unforeseen expenses or to plan for a more prosperous future.

The outlook is particularly dire for individuals and families of color, who are 2.1 times more likely to live below the federal poverty level and 1.7 times more likely to lack liquid savings. African-American and Latino consumers also are significantly more likely to have subprime credit scores.

Even people of color who started their own business to survive during the recession are falling behind. While the latest data show that the average value of minority-owned businesses increased by nearly \$22,000 (10.8%) since 2007, the average white-owned businesses saw their value rise by more than \$121,000 (22.6%) during that same period. The average white-owned business now is worth \$656,364, compared to just \$224,530 for a minority-owned business.

“Making ends meet for these families requires constantly juggling a series of complex choices and often ‘robbing Peter to pay Paul’ just to manage week-to-week finances,” said Andrea Levere, president of CFED. She noted that a few policies alone won’t change the trajectory for struggling households. “We need to rethink many of the structures, systems and assumptions on which our current economy is built and create an opportunity economy where anyone who works hard has a real chance to climb up the hill.”

The *Scorecard* presents a huge compendium of financial data that paints a clear picture of interconnected frustration. For instance, taking just the example of housing, more than half (51.8%) of all renters are “cost-burdened,” meaning they spend more than one-third of their income on

housing. That housing expense reduces income to pay for food, doctors and child care, leaving bills that can't be paid on time and forcing consumers to take on high-cost, short-term loans.

Published annually, the *Assets & Opportunity Scorecard* offers the most comprehensive look available at Americans' ability to save and build wealth, stay out of poverty and create a more prosperous future. This year's *Scorecard* assesses the 50 states and District of Columbia on 61 outcome measures spanning five issue areas: Financial Assets & Income; Businesses & Jobs; Housing & Homeownership; Health Care, and Education. It also ranks the states on 69 policies that promote financial security.

Among the *Scorecard's* key findings:

- Homeownership rates remain at historic lows, falling to 63.1% for the eighth consecutive year of decline and contributing to crowding and rising costs in the rental market.
- Fully 14.3% of adults say there was a time in the past year that they needed to see a doctor but could not because of cost. The statistics are worse for individuals of color with one in four Latino adults and one in five African-American adults saying money concerns prevented them from seeing a doctor.
- Although both high school graduation rates (82.3%) and four-year college degree attainment (30.1%) increased from 2013 to 2014, racial disparities remain severe. Less than 20% of African-American adults and fewer than 15% of Latino adults hold four-year degrees.
- While the national unemployment rate has dropped to 5%, the underemployment rate is twice as high, at 10.8%. What's more, one-in-four jobs is in a low-wage occupation.
- Building up even a small amount of savings is a challenge for almost half the country. Some 44% of households are "liquid asset poor," meaning they have less than three months of savings to live at the poverty level if they suffer an income loss.
- Business ownership among both men and women (21.4% and 17.1% of the labor force, respectively) declined from 2007 to 2012, even as average business value for both groups increased. Yet female-owned businesses still are worth only a third the value of the average male-owned business — \$239,486 to \$726,141, respectively.

"Breaking this perpetual cycle of financial insecurity will require widespread changes to our policies and programs," said Kasey Wiedrich, CFED's director of applied research. "We know that policy can change lives; look at the Earned Income Tax Credit, the most effective anti-poverty program in the country."

Unfortunately, the latest *Scorecard* found only fleeting examples of federal and state governments pursuing any policy changes over the past year that would make a difference for low- to middle-income families.

On the plus side, six states – California, Colorado, Maine, Massachusetts, New Jersey and Rhode Island– either created, expanded or restored their state Earned Income Tax Credits for low-income households. Three other states – Vermont, West Virginia and North Dakota – either started or expanded college savings programs for their youngest residents.

At the federal level, the Affordable Care Act had a dramatic impact on health coverage. Uninsured rates declined nationally from 16.7% percent in 2013 to 13.5% in 2014, meaning about 8.2 million

new people gained health insurance. Rates declined in every state and D.C., most notably in Kentucky, Nevada and West Virginia.

“There certainly are many positive signs that our economy is improving,” concluded Levere. “But there also is very compelling evidence that many households continue to struggle and can’t find a way up. We can and should take steps to help them.”

To read an analysis of key findings from the 2016 *Assets & Opportunity Scorecard*, [click here](#). To access the complete *Scorecard*, visit <http://scorecard.cfed.org>.

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CFED's work makes it possible for millions of people to achieve financial security and contribute to an opportunity economy. We scale innovative practical solutions that empower low- and moderate-income people to build wealth. We drive responsive policy change at all levels of government. We support the efforts of community leaders across the country to advance economic opportunity for all. Established in 1979 as the Corporation for Enterprise Development, CFED works nationally and internationally through its offices in Washington, D.C.; Durham, North Carolina, and San Francisco, California.

To improve policies and programs that promote financial security and opportunity, CFED is the backbone organization for a national Assets & Opportunity Network, which is comprised of nearly 2,000 advocates, service providers, researchers, financial institutions and others representing all 50 states and DC. To learn more about the Assets & Opportunity Network and to join, visit <http://assetsandopportunity.org/network>.