

**For Immediate Release**

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## **Recession May Be Past, But Underemployment and Low-Wage Jobs Still Define Landscape in Maryland**

### ***State Ranks 22<sup>nd</sup> Overall in Financial Security of Residents; 1<sup>st</sup> in Nation for Policies to Help Residents, Yet Households of Color Face Huge Uphill Climb***

WASHINGTON, D.C. – Even though the national unemployment rate has dropped to 5 percent in recent months, the underemployment rate in Maryland remains stubbornly high with only negligible improvement in the number of state residents stuck in low-wage jobs, according to a new report from the Corporation for Enterprise Development (CFED).

Indeed, 35 percent of Maryland’s households are locked into a “new normal” of perpetual financial insecurity, unable to build the savings needed to last even three months in the event of an emergency. The research, reflected in CFED’s 2016 *Assets & Opportunity Scorecard*, also found that state policies are doing little to improve the financial security of Maryland residents.

The situation is most dire for households of color. African-American and Latino households in Maryland are significantly more likely to live below the federal poverty line compared to white households. Even more startling, new data show that businesses owned by whites in Maryland are valued more than nine times higher than businesses owned by African-American residents.

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 all 50 states and the 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. When it comes to outcomes, Vermont ranks at the top of the country overall, while Mississippi ranks last.

Maryland’s 22<sup>nd</sup>-place outcome ranking remained the same from last year. The state made its best showing in Education outcomes, receiving an “A” in this area due in part to high rankings on college degree attainment, with 44.8% of adults holding at least a two-year degree and 38.2% of residents 25 and older holding a four-year college degree. Maryland received a “D” in Housing & Homeownership, ranking 39<sup>th</sup> in the nation in this area and placing it among the worst states for foreclosures (ranked 42<sup>nd</sup>) and delinquent mortgage loans (ranked 45<sup>th</sup>). The state received a “C” in Financial Assets & Income because although Maryland has the third-lowest income poverty rate in the nation, it also ranks 42<sup>nd</sup> for underbanked households (23.9%), meaning many people are turning to high-cost alternatives to mainstream financial services despite owning a checking or savings account. Marylanders also fared poorly in Businesses & Jobs and Health Care, earning a “C” in both categories, due in part to a low small

business ownership rate, ranked 44<sup>th</sup> nationwide, and the fact that employees, on average, take on a relatively large share of health insurance premiums (30.3%).

The *Scorecard* also evaluates 69 different policy measures to determine how well states are addressing the challenges facing their residents. Maryland remains the strongest state in terms of policy adoption, once again ranking first in the nation. The state ranks among the best states across all issue areas and is ranked first in three of the five, including Financial Assets & Income, Housing & Homeownership and Education. Maryland ranked 17<sup>th</sup> in Businesses & Jobs and 7<sup>th</sup> in Health Care.

“The ‘CASH’ in ‘Maryland CASH Campaign’ stands for ‘Creating Assets, Savings and Hope’, which is what we strive to do by working to ensure hard-working Marylanders receive all of the benefits and tax credits for which they are eligible,” says Robin McKinney, Director, Maryland CASH Campaign. “One of these programs is the Earned Income Tax Credit (EITC) which provides much needed funds to Maryland’s low-to-moderate income workers. EITC is the most effective anti-poverty tool in the US. Research shows that EITC actually helps the working people who access it move up the income scale and out of poverty – they use the windfall of EITC funds to pay down debt, improve their transportation situations and for continuing education. We’re proposing new EITC legislation making refunds more equitable for *all* eligible workers. While workers with children may receive thousands of dollars in EITC, childless workers are only eligible for a fraction of that – just 25.5% of their federal EITC refund. Workers at the official poverty level get an even smaller state credit of \$43, and a full-time minimum wage worker would get just \$5. On the other hand, workers with dependents receive significantly higher EITC refunds at tax time. We believe it’s time to level the playing field.”

Across the nation, the *Scorecard* found scant evidence that federal and state governments were willing to embrace policies that would open new doors to greater financial security for those struggling the most in the American economy. Without such commitments, most low-income individuals—particularly people of color—find themselves falling farther behind.

Among the key findings from this year’s *Scorecard*:

- 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.

“There certainly are positive signs that the nation’s economy is improving,” noted Andrea Levere, President of CFED. “But there also is very compelling evidence that many households are stuck in a financial hole and are struggling to dig themselves out. State governments can play a critical role in helping them move on to firmer ground and a more prosperous future.”

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, DC; 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>.*

*The Maryland CASH Campaign is a statewide network of organizations that promotes programs, products and policies that increase the financial security of low-to moderate-income individuals and families across Maryland. Maryland CASH advocates on behalf of these families, as well as provides financial education programs such as the Maryland CASH Academy at <http://www.mdcashacademy.org/>. Their partner organizations provide free tax preparation sites offering access to appropriate financial services and benefits screening. For more information, contact Ms. Sue Rogan, Director of Financial Education, Maryland CASH Campaign, at [sue@mdcash.org](mailto:sue@mdcash.org) or 443-692-9425. [www.mdcash.org](http://www.mdcash.org)*