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33 Whitney Avenue
New Haven, CT 06510
Voice: 203-498-4240
Fax: 203-498-4242
www.ctkidslink.org

Contact: Joachim Hero, MPH, Research Associate, (203) 498-4240
Doug Hall, PhD, Associate Research Director, (203) 498-4240

Connecticut grade for family assets drops to C in national report
3rd Family Assets Scorecard 2007 finds great prosperity, as well as widespread inequality, high debt and troubling trends

Connecticut is leaving many of its families out in the cold, struggling to find holiday cheer in their deteriorating fiscal situations. Connecticut's ranking in the latest *Family Assets Scorecard* has dropped from an A to a C since the 2005 *Scorecard*, reflecting wide demographic disparities, high levels of debt, declining homeownership, and growing numbers of households with no employer-provided health insurance despite the state's apparent overall prosperity, according to a report released today by Connecticut Voices for Children.

While Connecticut continues to rank among the top states on measures on net household worth and educational achievement, the *Scorecard* also highlights disparities in household assets on the basis of race that threaten Connecticut's economic strength and quality of life.

"Connecticut is home to people who earn some of the highest salaries in the country, yet a large number of families are a paycheck away from financial disaster," said Joachim Hero, Research Associate at Connecticut Voices and co-author of the report. "Connecticut's image is of a state of great prosperity, yet a closer look shows that wealth, security, and opportunity are not broadly shared."

The *Scorecard*, drawn from the national *Assets and Opportunity Scorecard*, was prepared in partnership with the Corporation for Enterprise Development (CFED), a Washington DC-based organization that works to expand economic opportunities. The national report measures the financial security of families in the United States based on level of savings, investments, home equity, and protections against financial setbacks. States are ranked on 46 measures of family "assets" in the areas of financial security, business development, homeownership, health care and education.

While most surveys of family economic well-being focus on income, this report focuses on how well families are developing and preserving assets – the building blocks of opportunity as well as the safety net against financial ruin. Families with assets – in the form of home equity, small business ownership, advanced education, and savings – are better able to weather economic crises that emerge unexpectedly. When confronted with economic disruptions from illness,

divorce, or unemployment, families *without* assets can find their hopes for future prosperity dashed.

Connecticut received a “B” in the 2002 *Scorecard* and an “A” in the most recent *Scorecard* in 2005. This year’s, the state’s grade slipped to a “C.”

The state’s suddenly mediocre grade appears to be the result of three factors. First, the most recent scorecard includes several new measures that focus on ethnic and gender disparities, areas in which Connecticut performs poorly relative to other states. Second, Connecticut’s performance has declined on several measures -- home ownership and median net worth have dropped since 2005, more households have zero or negative net worth or have filed for bankruptcy, fewer have checking accounts, and fewer workers get health insurance from employers. Third, even in areas in which Connecticut’s performance remained constant, or even improved, other states showed improvement that exceeded Connecticut’s, resulting in a slip in Connecticut’s relative ranking.

“Strikingly,” noted Shelley Geballe, President of Connecticut Voices for Children, “this report finds that Connecticut’s minority populations face even greater inequality in their assets (as compared to whites) than they do in their income. White households have average assets (at the median) that exceed \$179,000, compared to just \$7,000 for minority households. That is, minority households in Connecticut on average have just 4% the wealth of white households. This places our minority families at enormous financial risk, and constricts the opportunities for their children to achieve a better life.” Of the 30 states examined on this measure, Connecticut has one of the highest racial disparities in assets and homeownership, with minorities more than three times as likely to be asset poor than whites, and less than 60 percent as likely to own a home.

Despite losing ground, Connecticut continues to rank well compared to other states on some measures:

- **Connecticut ranks fifth among states in net worth of its households.** Connecticut’s median household net worth is \$116,850, down from \$127,604 (both in 2004 dollars).
- **Connecticut ranks among top states in the concentration of workers with college degrees.** The state ranks 4th highest in the share of adults with two years of college and higher, and 4th highest in the share of adults with four years of college and higher.

However, other measures show that a lack of assets among many families, high levels of debt, and racial disparities threaten the state’s overall quality of life and economic security:

- **One in five households in Connecticut is asset poor,** meaning they do not have sufficient resources to survive at the poverty level for three months without any income. One in four Connecticut children live in asset poor households.

- **Connecticut has among the worst racial disparities in assets in the nation. Minority households are much less likely to be homeowners and are more likely to have low assets, as compared to white households.**
 - Homeownership among minorities, at 43.1 percent, is far lower than the 74.5 percent homeownership rate among whites. This racial disparity places Connecticut 43rd out of 51 states and the District of Columbia, making it one of the most inequitable states, based on homeownership rates by race, in the nation.
 - Minority households in Connecticut are far more likely to be asset poor than white households. Only 13 percent of white households were asset poor, while 41 percent of minority households were asset poor.
 - The median white household in Connecticut is nearly 27 times wealthier than the average minority household. Connecticut's ranking is 26th out of 28 states measured, with only Massachusetts and New York showing greater inequality in household assets.

- **Connecticut households face a high debt load**, with the third highest level of average credit card debt in the country (\$2,094) and the 10th highest level of average mortgage debt in the country (\$151,914).

Connecticut's rankings on health care measures remain high, but show signs of deterioration.

- **Connecticut ranks 4th in the nation in the share of its working age population covered by employer-provided health insurance**, with 71.4% covered. Only New Hampshire, Minnesota, and New Jersey rank higher. **However, employer-provided health insurance for workers under 65 has declined 4.8 percentage points since 2000; the decline in coverage for children has been even greater, down 6.1 percentage points.** In both cases, the decline is greater than the national rate.

Connecticut Voices for Children will make recommendations to the 2008 General Assembly for legislation that would help families build and protect family assets. Some possible initiatives could include:

- Greater public investment in affordable housing and in initiatives to support first-time homeownership.
- Greater access to health insurance and quality affordable health care to protect family financial assets in the case of medical emergencies.
- Increased public investment in educational programs from birth through higher education, and greater financial assistance so lower- and middle-income youth can afford to complete college without taking on excessive debt.
- Greater public and private financial assistance for small business development.

“Connecticut’s elected leaders need to do a better job of developing policies to help families get and stay on the path to prosperity, regardless of their race or ethnicity.” said Douglas Hall, Associate Director of Research at Connecticut Voices for Children and co-author of the report.

Connecticut Voices for Children is a research-based policy and advocacy organization committed to promoting leadership, policy change, and investment on behalf of all of Connecticut's children and youth. For more information on Connecticut Voices, or to read Voices report, Family Assets Scorecard 2007, see www.ctkidslink.org.

For more information on CFED and national comparison data, see www.cfed.org/go/scorecard.

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