

Family Assets in Connecticut – An Overview

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Assets are the way resources can be moved through time. They are durable and can be leveraged – allowing for relatively great appreciation. They are flexible and can be used to survive a time without a job, meet an emergency, invest in a business, purchase a home, or finance an education.

In a very real sense, it is assets that allow people to live in and for the future – they provide the reason to believe in it, the confidence to shape it, the impetus to plan for it, the investment to make it real.

Corporation for Enterprise Development, *2002 State Asset Development Report Card: Benchmarking Asset Development in Fighting Poverty*

While there is much policy focus on family income -- the proportion of children and families living below the federal poverty level, and the importance of a more robust and accurate way to measure family economic self-sufficiency -- far less attention has been paid to family assets. Yet a family's assets protect against economic ruin if a parent loses employment, and also provide a bridge to a brighter future, enabling families to move themselves out of poverty -- permanently.

A 2002 report jointly released by CT Voices for Children and the Corporation for Enterprise Development (CFED) gave Connecticut an "honorable mention" in the nation's first-ever national "report card" on family assets. In a state-by-state analysis of family asset outcomes and policies, Connecticut earned a "B" grade on the Asset Outcome Index (20th best in the nation) and a "B" on its Asset Policy Index (12th best).

The report, entitled *State Asset Development Report Card: Benchmarking Asset Development in Fighting Poverty*¹, examined how well the 50 states had done on 68 separate measures of family asset "outcome" (like homeownership, household net worth, educational attainment, and business ownership) and family asset "policy." Asset policies promote and protect the accumulation of family assets and include such measures as education funding at all levels; loans for homeownership and business startup; and asset protecting strategies, such as health insurance, workers compensation, and unemployment insurance. The report included measures of family wealth that have never before been reported on a state-by-state basis.

As is so often the case in Connecticut, strong overall results masked troubling disparities that invite – indeed demand – proactive public policy responses. Particularly troubling were disparities based on race and ethnicity. Connecticut's minority populations fared poorly on many measures.

While *income self-sufficiency* remains elusive for a significant proportion of Connecticut families, this report highlighted the fact that *asset poverty* threatens an even broader range of Connecticut families. Concurrent with release of the CFED report, CT Voices for Children released a state level report, *Connecticut Family Assets: Asset Outcomes, 2002*², which focused on Connecticut's specific performance in promoting and protecting family assets.

¹ Further information about the *State Asset Development Report Card*, including the report itself, can be found at <http://sadc.cfed.org/>.

² www.ctkidslink.org/publications/econ02CtFamAssOut10.pdf.

Among the key findings of the CFED and CT Voices' reports are:

- **Nearly one in four (22.5%) of Connecticut households are “asset poor.”** That is, their net worth is insufficient to support the household for more than three months if family income is interrupted, even if the family cuts its expenses to live at federal poverty level standards (\$18,100/year for a family of four in 2002). Twenty-eight states out-perform Connecticut on this measure.
- **Nearly one in six (16.1%) of Connecticut households has either zero net worth, or negative net worth** (household debt greater than all financial assets). Connecticut ranks in the bottom third among states (36th) on this very basic measure of family economic security.
- **On many measures of family assets, Connecticut’s minority populations fare far less well than their counterparts in other states.** For example, on homeownership rates by race, Connecticut ranks 42nd best; on college attainment by race, Connecticut ranks 42nd; and on minority entrepreneurship, Connecticut ranks 36th.
- **Connecticut’s racial inequality in family assets exceeds its inequality in family income.** While the mean net worth of white Connecticut households is nearly 3.5 times that of non-white households, the median income of white households exceeds that of black and Hispanic households by about half that margin (1.6 and 1.8 times greater, respectively).

| Towns | Median House Value | % Change in Median House Value: 1990-2000 |
|-----------------------|--------------------|---|
| Highest Values | | |
| New Canaan | \$831,000 | 66.2% |
| Greenwich | \$781,500 | 56.3% |
| Darien | \$711,000 | 53.7% |
| Weston | \$633,900 | 38.1% |
| Westport | \$625,800 | 48.2% |
| Lowest Values | | |
| Hartford | \$93,900 | -29.8% |
| New Britain | \$96,900 | -30.4% |
| Waterbury | \$101,300 | -23.1% |
| Windham | \$105,200 | -18.5% |
| Plainfield | \$106,900 | -8.8% |
| New London | \$107,900 | -18.0% |
| Putnam | \$108,000 | -9.7% |
| New Haven | \$109,200 | -24.7% |

Source: Percentage Change in Median House Values, 1990-2000, *The Connecticut Economy* (Summer 2002), pp. 10-11.

- **Statewide average measures of assets**, including homeownership rates, median house values (and *changes* in those values), and educational attainment **mask some very significant differences** in these key family assets across Connecticut’s 169 towns, as well as inequalities by gender and by race.

- **Connecticut ranks #1** in the nation on reading proficiency among 4th graders and employer-provided health insurance. It also ranks 3rd highest on math proficiency among 4th graders and in the proportion of households with a savings account, and 5th best on the proportion of household heads that have completed four years of college.

- **Connecticut’s lowest ranking was on private loans to small business.** Connecticut was 49th (second last) among states on funding available for small businesses

(measured by the dollar amount of private business loans under \$1 million, per worker).