CONNECTICUT VOICES FOR CHILDREN

NEWS RELEASE

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Family Assets Scorecard: Connecticut Has Among the Worst Racial, Ethnic, and Income Group Gaps in Nation

Report also finds state ranks poorly in housing affordability measures

As Connecticut's recession strains the financial resources of the state's families, a new report indicates that Connecticut has among the worst gaps in the nation in family assets between racial, ethnic, and income groups. The *Connecticut Family Asset and Opportunity Scorecard* was released today by Connecticut Voices for Children, a research-based policy think tank.

While most surveys of family economic well-being focus on income, this report focuses on how well families are developing and preserving assets – in the form of savings, home equity, business ownership, access to health care, and educational attainment. The report concludes that low family asset resources have diminished economic opportunities for many families and have left them poorly prepared to manage effects of the economic downturn. Connecticut Voices calls for state policies that would boost family assets and opportunities, including a state earned income tax credit, improved access to health insurance, homeownership incentives, supports for small business development, and a strategic economic development plan.

"Family assets are the building blocks of economic opportunity," said Joachim Hero, Research Associate at Connecticut Voices and author of the report. "For Connecticut to achieve a genuinely healthy and prosperous economic future, we must ensure that opportunity and wealth are more broadly shared."

While Connecticut continues to rank high among states on average measures of net household worth and educational achievement, inequalities and unaffordable housing brought down Connecticut's overall scores on the Scorecard. Among the 58 asset measures evaluated in the Scorecard, Connecticut ranked among the lower half of states with available data for 24 measures. More than one in five households (22%) in Connecticut is asset poor, meaning they do not have sufficient resources to survive at the poverty level for three months without any income.

Connecticut has among the worst racial and ethnic inequalities in family assets in the nation. For example, the median net worth of white-headed households ($195,771) in Connecticut is 65 times the median net worth of minority-headed households ($3,000). Indeed, racial and ethnic minorities in Connecticut aren't just worse off than whites in their net worth; they are worse off than minorities in most other states. Connecticut's minorities had lower net worth than their counterparts in 32 of 33 states with available data. Connecticut's homeownership rate among minorities is 42%, compared with 78% among whites, leaving the state with a rank of 45th of 50 states and D.C. in homeownership disparity by race. Inequalities extend to access to health care – 7.6% of the state's white population was uninsured for the entire previous year, compared to 19% of the state's minority population, ranking Connecticut 41st among states in health insurance inequality.

The state also has among the worst gaps in the nation between higher- and lower-income groups in family asset measures. Connecticut ranked 25th in gap in net worth between high- and low-income residents among 33 states with available data. While 92% among households in the top twenty percent of income were homeowners, only 22% of those in the bottom twenty percent of income were homeowners. Connecticut ranked 49th among 50 states and D.C. in homeownership disparity by income. One in four (25%) of state residents under 200% of the federal poverty level were uninsured for the entire year, compared to 5.8% of those above this income level, giving Connecticut a rank of 47th of 50 states and D.C. in health insurance disparities by income.

Connecticut received its worst grade in the area of housing and homeownership. The state received a grade of "D" in the scorecard in the area of homeownership, because of its racial and income gaps in homeownership and because of the high cost and low affordability of housing. Connecticut was ranked 34th of 43 states with available data in affordability, 40th of 50 states and D.C. in housing cost burdens for homeowners, and 44th of 50 states and D.C. in housing cost burdens for renters. In Connecticut, 36% of homeowners and 49% of renters spent more than 30% of their incomes on housing costs in 2007. According to the Department of Housing and Urban Development, people who spend more than 30% of their income on housing costs are cost-burdened and may have difficulty affording other necessities.

Connecticut ranks poorly in business creation. The state was ranked worst (51st of the 50 states and D.C.) in business creation, a measure of new business establishment openings per 1,000 workers. Connecticut's low business creation rate may in part be a result of its poor ranking on the amount of private loans to small businesses, ranking 34th of 50 states and D.C.

The Connecticut Scorecard, drawn from the national *Assets and Opportunity Scorecard*, was prepared in partnership with the Corporation for Enterprise Development (CFED), a national 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 assets and income, businesses and jobs, housing and homeownership, health care and education.

To help families build assets and improve economic opportunities, Connecticut Voices for Children recommends:

- Policies to reduce racial and income disparities in the state, such as a state earned income tax credit, homeownership initiatives, and improved access to health insurance.

- Implementation by the state of a comprehensive, strategic economic development plan that includes regular evaluations of the economic returns of current state economic development initiatives and supports for small business development.
- Increased public supports that make higher education more affordable and achievable.

"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, ethnicity or income," said Jamey Bell, Executive Director of Connecticut Voices for Children. "Building family assets should be a core part of a comprehensive economic development plan for the state."

Connecticut Voices for Children is a research-based policy think tank committed to promoting leadership, policy change, and investment on behalf of Connecticut's children and youth. For more information on Connecticut Voices, or to read Voices report, *Connecticut Family Assets and Opportunity Scorecard 2009*, see www.ctkidslink.org.

The Corporation for Enterprise Development (CFED) is a national economic nonprofit that expands economic opportunity by helping Americans and their children build assets, save for the future, start and grow businesses, pursue education and become homeowners. For more information on CFED and national comparison data, see scorecard.cfed.org.

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