



Connecticut Is Losing Ground in Family Assets and Opportunity

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"Getting by" may require only a paycheck, but getting ahead requires a variety of assets, a financial safety net, education, and health care.

CFED, *2007-2008 Assets and Opportunities Scorecard* (2007)

A core value in our state and nation is the importance of assuring equal opportunity for all, so that hard work is rewarded with getting ahead economically. While increasing income is important to economic mobility, financial assets are equally important. Assets provide a financial buffer against economic ruin when income is interrupted and also the means for economic advancement – whether through higher education, the purchase of a home, or the start of a business.

Unfortunately, Connecticut is not investing sufficiently in building its families' assets. The state's ranking in the *2007-2008 Family Assets and Opportunities Scorecard* has dropped from an A (in 2005) to a C, reflecting -- despite the state's apparent overall prosperity -- wide demographic disparities, high levels of debt, declining homeownership, and growing numbers of households with no employer-provided health insurance.¹

While Connecticut continues to rank among the top states on measures on household net 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 Earns a "C" Grade in Assets and Opportunity

Connecticut received a "C" grade, ranking it 24th best out of 51 states and the District of Columbia on the *Scorecard's* combined measures for asset development.

Since, traditionally, Connecticut has compared quite well to other states on measures of wealth and asset-building potential,² this year's "C" rating is cause for concern.

Connecticut's favorable past performance masked great disparities in its subpopulations. The *2007-08 Scorecard*, however, added several measures that gauged the performance of different subgroups on the *Scorecard*. This year's mediocre overall grade gives a more accurate assessment of the state and appears to result from:

- The inclusion of new measures that focus on racial/ethnic and gender disparities, areas in which Connecticut performs poorly relative to other states.
- A decline in Connecticut's performance on multiple asset indicators: less home ownership; more households with zero or negative net worth or who have filed for bankruptcy; fewer families with checking accounts; and fewer workers receiving health insurance from their employers.
- Other states showing improvement that exceeded Connecticut's progress, resulting in a slip in the state's relative ranking.

A Lack Of Assets, High Levels Of Debt, And Racial Disparities Threaten The State's Overall Quality Of Life And Families' Economic Security and Opportunity

Assets. One in five (20%) of Connecticut households is *asset poor*, meaning it lacks sufficient resources to survive for three months without any income even if expenses were reduced to living at the poverty level. One in four (25%) Connecticut children live in an asset poor household. In the past year, the share of Connecticut families who are asset poor has grown.

Debt. 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).

Racial/Ethnic Disparities. Connecticut has among the worst racial disparities in assets in the nation:

- The median white household in Connecticut is nearly 27 times wealthier than the average minority household (\$179,000 for white households compared to just \$7,000 for minority households). Connecticut ranks 26th out of 28 states measured, with only Massachusetts and New York showing greater inequality in household assets by race.
- Minority households in Connecticut are far more likely to be asset poor than white households. Only 13% of white households were asset poor, while 41% of minority households were asset poor.
- Homeownership among minorities, at 43%, is far lower than the 75% homeownership rate among whites. This gap places Connecticut 9th worst in disparity in homeownership by race (43rd out of 51 states and the District of Columbia).

Despite Losing Ground on the Scorecard, Connecticut Continues To Rank Well On Some Family Asset Measures, But Shows Signs Of Deterioration In Some Areas

Net Worth. Connecticut ranks fifth highest among states in the net worth of its households. Connecticut's real median household net worth is \$116,850, down from \$127,604 in 2005.

Higher Education. Connecticut ranks among the 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.

Health Care. Connecticut ranks 4th highest in the nation in the share of its working-age population covered by employer-provided health insurance, with 71.4% of its residents covered. Only New Hampshire, Minnesota, and New Jersey rank higher.

However, employer-provided health insurance for Connecticut workers under age 65 has declined 4.8 percentage points since 2000. The decline in coverage for Connecticut children has been even greater, down 6.1 percentage points since 2000. In both cases, Connecticut's decline exceeded the nation's rate of decline.

Recommendations To Help Families Build And Protect Family Assets:

- Greater public investment in affordable housing and initiatives to support first-time homeownership.
- Greater protection for homeowners against foreclosures. Greater protection for families from predatory lending.
- 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.

¹ The *Connecticut Family Asset Scorecard, 2007-2008* builds upon the Connecticut findings from a CFED report released in September. CFED, *2007-2008 Assets and Opportunities Scorecard* (2007).

² Connecticut received a "B" grade in CFED's 2002 asset report, and an "A" grade in CFED's 2005 report. See D. Hall, *Connecticut Family Asset Scorecard, 2005* (Connecticut Voices for Children, 2005). http://www.ctkidslink.org/pub_detail_240.html and S. Geballe & D. Hall, *Connecticut Family Assets: Asset Outcomes, 2002* (Connecticut Voices for Children, 2002). http://www.ctkidslink.org/pub_detail_56.html