

## PRESS RELEASE

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# Half of Texas Household Are One Crisis Away from Slipping Into Poverty

*State ranks 37<sup>th</sup> overall in financial security of residents, 41<sup>st</sup> in policies adopted to help struggling families*

WASHINGTON, D.C.—Despite an improving national economy, 49.8% of Texas households are in a persistent state of financial insecurity, according to a report released today by the Corporation for Enterprise Development (CFED). The number of households who have little or no savings to cover emergencies or to start building a better life has barely budged from last year's 49.5% level. The report also found that state policies are doing little to improve the financial security of Texans.

CFED's *2014 Assets & Opportunity Scorecard* defines these financially insecure residents as "liquid asset poor," which means they lack adequate savings to cover basic expenses at the federal poverty level for even three months in the event of an emergency such as a job loss or health crisis. Included among Texas' "liquid asset poor" are a majority of those who live below the official income poverty line of \$23,550 for a family of four, as well as many who would consider themselves middle class. Fully 32% of households earning \$54,049 - \$90,468 annually have less than three months of savings (i.e., less than \$5,887 for a family of four).

The *Scorecard* provides rankings for the 50 states and District of Columbia on both the ability of residents to achieve financial security and, for the first time, policies designed to help them get there. On both measures, Texas ranks near the bottom with an outcomes ranking of 37 and an overall policy ranking of 41.

"Nationally, policies at all levels of government helped stem the tide of the recession's damage to household finances. They protected consumers from foreclosure and abusive financial practices, helped raise wages and connected families to the financial mainstream," said Andrea Levere, President of CFED. "Without strong policies that address the challenges facing low- and moderate-income families, wealth and income inequality will continue to grow and our nation's economy will continue to struggle."

The *Scorecard* evaluates how residents are faring across 66 outcome measures in five different issue areas—Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care and Education. Texas received:

- A “D” in Financial Assets & Income, reflecting a high level of income poverty and the large number of residents with subprime credit rates.
- An “F” in the Health Care category, mainly because 25% of residents lack medical insurance.
- A “C” in the Businesses & Jobs category. Texas ranked 42nd in the number of low-wage jobs (27.8% of jobs are considered low-wage), but it ranked 5th in average annual pay of residents (\$51,983), reflecting a large division in income levels.
- A “C” in Education, ranking 51st for the number of adults with a high school degree and 32nd for the number of adults with a four-year college degree.

The *Scorecard* also evaluates 67 different state policy measures to determine how well states are addressing the challenges facing residents. Texas ranked moderately on policies aimed at creating more opportunities for low- to moderate-income families in the Housing & Homeownership (11th) and Health Care (17th) areas. The state ranked low in the policy areas of Financial Assets & Income (48th) and Education (34th), underscoring the link between inadequate policies and ongoing challenges confronting the state’s low- and moderate-income families.

“Despite steady job growth and low unemployment rates, many Texas residents are still struggling with persistent financial insecurity and have difficulty moving up the economic ladder,” said Tim Morstad of AARP Texas and RAISE Texas Board Chair. “The data from the 2014 *Assets & Opportunity Scorecard* should motivate state and local policymakers to build on an emerging consensus to improve household financial security.”

Our leaders can take immediate steps to create more opportunities for low- and moderate-income families and build an economy that works for everyone by:

- Empowering all families to open college savings accounts.
- Curbing abusive payday and auto-title lending.
- Removing barriers to household savings and asset building.

“With 1 in 12 Americans now living in Texas, and our state at the leading edge of a profound demographic shift, a snapshot of economic opportunity in Texas is a window into the future of our country,” noted Don Baylor, CFED Board Member and Senior Policy Analyst at the Center for Public Policy Priorities. “These common-sense recommendations provide a roadmap for policymakers to improve the bottom line for Texas families and the state economy.”

Published annually, the *Assets & Opportunity Scorecard* offers the most comprehensive look available at Americans’ ability to save and build wealth, fend off poverty and create a more prosperous future. It explores how well residents are faring in the 50 states and the District of Columbia and assesses policies that are helping residents build and protect assets across the five issue areas listed above.

Nationally, the *Scorecard* data reveal that five years into the economic recovery, millions of American families are still trading water in the deep end. While indicators such as

unemployment, foreclosure rates and credit card debt show a slow but steady decline, the general picture remains one of declining economic mobility and widening wealth and income inequality. Among other key findings:

- The average college debt for students graduating increased 8% from \$27,150 in 2011 to \$29,400 in 2012. As student loan debt increased, so did the student loan default rate. Fifteen percent of borrowers in 2012 defaulted on their student loans within three years of starting repayment, up from 13% in 2011.
- The percent of employees participating in employer-provided retirement plans continued to decline from 47% in 2007 to 44% in 2012.
- Although the racial wealth gap narrowed slightly between 2010 and 2011, households of color still fall far behind white households. They have approximately one-tenth the median net worth of white households (\$12,377 and \$110,637, respectively) and are considerably less likely to own a home. The homeownership rate for households of color is 26 percentage points lower than the rate for white households (46% and 72%, respectively).
- Only eight states (Maryland, New York, Maine, New Jersey, Connecticut, Washington, Minnesota and Rhode Island) have adopted 50% or more of the 67 policies that can support family financial security. Meanwhile, seven states (Idaho, Missouri, South Dakota, Alabama, Alaska, Mississippi and Wyoming) have adopted fewer than one-quarter of the policies.

To read an analysis of key findings from the *2014 Assets & Opportunity Scorecard*, [click here](#). To access the complete *Scorecard* visit <http://assetsandopportunity.org/scorecard>.

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**Center for Public Policy Priorities** is a nonpartisan, nonprofit policy institute committed to improving public policies to make a better Texas. You can learn more about us at [CPPP.org](http://CPPP.org).

**CFED** empowers low- and moderate-income households to build and preserve assets by advancing policies and programs that help them achieve the American Dream, including buying a home, pursuing higher education, starting a business and saving for the future. As a leading source for data about household financial security and policy solutions, CFED understands what families need to succeed. We promote programs on the ground and invest in social enterprises that create pathways to financial security and opportunity for millions of people. 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 more than 1,300 advocates, service providers, researchers, financial institutions and others representing all 50 states and DC. To learn more about the Assets & Opportunity Network, visit <http://assetsandopportunity.org/network>.

**RAISE Texas**, the statewide asset-building coalition, includes several statewide organizations such as AARP Texas, CPPP, Texas Appleseed, United Ways of Texas, and numerous community-based and faith-based organizations as well as for-profit partners, including several financial institution partners. Texas currently has two lead local organizations, YWCA of Metropolitan Dallas and United Way of Greater Houston.

For more information on local efforts to increase financial success, contact:

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