More Than One in Four Ohio Residents Have Almost no Savings or Other Assets to Weather a Financial Crisis

State Ranks 37th Overall for the Financial Stability of its Residents

Washington, D.C. — In Ohio today, 27.3% of households are “asset poor,” meaning they have little or no financial cushion to rely on if unemployment or another emergency leads to a loss of income, according to a report released today by the national nonprofit Corporation for Enterprise Development (CFED).

The 2012 Assets & Opportunity Scorecard ranked Ohio 37th in the country overall for how their residents fare in terms of achieving financial security across 52 measures in five different issue areas. Many of Ohio’s residents have jobs, but they lack adequate savings or other assets to cover expenses for three months if they lose a steady income. Asset poverty, the Scorecard’s signature measure, is a conservative estimate of financial security since it counts all assets, including those—such as a home—that would need to be liquidated to be used for day-to-day needs. A more realistic measure of the resources available to families is “liquid asset poverty,” which excludes assets such as a home or car that are not easily converted to cash. Excluding these assets, the liquid asset poverty rate increases to 43.6% of Ohio residents.

For asset poor families, scraping by day to day is a constant struggle and investing in the future is all but impossible. “Growing numbers of Americans have almost no savings or other assets to fall back on if they lose their jobs or face a medical crisis,” said Andrea Levere, president of CFED. “Without those savings, few will be able to invest in a more economically secure future, including buying a home, saving for their children’s college educations or building a retirement nest egg.”

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. The Scorecard 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 five issue areas: Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care and Education.

Ohio earns a “C” in Financial Assets & Income, leaving its residents economically vulnerable. The state ranks 40th in bankruptcy rate, 41st in underbanked households and 36th in borrowers 90+ days overdue. Ohio has one of the worst foreclosure rates in the country, ranking 45th. While the state ranks 21st in overall homeownership rate, the state ranks 43rd in both homeownership by race and income. When it comes to Education, the state ranks 38th in both two- and four-year college degree, and 44th in average college graduate debt and 43rd in college graduates with debt.

The Scorecard highlights a dozen policy solutions that can help Ohio increase opportunity and promote financial well-being for all residents. To address low average annual pay and high income poverty, Ohio should increase the minimum wage, implement a state Earned Income Tax Credit and make the Dependent Care Credit refundable to supplement the earnings of low-income workers. To address high asset poverty and bankruptcy rates, Ohio should enact stronger consumer protection laws and close loopholes regulating payday lenders, rent-to-own stores and paid tax preparation stores. In addition, to
increase homeownership and address high foreclosure rates, Ohio should enact foreclosure protection laws regulating mortgage servicers and allow local land banking to ensure strong management and redevelopment of foreclosed properties.

“We cannot let the challenges facing our economy prevent us from investing in policies with a proven record of helping struggling families succeed,” said David Rothstein, project director for asset building at Policy Matters Ohio, a Lead State Organization for the national Assets & Opportunity Network. “As a state, we must take the necessary steps today to protect vulnerable families from further financial shocks and lay the groundwork for future prosperity.”

Nationally, the Scorecard paints a picture of a country where low- and moderate-income families continue to fall further down the economic ladder more than two years after the official end of the recession.

- More than half of consumers (56%) have subprime credit scores.
- Between the third quarters of 2008 and 2011, the home foreclosure rate increased by 50%, widening the already-considerable homeownership gap between white households and households of color. As of 2010, 73% of white households owned homes, compared with just 47% of households of color.
- One in five jobs is low-wage and nearly half of employers do not offer health insurance. In addition, 55% of workers do not have or participate in retirement plans.
- While the number of people getting four-year college degrees is up slightly, the average debt for graduating college seniors has risen 19% since 2007 to $25,250.

Levere added that the Scorecard findings are “particularly disturbing in the context of precipitous drops in incomes for many Americans and widening of the wealth gap between the richest and poorest households.”

The report found growing racial gaps in asset poverty, with the number of people of color who are asset poor more than double the number of white people (43% versus 20%). The number of people of color who were found to be liquid asset poor was nearly double the number of white people (60% versus 32%).

To read an analysis of key findings from the Assets & Opportunity Scorecard click here. To access the complete Scorecard visit http://scorecard.cfed.org.

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CFED expands economic opportunity by helping Americans start and grow businesses, go to college, own a home and save for their children’s and their own economic futures. We identify promising ideas, test and refine them in communities to find out what works, craft policies and products to help good ideas reach scale, and develop partnerships to promote lasting change. We bring together community practice, public policy and private markets in new and effective ways to achieve greater economic impact.

The national Assets & Opportunity Network is a movement-oriented group of advocates, practitioners, policymakers and others working to expand the reach and deepen the impact of asset-based strategies. Network members are on the frontlines of advocacy, coalition building and service delivery.