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News Release

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Nearly Half of Ohio Households Are One Crisis Away from Financial Devastation

State Ranks 36th Overall in Financial Security of Residents, 17th in Policies Adopted to Help Struggling Families

Washington, D.C. — Despite an improving national economy, 44.7% of Ohio 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 with little or no savings to cover emergencies or to start building a better life has slightly increased from last year's 43.2% level. The report found that state policies are doing little to improve the financial security of Ohio residents.

CFED's 2014 *Assets & Opportunity Scorecard* defines these financially insecure residents as "liquid asset poor," meaning they lack 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 Ohio's liquid asset poor are a majority of those who live below the official income poverty line of $23,550 for a family of four. But it also includes the 24% of households earning $50,881 - $80,952 annually that have less than three months of savings (less than $5,887 for a family of four).

The annual *Scorecard* provides rankings for the 50 states and District of Columbia on the ability of residents to achieve financial security and, for the first time, policies designed to help them get there. Ohio ranks below average with an outcome ranking of 36 and above average with an overall policy ranking of 17.

"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, CFED president. "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 measures in five areas. Ohio received a "C" in Financial Assets & Income, with 15.2% of households in poverty (ranked 33rd in the country) and a high rate of unbanked households (ranked 34th); a "C" in Businesses & Jobs, with a low business-creation rate (48th) and a low microenterprise ownership rate (44th); a "D" in Housing & Homeownership, due in part to a high foreclosure rate of 3.73% (42nd); a "B" in Health Care, with a relatively low uninsured rate of 13.3% (19th); and a "C" in Education, largely due to low participation in early childhood education (39th) and low four-year college degree attainment (39th).

The *Scorecard* also evaluates 67 policy measures to determine how well states are addressing the challenges facing residents. Ohio ranked high on some policies aimed at decreasing poverty and creating more opportunities for low- and moderate-income families, ranking in the top half of states in four out of the five policy categories assessed by *Scorecard*, including Financial Assets & Income (6th), Businesses & Jobs (15th), Housing & Homeownership (19th), and Health Care (1st).

"While the national economy is recovering, Ohioans are still facing financial challenges and policies that threaten their financial security," said Kalitha Williams, Policy Liaison for Asset Building at Policy Matters Ohio. "Despite statutes designed to protect consumers from payday lending, the industry continues to charge exploitative fees. Also under attack in the state legislature is the Ohio Debt Adjusters Act, which regulates the debt settlement industry."

"Ohio took a step in the right direction in 2013 by enacting a state Earned Income Tax Credit," said Williams. "Making the new EITC refundable, boosting it to 10% of the federal credit and removing other restrictions would bring much needed balance to Ohio's tax system."

"The EITC initiative helps hardworking families and individuals get more of their hard-earned money back, and free VITA (Volunteer Income Tax Assistance) sites help families avoid refund anticipation loans and other high-cost tax preparation services," said Jeffrey Diver, Executive Director at Supports to Encourage Low-income Families (SELF). "These refunds can provide a major financial boost to help pay down debt, build savings to buy a home or create an emergency fund."

"It is imperative that northeast Ohio enforce current laws and enact asset-building policies that help families achieve, preserve and sustain homeownership," said Lou Tisler, Executive Director of Neighborhood Housing Services of Greater Cleveland. "Home is the bedrock of success—it matters for economic and community sustainability. Policies that allow foreclosure and high-cost loans deplete that stability."

Nationally, the *Scorecard* data reveal that five years into the economic recovery, millions of American families are still treading 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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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.