

**For Immediate Release**

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## **Nearly 40% of Rhode Island Households Are One Crisis Away from Financial Devastation**

### ***State Ranks 40<sup>th</sup> Overall in Financial Security of Residents***

**Washington, D.C.** — Despite an improving national economy, 38.7% of Rhode Island 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 increased from last year's 27.8% level.

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. Based on this very low standard of living, family of four would need \$5,887 in savings to meet basic needs over this time period.

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 across five issue areas that are helping residents build and protect assets.

Rhode Island received the following grades based on 66 outcome measures:

- Financial Assets & Income: C
- Businesses & Jobs: D
- Housing & Homeownership: F
- Health Care: C
- Education: D

Rhode Island's worst grade was in the category of Housing & Homeownership. Rhode Island has the 6<sup>th</sup> lowest homeownership rate (60%) in the nation, and the state also has some of the largest disparities in homeownership rates by race and income (ranked 49<sup>th</sup> and 50<sup>th</sup>, respectively).

Rhode Island also ranked poorly on the following measures:

- 48<sup>th</sup> in average credit card debt (\$13,144)
- 51<sup>st</sup> in business ownership by gender
- 46<sup>th</sup> in uninsured by race
- 45<sup>th</sup> in average college graduate debt (\$31,156)

Luckily, it's not all bad news. Rhode Island ranked favorably on the following measures:

- 14<sup>th</sup> in small business ownership rate
- 13<sup>th</sup> in business creation rate
- 13<sup>th</sup> in employers offering health insurance

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- 14<sup>th</sup> in two-year and four-year college degrees

“It is clear that a large number of residents are barely able to keep their head above water in the Ocean State. This is not just about Rhode Islanders living in poverty, but also about a growing number of middle-income households who are unable to save and invest in the future. We urge lawmakers to enact policies that protect Rhode Islanders who fall on hard times, and that puts more money in the pockets of those who are working hard but still unable to get ahead,” said Kate Brewster, Executive Director of the [Economic Progress Institute](#), a Lead Organization in the Assets & Opportunity Network.

The Scorecard also ranks states on 67 policy measures. Rhode Island has enacted more of the recommended policies than many states but “it’s all relative,” according to Brewster, who points out that the state has enacted just 34 out of the 67 policies recommended by CFED.

The Economic Progress Institute recommends enacting the following policies this year to improve the financial security of Rhode Islanders:

- Reform payday lending to protect struggling Rhode Islanders from predatory lenders.
- Increase the refund available through the state’s Earned Income Tax Credit to put more money in the pockets of working families.
- Invest in affordable housing and enact just cause legislation to prevent banks and mortgage lenders from evicting tenants and homeowners after foreclosure, allowing them to rent the property.
- Continue to freeze tuition at public institutions of higher education.

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>.*