

**For Immediate Release**

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## **New Report Finds North Carolina Ranks Near the Bottom for Financial Security of its Residents**

### ***Overall Poor Performance Shows Persistent Financial Insecurity, Need for Comprehensive Public Policy Response***

**Washington, D.C.** — Despite an improving national economy, new data released today by the Corporation for Enterprise Development (CFED) show many North Carolina residents are barely scraping by. CFED's 2015 *Assets & Opportunity Scorecard* ranked the state near the bottom among all states for its high number of low-wage jobs (ranked 41<sup>st</sup>), as well as its high number of low-income residents who don't have health insurance (42<sup>nd</sup>) or a four-year college degree (44<sup>th</sup>).

The troubling data underscore the need for programs and policies that help more families achieve financial security, including reinstatement of the state's Earned Income Tax Credit (EITC) and expansion of Medicaid. Additionally, a Children's Savings Account program would provide every child in the state with their own matched savings account for postsecondary education. Recent research has shown that these accounts dramatically increase college attendance and graduation rates.

"When North Carolina families struggle every month to make ends meet, they have little ability to save and build a more financially secure future. The *Assets & Opportunity Scorecard* data make it clear that our state needs to do more to ensure all residents have the opportunity to move forward and succeed," said Donna Gallagher, steering committee member of the NC Assets Alliance and Executive Director of The Collaborative.

CFED's 2015 *Assets & Opportunity Scorecard* offers the most comprehensive look available at American's ability to save and build wealth, fend off poverty and create a more prosperous future. The *Scorecard* provides rankings for the 50 states and District of Columbia on both the ability of residents to achieve financial security and policies designed to help them get there.

The *Scorecard* evaluates how residents are faring across 67 outcome measures in five different issue areas—Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care and Education. This year, North Carolina ranked 41<sup>st</sup> in the overall assessment, a slight increase from 46<sup>th</sup> place last year. The state made its poorest showing in Health Care, receiving a rating of "F" and ranking 48<sup>th</sup> overall. High rates of uninsured households (18.1%) and significant disparities in insurance coverage by income contributed to this low ranking. North Carolina also ranked among the worst states in Businesses & Jobs (ranked 43<sup>rd</sup>), with a low rate of small business ownership (1.3%) and a high disparity of business ownership between races driving down the state's "D" rating. The state received a "C" in Financial Assets & Income, due in part to its low ranking on income poverty (ranked 40<sup>th</sup>), high rates of unbanked and underbanked households (8.4% and 21.5%, respectively), and poor rankings across several consumer credit measures.

The *Scorecard* also evaluates 68 different policy measures to determine how well states are addressing the challenges facing residents. Having adopted 29 of the 68 policies, North Carolina ranked 14<sup>th</sup> overall and ranked in the top half of all states in four of five issue areas, including Financial Assets & Income (8<sup>th</sup>), Businesses & Jobs (23<sup>rd</sup>), Housing & Homeownership (3<sup>rd</sup>), and Education (13<sup>th</sup>). The state ranked lowest in Health Care (39<sup>th</sup>), adopting none of the policies in this area.

Nationally, the *Scorecard* data finds millions of Americans have been left out of the economic recovery with little opportunity to take charge of their financial lives or plan for a more secure future. Large percentages of these households are experiencing profound levels of exclusion from the financial mainstream as they struggle in low-wage jobs and are forced to rely on fringe, often high-cost financial services just to make ends meet. Among the key findings:

- Low-wage jobs have increased in all but two states. Thirty-six states and Washington, D.C., saw decreases in average annual pay between 2012 and 2013.
- Nationally, 56% of consumers have subprime credit scores, meaning they cannot qualify for credit or financing at prime rates and are more likely to use costly alternative financial products. One in five households regularly relies on fringe financial services, such as payday loans, to meet their needs.
- Liquid asset poverty rates – the percentage of households with less than three months of savings at the poverty level – are particularly high in states with the greatest levels of income inequality. This trend is most evident in poor states in the South and Southwest and high-cost states on the East and West coasts, all of which have large populations of color. If families can't save, closing the wealth gap is all but impossible.
- In 34 states, the gap in homeownership rates between households of color and white households has widened. The 10 states where the gap is greatest are Rhode Island, New York, Massachusetts, Connecticut, Wisconsin, South Dakota, North Dakota, Minnesota, New Jersey and Kentucky.
- High-cost (or subprime) mortgage loans—one of the main culprits behind the housing boom and bust—are on the rise. The percentage of homeowners with high-cost mortgages is higher in 42 states than it was in 2010.

“The economic recovery experienced by some segments of our society is barely a blip in the lives of millions of Americans who continue to struggle in low-wage jobs and have little ability to save and build a better future for themselves and their children,” said Andrea Levere, president of CFED. “In far too many cases, these households are living outside the financial mainstream, relegated to using often high-cost financial services that trap them in a cycle of debt and financial insecurity.”

To read an analysis of key findings from the 2015 *Assets & Opportunity Scorecard*, [click here](#). To access the complete *Scorecard*, visit <http://assetsandopportunity.org/scorecard>. Visit our [media resources page](#) for interactive data tools, including our asset poverty calculator, downloadable infographics, customizable charts and maps, and other data visualizations.

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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 1,700 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>.*