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expanding economic opportunity

2007-2008
ASSETS & OPPORTUNITY SCORECARD

GUIDE TO THE 2007-2008 ASSETS & OPPORTUNITY SCORECARD

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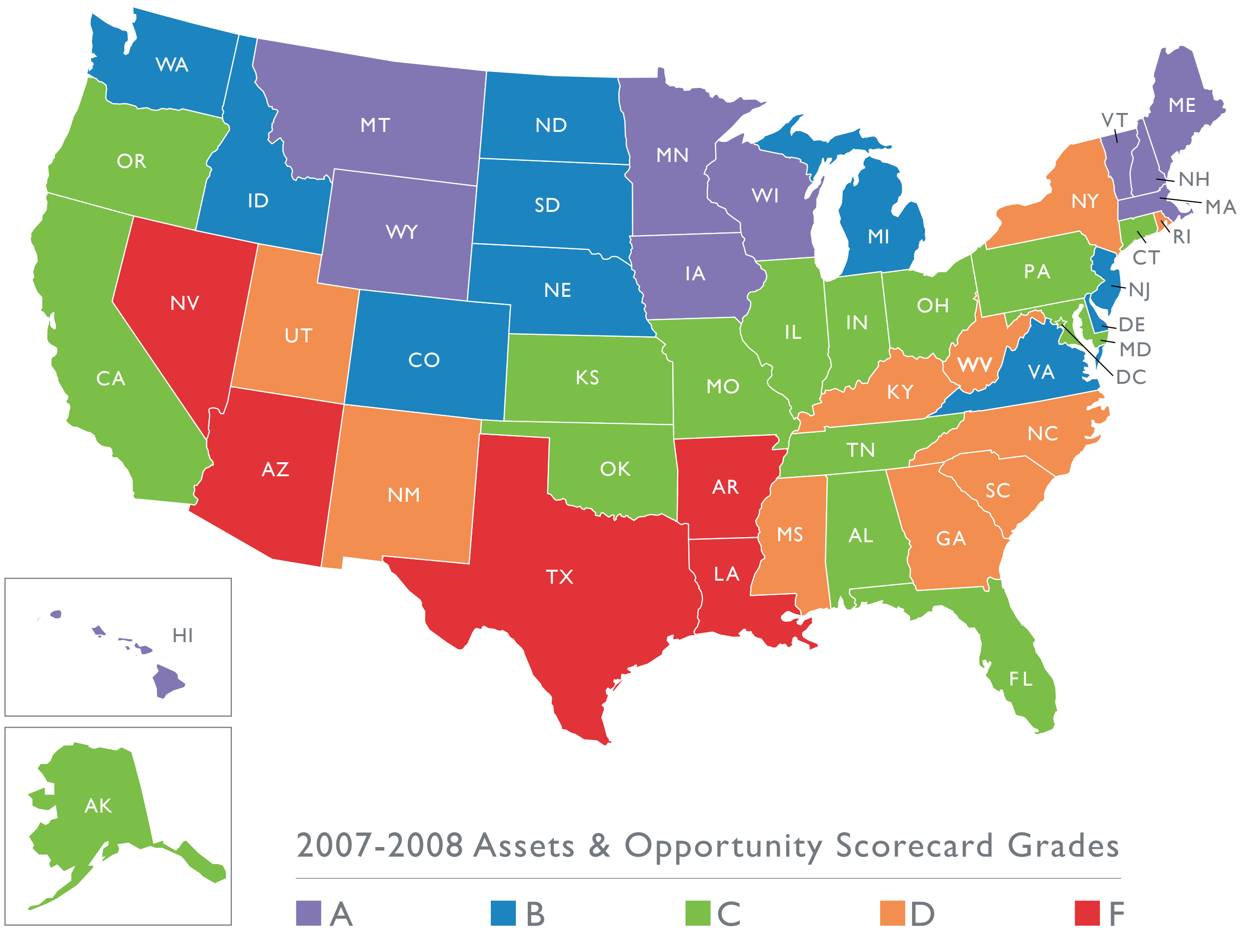
The *Assets and Opportunity Scorecard* presents a comprehensive look at wealth, poverty and the financial security of families in the United States. The *Scorecard* ranks the 50 states and the District of Columbia on 46 performance measures in the areas of Financial Security, Business Development, Homeownership, Health Care and Education. These measures provide an expansive and detailed view of the variation in net worth, ownership and debt not only geographically, but along race and gender lines. The *Scorecard* also details state-by-state information on 38 key policies in these areas that can help or hinder citizens' abilities to succeed financially.



2007-2008 Assets & Opportunity Scorecard Grades

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This guide outlines the key findings from the 2007-2008 *Assets and Opportunity Scorecard.* These findings are meant only to provide a brief overview. For a more complete exposition of all data, and to find data on every state, go to CFED's *Assets and Opportunity Scorecard* Website at www.cfed.org/go/scorecard.

INTRODUCTION

The 2007-2008 *Assets and Opportunity Scorecard* proves that even profound and seemingly enduring ownership patterns can change and change fast. In the two years from 2002-2004, median net worth rose 25.8% nationwide, while it jumped 76.7% for women and more than doubled for minorities. Most of these gains have come as a result of increasing homeownership and home values, and are therefore at the risk that as interest rates rise and grace periods end, foreclosure rates will also rise. While the results underscore the efficacy of housing finance and credit innovation, they also highlight the mistake of expanding credit without also increasing savings and asset building, and the need to curb predatory lending.

Yet, the most important message of the 2007-2008 *Scorecard*, like its two predecessors, is the fragility of the asset base that enables families and, indeed the nation as a whole, to shape our economic future. The 2007-2008 *Scorecard* reveals the thinness of the financial foundation that undergirds the ability of American families to move ahead by investing in their own education, enterprise, homes and retirements (and those of their children). For example, nearly three out of four Americans lack the college education that is often a prerequisite for most living-wage jobs and 44% of the poorest quartile do not have enough savings to weather three months without a job, much less any real ability to invest in their families' futures. But what is most surprising, perhaps, is that one in five families in the vast American middle class, and even 5% of families in the top income quartile, are asset poor, effectively unable to invest in their own futures.

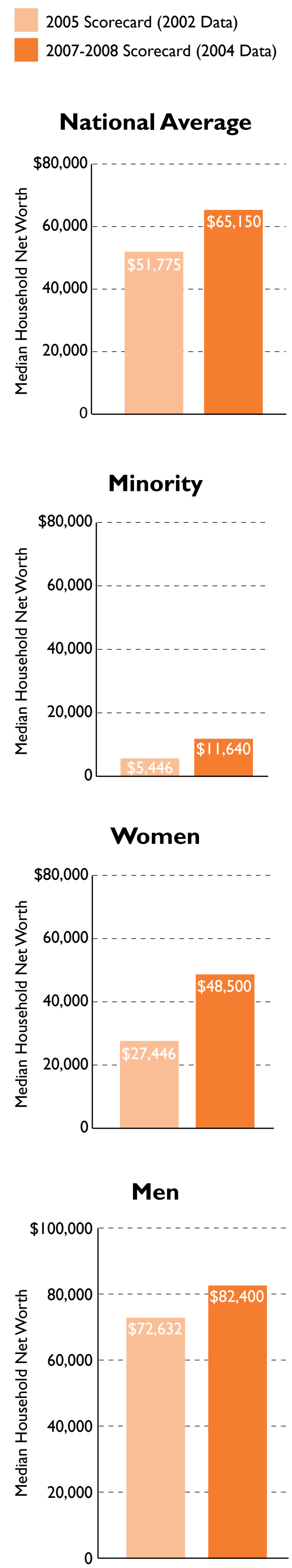
The 2007-2008 *Scorecard* provides the most comprehensive assessment available of financial security, business development, homeownership, healthcare and education assets of the states – and allows comparison by state, race, gender and income. In this context it offers a particularly strategic view of economic drivers and of the policies that can accelerate and spread asset building and economic opportunity.

With the inclusion of proprietary data on debt from TransUnion for the first time, the 2007-2008 *Scorecard* tracks credit card, installment and mortgage debt: finding a median individual debt level of nearly $140,000 in 2006. The *Scorecard* reports that during the two-year period from 2002-2004, the run-up to the current mortgage crisis, the national bankruptcy rate and the percentage of subprime loans both rose significantly (23.4% and 28.7%, respectively).

Perhaps the greatest addition to the 2007-2008 *Scorecard* is its specification of the kinds of policies states are using to build assets and opportunity within their borders. For the first time, it focuses on 12 critical policies – which span business, education, health care, housing, financial security and tax policy, and encompass asset protection (health insurance, predatory lending) as well as asset accumulation – that have demonstrated their effectiveness and can grow to the scale of the challenge.

While the tendency may be to focus on the "haves" and the "have nots," the *Scorecard* is about all Americans, along with policies that impact millions of lives at all economic levels. Just as savings and assets create futures for families, the *Scorecard* is intended to provide a compass for building states' economic futures.

Median Net Worth



"Two years ago, we used the Scorecard as a framework for our own state-specific report. It included a proposal for a state-funded savings match to help lower-income families save for college. Arkansas' Scorecard helped us make the case for a pilot savings match program, which became law this year and represents a key step toward making college possible for every Arkansan."

– Angela Duran, President, Southern Good Faith Fund

ABOUT THE SCORECARD

There is perhaps no better or more tangible indicator of the strength of an economy than the reserve of financial, business, home, education and health assets and protections built by families and society. Not only does an accounting of the amount, range and distribution of assets of an economy provide an incisive picture of the current health and resilience of an economy, but, more importantly, it reflects the ability of an economy and the families within it to adapt to, take advantage of and shape the future.

A growing number of public officials, private organizations and financial institutions are committing significant attention to the necessity of individual and family savings and ownership. This idea of "asset building" is key to understanding the interrelationship of the elements of the *Scorecard.*

The goals of the *Assets and Opportunity Scorecard* are to:

- Assess the status of each state's citizens in building, protecting and insuring financial assets;
- Provide detailed information about state policies that promote or hinder the opportunity for citizens to build and protect their assets; and
- Increase public awareness and education about the need for, and benefits of, asset building.

The 2007-2008 *Scorecard* grades given to the states reflect the relative ability of all residents to build and retain assets. More commonly, the state grade is a measure of financial prosperity and how well that prosperity is shared and safeguarded. Besides the overall state grade, each state earns a grade for Financial Security, Business Development, Homeownership, Health Care and Education. The grades in the 2007-2008 *Scorecard* are distributed on a curve, based on how one state fares versus all other states.

The primary purpose of the 2007-2008 *Scorecard* is to share information and to fuel a national conversation about wealth, poverty and opportunity in this country, and what individuals, public officials and private markets can do to provide more opportunity for all of us to prosper.

CFED has long been an advocate for asset building and the role it plays in alleviating poverty and bolstering financial security for individuals and families. Assets move families beyond living paycheck to paycheck and give them tools to plan for the future. "Getting by" may require only a paycheck, but getting ahead requires a variety of assets, a financial safety net, education and health care.

The 2007-2008 *Assets and Opportunity Scorecard* continues CFED's far-reaching examination of asset accumulation and asset policy. As with the 2005 *Scorecard*, advocates and policymakers can use the 2007-2008 *Scorecard* as a tool to evaluate their state's strengths and weaknesses and to identify effective policies. In response to the requests of a number of *Scorecard* users, the 2007-2008 *Scorecard* has added measures on debt, and improved the policy section by providing detailed information on 12 core state policies.

FINDINGS

The following sections outline the key findings from the 2007-2008 *Assets and Opportunity Scorecard*. These findings are meant only to provide a brief overview. For each of the major categories of the *Scorecard*, there are national averages, as well as samples of the range of difference between the top and bottom states and among certain populations. For a more complete exposition of all data, and to find data on every state, go to CFED's *Assets and Opportunity Scorecard* Website at www.cfed.org/go/scorecard.

NATIONAL PICTURE OF ASSETS AND OPPORTUNITY

- Median net worth in the United States in 2004 was $65,150, but minorities had only 13 cents for each dollar that non-minority citizens had.
- Seventy-two percent of Americans lack the college attainment often necessary today to earn a living wage; African Americans are close to half as likely to have a college education as their white counterparts.
- One fifth of the population does not possess enough liquid resources to survive three months at the poverty line without a job; many more lack sufficient liquid assets to put a downpayment on a home, invest in two-years at a community college or start a business.
- Nearly 69% of Americans own their own homes – a determinant not only of financial stability, but future outlook and community commitment – but less than half of minority families do (48.9%).
- Health insurance coverage from employers dropped another percentage point since the last *Scorecard* two years ago, to 63.2%, while medical debt remains a chief cause of bankruptcy.

Differences among states are often as great as differences within states:

- For every $1 in net worth that households in Massachusetts have, households in New Mexico have just 10 cents.
- Montana has twice the rate of small business ownership as Indiana.
- The average home in Oklahoma costs a little more than twice the average resident's yearly income. In California, the average home costs more than six times the average Californian's income.
- A low-income child in Texas is nearly four times as likely to go without health care coverage as a low-income child in Vermont.

Financial Security

Are there widespread opportunities for wealth creation and protection, particularly for low-income citizens?

Asset ownership and financial security are intertwined. The public and private sectors can play a role in providing the right tools, incentives and environment to help families earn, save, invest and enjoy protection against unforeseen events. The *Scorecard's* Financial Security Index measures asset accumulation among different populations.

Since the release of the 2005 *Scorecard*, exploding real estate values fueled an across-the-board increase in net worth. Median household net worth in the United States has risen to $65,150, and the percentage of American households in debt (with zero or negative net worth) has declined to 15.6%. Asset poverty

"By championing policies that help people attain a college degree, start a business or buy a home – and protect the assets they've already got – we can inspire Americans to build foundations that strengthen our families and communities as well as our local, state and national economies. The Scorecard *is just the tool to launch the discussions and spur the policy changes needed to make a real difference."*

– Rep. Jeannie Darneille,
Washington State
House of Representatives

has also declined. Yet, there are very real threats to these gains. The bankruptcy rate is rising (6.8 per 1,000 people) along with the percentage of subprime loans (15% of all loans). In addition, America has continued to save at a negative rate; that is, households are spending more than they earn.

Net worth and debt

- Wealth inequality has narrowed among the races, but there is still a large gap. For every $1 in **net worth** held by households headed by white adults, households headed by minorities have just 13 cents.
- The net worth of the average American household headed by a woman is $48,500 versus $82,400 for households headed by a man.
- Wealth inequality by state and region remains large. For example, for every $1 in net worth that households in Massachusetts have, households in New Mexico have just 10 cents.
- 15.5% of Americans have **zero or negative net worth**.
- Nearly one in five households headed by women (18.8%) has zero or negative net worth, and more than one in four minority households (26%) has zero or negative net worth.
- Households with children are more likely to have zero or negative net worth:
  - o 19% of all households with children;
  - o 25% of households with children headed by women; and
  - o 28% of minority households with children have zero or negative net worth.
- Mississippians have the least amount of **revolving debt** (credit cards, etc.), averaging just under $1,100. Alaskans have the most, averaging more than three times that amount at $3,384.

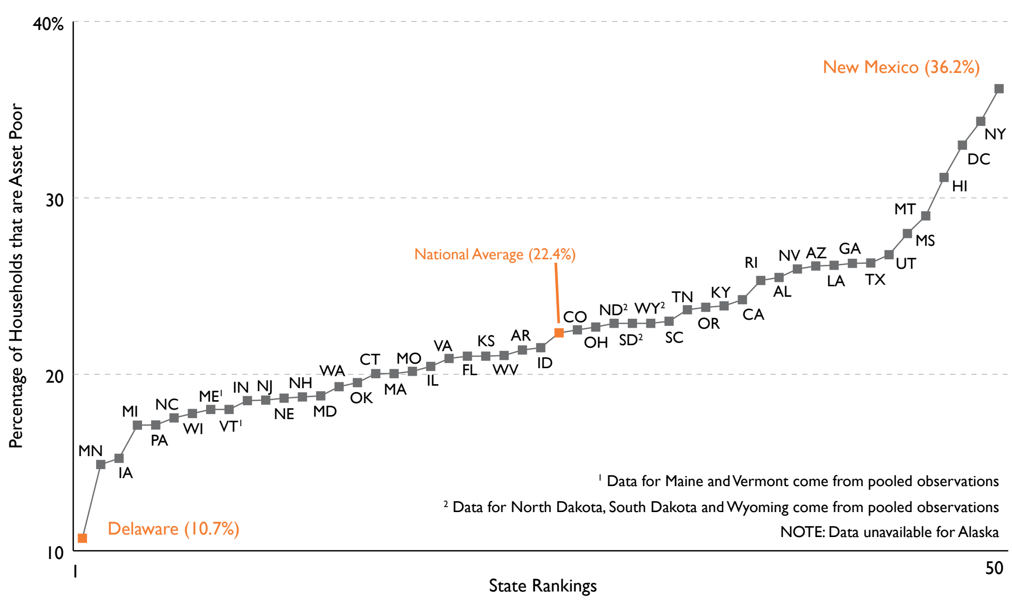
Asset Poverty

Asset poverty is a measure of economic security and mobility based on household net worth. A household is asset poor if it has insufficient net worth to stay above the federal poverty level for three months if all income was cut off. Asset poor households do not have enough net worth to provide for basic needs

HOW THE STATES RANK: ASSET POVERTY

DESCRIPTION: Measured as the proportion of households without sufficient net worth to subsist at the poverty level for three months, 2004.

EXPLANATION: Given the importance of assets for household economic self-sufficiency, this measure expands the notion of poverty to include a minimum threshold of wealth needed for both security and mobility. Three months is a rather conservative cushion for a family that loses its income. Even with this conservative definition, asset poverty exceeds income poverty in all 50 states and D.C.



during economic crises such as sudden job loss or medical emergencies.

- 22% of Americans are **asset poor**.
- Nearly 40% of minority households are asset poor.
- Asset poverty is more prevalent among households with children:
    - 30% of all American households with children;
    - 38% of households with children headed by women; and
    - 44% of minority households with children are asset poor.
- A household in New Mexico is more than three times more likely than a household in Delaware of living in asset poverty (36.2% vs. 10.7%).

Business Development

Is the opportunity to start and grow a business available to all those who choose to pursue it?

A critical ingredient in attaining financial security is business development; business equity is second only to homeownership as a share of total household wealth nationally. As a result, small business creation has often been a route into America's middle class, particularly for minorities, immigrants and the economically disadvantaged. The *Scorecard's* Business Development Index assesses the level of business ownership and access to capital.

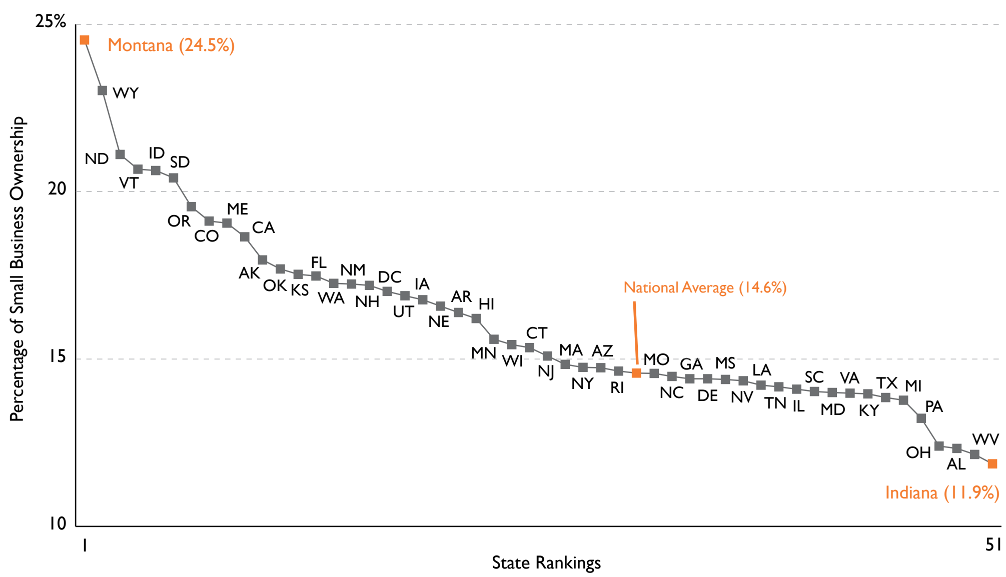
Both small business development and microenterprise ownership are on the rise. Nationwide, small business ownership runs at 14.6 businesses per 100 workers; microenterprise ownership is at 16 businesses per 100 workers.

- Montana has more than twice the rate of **small business ownership** as Indiana. In Montana, there is a small business owner for every four workers (24.5%). Indiana, in contrast, has a small business owner for every 8 workers (11.9%).
- Although the rate of **African American small business ownership** is far below the percentage of African Americans in the population (3.3% vs. 12.7%), the rate of ownership varies greatly by state. In Montana, African American small business ownership is 6.9%, over twice the national average. At the other end of the spectrum, African American business ownership in Rhode Island is less than one percent (.17%).

HOW THE STATES RANK: SMALL BUSINESS OWNERSHIP

DESCRIPTION: Total number of employer firms and self-employment in the state per 100 people in the labor force, 2005.

EXPLANATION: Business ownership is a fundamental engine for wealth creation. The higher the business ownership rate, the higher the percentage of residents who have the opportunity to build wealth through business capital accumulation. While not a direct measure of business capital, this indicator shows what percentage of the state's labor force own its own businesses.



Homeownership

Is the opportunity to purchase and maintain a home available to all those who choose to pursue it?

The family home represents the single largest component of household wealth and is a fundamental asset for millions of American families. The *Scorecard's* Homeownership Index measures homeownership by race, gender and income.

The national homeownership rate has been high and rising throughout the decade, standing at about 69% nationwide.

- Oklahoma has the **most affordable housing** in the nation, with the average (median) home price 2.16 times the average annual income. Homeownership is least affordable in California, where the average home costs 6.33 times the average income.
- The average amount of **mortgage debt** owed by Americans is nearly $124,000. The average Californian owes nearly twice that much ($247,200). The average West Virginian owes about half that much ($62,700).
- The homeownership rate for African Americans is 45.8%. For whites it is 72.1%.
- The homeownership rate for women is 61.2%. For men it is 71.7%.
- While the national **foreclosure rate** is relatively low (.99%), asset protection of homes varies markedly across state lines. For every foreclosure occurring in Hawaii, the state with the lowest foreclosure rate, there are over 14 foreclosures that occur in Ohio, the state with the highest rate (0.22% vs. 3.12%). ***Editor's note:*** *Recently released data report the national foreclosure rate rising to 1.28% (1st quarter 2007) – a 29.3% increase over the 2nd quarter 2006 data cited above.*

HOW THE STATES RANK: HOMEOWNERSHIP RATE

DESCRIPTION: Homeownership rates, 2005.

EXPLANATION: A home is an asset that allows stability, fosters long-term thinking, and builds both financial equity and commitment to a neighborhood. While not directly measuring home equity, this measure provides an indication of how many families in a state have the opportunity to build wealth in the form of home equity.

Health Care

Is there broad access to health insurance as protection against income interruption and asset depletion from medical bills?

There is no greater threat to a family's financial security than the expenses of a major medical emergency or treatment of a chronic illness. Health insurance provides individuals and families with a safety net that complements their asset ownership. The *Scorecard's* Health Care Index measures the degree to which health insurance is available both privately and publicly.

The percentage of Americans covered by their employers' health plan continues to erode, slipping a percentage point from the 2005 *Scorecard*, to 63.2%. While the percentage of low-income children insured has improved slightly since the 2005 *Scorecard*, the overall population of uninsured low-income children remains high. Higher yet remains the percentage of low-income parents who are uninsured.

- Nationally, nearly one in five **low-income children** is uninsured (18.5%). Among the states, rates of uninsured low-income children vary tremendously. Vermont has the lowest rate of uninsured low-income children in the country (7.3%); Texas has the highest (28.6%).
- **Low-income parents** fare even worse than their children**.** More than one in three (36%) are uninsured. In Texas, the majority of low-income parents have no health insurance (53.9%).

HOW THE STATES RANK: UNINSURED LOW-INCOME CHILDREN

DESCRIPTION: Percentage of children under 19 years of age at or below 200% of the poverty line without health insurance, three year average 2003-2005.

EXPLANATION: For uninsured children, states can offer health care coverage through Medicaid or their own children's health coverage programs. The greater the number of uninsured children, the greater the likelihood that a household's assets are at risk.

Education

Do people have access to the education and training they need to get ahead?

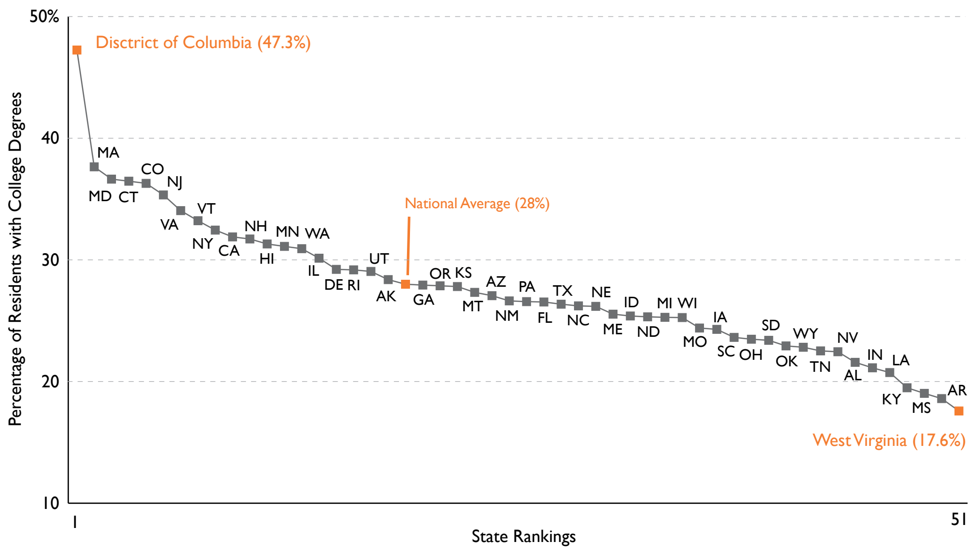
Education is the first step toward building assets and getting ahead. Education and job training are closely tied to income. Education is also correlated with savings patterns and financial literacy. The *Scorecard's* Education Index measures basic skills proficiency and post-secondary educational attainment.

- Nationally, 28% of children in 8th grade are at or above the **proficiency level in math**. In the District of Columbia, where proficiency is lowest, about 1 in 15 eighth graders is at or above proficiency in math (6.9%); while in the top state, Massachusetts, nearly half are at or above proficiency in math (43.3%).
- Nationally, less than one third of children in the 8th grade are at or above the **proficiency level in reading**. In the District of Columbia, about one in nine children is proficient in reading (11.7%); while in Massachusetts, nearly half are proficient (44%).
- Although total **college attainment among minorities** in the United States is marginally lower than whites (22.2% vs. 29.6%), the disparity can be much greater within states. In the District of Columbia, whites are over three times more likely to hold bachelor's degrees than minorities (84.3% vs. 24.6%).
- Despite its poor showing on other education measures, the need for highly educated workers draws college graduates from outside to the District of Columbia. As a result, D.C. leads the nation with nearly half of its heads of households holding a four-year degree (47.3%). In West Virginia, the rate is less than one in five (17.6%).

HOW THE STATES RANK: 4-YEAR COLLEGE DEGREES

DESCRIPTION: Percentage of heads of households with at least 4 years of college, 2003-2005.

EXPLANATION: In today's economy, knowledge is itself a traded commodity. Those with a college degree earn significantly more than those with just a high school diploma.



12 CORE POLICIES

State policies can provide opportunities for families to build assets and safety nets to protect what they've already got. In some cases, state policies can also impede families' efforts to be financially secure. The 2007-2008 *Assets and Opportunity Scorecard* rates state policies that affect asset ownership and protection.

The *Scorecard* provides information on 38 state policies, all of which are currently being implemented to some extent in at least one state. The 2007-2008 edition of the *Scorecard* marks the first time it has focused on a core dozen of these policies. By highlighting 12 of the 38 policies, the *Scorecard* puts forth clear recommendations for what state policymakers can and should do to provide financial security and opportunity. States should use these 12 policies as the starting point for a proactive asset policy agenda and pursue those policies that reflect the particular needs of their state. The *Scorecard* evaluates each state on the strength its policies, utilizing easy-to-follow policy icons.

The 12 policies are drawn from the five categories in the *Scorecard*: education, homeownership, health care, business ownership and financial security. None of these policies alone is the silver bullet, but each is a piece of the assets puzzle.

The 12 policies are (in alphabetical order):

Asset Limits in Public Benefit Programs
Many public benefit programs – like cash welfare or Medicaid – limit eligibility to those with few or no assets. If a family has assets over the state's limit, it must "spend down" longer-term savings in order to receive what is often short-term public assistance. Personal savings and assets are precisely the kind of resources that allow families to move off, and stay off, public benefit programs. Yet, asset limits can discourage anyone considering or receiving public benefits from saving for the future. States should eliminate asset limits in all public assistance programs.

Currently, only two states, Ohio and Virginia, have eliminated asset limits for all major public assistance programs. Several states have eliminated or raised asset limits for some programs such as Temporary Assistance for Needy Families or Family Medicaid.

Curbing Predatory Lending
Predatory or abusive mortgage lending refers to a range of practices, including deception, fraud or manipulation, that a mortgage broker or lender may use to make a loan with terms that are disadvantageous to the borrower. Predatory lending occurs primarily in the subprime market (which makes higher-interest loans to consumers with poor credit histories). To curb these practices, states can restrict the terms or provisions of high-cost loans, strengthen regulation and licensing of mortgage lenders and brokers, and require lenders and brokers to ensure that the borrower is able to repay the loan before approving a borrower for credit.

Scorecard Website
The *Scorecard* Website provides more information, including a complete state-by-state listing of these 12 core polices, as well as information on 26 other related policies. The following are the 12 core policies:

- Asset Limits in Public Benefit Programs
- Curbing Predatory Lending
- Expanded Coverage for Medicaid and SCHIP
- Housing Trust Funds
- Incentives for College Savings
- Microenterprise Support
- School Spending Fairness
- State Earned Income Tax Credit
- State Supported Preschool
- Support for Community Development Lenders
- Support for IDA Programs
- Tax Expenditure Reports

Go to the *Scorecard* Website, www.cfed.org/go/scorecard/policy for a detailed evaluation of how each state rates on these 12 core policies.

Policy Icons
On the Website, the *Scorecard* uses icons to evaluate each state on its strength in implementing the 12 core policies.

- Very strong policy
- Strong policy, but some room for improvement
- Some policy, but much room for improvement
- Minimal policy in place
- No policy in place

Twenty-four states and the District of Columbia have anti-predatory mortgage lending laws that are stronger than federal law with respect to common equity-stripping practices, such as excessive fees and abusive prepayment penalties.

Expanded Coverage for Medicaid and SCHIP

With over half of personal bankruptcies attributable to medical debt, rising health care costs and gaps in health insurance coverage mean that many families are one serious illness or accident away from financial insecurity. Medicaid and SCHIP (State Children's Health Insurance Program) are the two principal public health insurance programs that cover low-income Americans who would otherwise be uninsured. Between the two, incidence of uninsured low-income children has dropped, however parents are less likely to be covered than their children. States should create a family eligibility standard, simplifying the process of enrollment for working parents and creating a seamless public insurance system for the entire family.

Some states have chosen to raise their threshold for covering low-income parents or have expanded coverage of parents under SCHIP by increasing income eligibility standards. In Minnesota, for example, eligibility for parents under SCHIP extends to families with incomes up to 275% of the federal poverty level.

Housing Trust Funds

The family home is the single largest source of net worth for American households. However, increasing costs of homeownership in recent years have made it more difficult for those with modest incomes to afford a home. Housing trust funds invest public monies to expand the amount of affordable housing, including preserving affordable rental housing, addressing homelessness, construction and rehabilitation of affordable housing, helping families become first-time homeowners, emergency repair, and foreclosure prevention. States should establish a housing trust fund with funding coming from a dedicated and recurring source.

In the United States, 400 housing trust funds exist in cities and counties. Among the 50 states and the District of Columbia, 38 have housing trust funds. Another 50 housing trust campaigns are in the development phase.

Incentives for College Savings

Post-secondary education is one of the best investments an individual can make in his or her economic future. Yet escalating costs discourage many from pursing higher education. One way to make the cost of post-secondary education more manageable and increase participation by lower income families is to create incentives for families to save for college. States can automatically open accounts for all newborns; they can seed the accounts with initial deposits; or they can match individual's deposits or provide benchmark deposits when savers reach particular milestones.

Each state offers its own "529" college savings plan through a designated financial institution. Six states currently match individuals' deposits into their 529 account. They are Colorado, Louisiana, Maine, Michigan, Minnesota and Rhode Island. Along with other financial incentives, Maine provides a $50 award for all newborns that can be used to open an account.

Microenterprise Support

A microenterprise – a business that requires $35,000 or less in start-up capital and has five or fewer employees – is an important source of supplementary income and provides an opportunity for asset building to low-income households. However, for these smallest of businesses, it is often difficult to find the capital or the tools they need to start and grow successfully. A state's microenterprise policy should provide stable and sufficient funding for microenterprise support programs and offer microentrepreneurs equal access to training, technical assistance and capital.

Currently 19 states support microenterprise with their Community Development Block Grant federal funds. There are 22 active State Microenterprise Associations that provide practitioner training and policy education.

School Spending Fairness

Fairness in educational opportunities is a cornerstone of the public education system in the United States. Despite decades of education reforms, inequity in education spending and achievement persists with schools with the highest concentration of students in poverty receiving less funding than other schools. A strong state policy on school spending fairness should include a systematic process for determining the cost of meeting education standards to ensure adequate funding for schools, and provide targeted education spending to underfinanced schools.

States have the flexibility to develop their own standards and processes for addressing funding disparities. Three states – California, Maryland and Virginia – have made noteworthy efforts toward adopting a systematic process for determining the cost of meeting education needs.

State Earned Income Tax Credit

One of the largest and most effective wage support programs for low- and moderate-income families is the federal Earned Income Tax Credit (EITC). The EITC supplements the earnings of workers by reducing their tax burden. When the EITC is greater than the amount of taxes owned, the taxpayer receives a refund. Every year millions of Americans use these refunds to get out of debt and start saving for the future. States should enact their own EITCs that build on the federal credit.

To date, 19 states have enacted EITCs that collectively provide an additional $1.5 billion to their recipients.

"Low- and middle-income households are turning to credit cards to fill in gaps in health coverage and to pay for necessary medical expenses they are unable to afford, threatening their financial well-being. Policymakers must address the twin problems of health care cost and coverage in a comprehensive manner to protect a family's ability to build and sustain the assets so critical to their economic mobility."

– Cindy Zeldin, Federal Affairs Liaison for the Economic Opportunity Program at Demos

State Supported Preschool

Education is a personal asset that benefits the individual, his or her family, and the community. Investments in high-quality pre-kindergarten programs produce higher returns than investments in kindergarten through 12th grade education. High-quality, state-funded programs should establish a maximum class size, require pre-K teachers to have a bachelor's degree, and have per-pupil spending parity between pre-K education and K-12 education.

Of the 38 states that currently fund pre-K programs, only seven reach full parity with K-12 education (Arkansas, Connecticut, Massachusetts, New Jersey, Ohio, Oregon and Tennessee). Twenty-seven states require state programs to limit class sizes to 20 or fewer children.

Support for Community Development Lenders

Community Development Financial Institutions (CDFIs) bring the underserved or unbanked into the financial mainstream by providing them with bank accounts, lower cost alternatives to payday loans, and customized debt products for business development, homeownership and equitable development. Through administrative rule or legislative action, states have the ability to provide both investment capital and operating funds for CDFIs.

Ten states have at least one active program that supports CDFIs either directly or indirectly. These programs provide grants, loans, loan guarantees and tax credits.

Support for IDA Programs

Individual Development Accounts (IDAs) are special savings accounts that match the deposits of low- and moderate-income savers, provided that they participate in financial education and use the savings for targeted purposes – most commonly post-secondary education, homeownership or capitalizing a small business. States should sufficiently fund IDAs with an annual commitment at no less than $200 per low-income resident. This funding covers the administrative and operating costs of the IDA program as well as the matching funds for savers.

Twenty-two states currently have IDA programs. With support of federal and state policies, public and private funding has led to the creation of more than 50,000 IDAs in programs run by more than 540 community-based organizations.

Tax Expenditure Reports

Tax expenditures are tax breaks for corporations or individuals that engage in specific types of behavior – such as investing in equipment or buying health insurance. Rather than spending outright, a state can offer a tax credit, exemption or deduction that reduces a taxpayer's tax burden. The tax expenditures reduce the resources available to a state government and aren't subject to oversight. State-issued tax expenditure reports enumerate existing tax expenditures and also estimate the magnitude of the revenue loss they create, allowing policymakers and citizens to assess how effectively and equitably these substantial resources are being spent.

Thirty-three states produce reasonably comprehensive state tax expenditure reports. Of these, 28 are available on the Internet.

STATE INDEX GRADES

	OVERALL GRADE	FINANCIAL SECURITY	BUSINESS DEVELOPMENT	HOMEOWNERSHIP	HEALTH CARE	EDUCATION
Alabama	C	D	C	B	B	F
Alaska	C	F	A	B	C	C
Arizona	F	D	F	A	F	C
Arkansas	F	D	D	C	C	F
California	C	C	A	D	D	C
Colorado	B	B	A	D	D	B
Connecticut	C	C	C	D	B	C
Delaware	B	B	F	B	C	B
District of Columbia	C	D	A	F	B	D
Florida	C	C	A	A	F	C
Georgia	D	F	A	D	D	D
Hawaii	A	C	A	C	A	B
Idaho	B	C	B	B	D	C
Illinois	C	C	B	F	C	B
Indiana	C	C	C	C	B	D
Iowa	A	A	F	B	B	A
Kansas	C	C	D	C	B	C
Kentucky	D	C	C	C	C	C
Louisiana	F	F	C	C	D	F
Maine	A	B	B	B	A	A
Maryland	C	B	C	C	C	C
Massachusetts	A	B	C	F	A	A
Michigan	B	B	B	D	A	C
Minnesota	A	A	D	C	A	A
Mississippi	D	D	C	A	D	F
Missouri	C	C	C	B	B	D
Montana	A	C	B	A	F	A
Nebraska	B	B	D	C	C	B
Nevada	F	D	D	C	D	C
New Hampshire	A	B	A	A	A	A
New Jersey	B	A	B	D	C	B
New Mexico	D	F	C	A	F	D
New York	D	F	C	F	B	B
North Carolina	D	B	D	C	D	D
North Dakota	B	A	D	C	C	A
Ohio	C	C	C	D	A	C
Oklahoma	C	B	C	A	D	D
Oregon	C	D	B	C	D	B
Pennsylvania	C	A	D	C	B	C
Rhode Island	D	C	F	F	A	C
South Carolina	D	C	C	A	C	D
South Dakota	B	A	C	D	B	B
Tennessee	C	D	A	B	C	F
Texas	F	D	B	B	F	D
Utah	D	C	F	C	C	C
Vermont	A	A	A	A	A	A
Virginia	B	C	B	B	C	C
Washington	B	A	C	D	C	A
West Virginia	D	D	D	A	C	D
Wisconsin	A	A	D	D	A	A
Wyoming	A	A	B	A	C	B

GUIDE TO THE SCORECARD WEBSITE

The 2007-2008 *Assets and Opportunity Scorecard* is much more than just this guide. The *Scorecard* Website at **www.cfed.org/go/scorecard** contains state-level data in an easy to digest and downloadable form. In addition to the data, you will find analysis, tools, and policies to help customize the *Scorecard* according to your state or region. There are also additional resources for everyone, including advocates, researchers, media and the general public.

Use this guide to help navigate the wealth of information on **www.cfed.org/go/scorecard**.

1 MAIN FINDINGS

The *Assets and Opportunity Scorecard* presents information on assets and asset policies in each state and the District of Columbia that form the foundation for advancing financial security among families and communities. This section provides an overview of the *Scorecard* and the national findings.

2 STATE GRADES

Details on each state's grades, rankings and performance can be found here, including each state's report card, trend indicators and an analysis of the state's results.

3 STATE POLICY RATINGS

The *Scorecard* looks at 38 policy measures to assess states' asset-building and asset-protection capacity, and focuses on 12 core policies identified as the most important tools for creating a positive asset-building and asset-protection environment. The *Scorecard* evaluates these 12 core policies and assigns policy ratings to each state based on the strength of the policy described in the *Scorecard* policy briefs.

4 MEASURES

To present a revealing portrait of each state and the District of Columbia, CFED has developed 46 outcome measures, 38 policy measures and 14 trend indicators organized into a six-index framework: Financial Security, Business Development, Homeownership, Health Care, Education and Tax Policy and Accountability. Here you can get an overview of each index, review the data for each particular measure and find its precise definition, source and an explanation of its importance to the wealth landscape.

5 CUSTOMIZE THE SCORECARD

The *Scorecard's* data can be customized using this dynamic tool for researchers, analysts, policymakers and practitioners. Any combination of the 84 measures and 14 trend indicators can be selected and compared among any combination of states. Users can also select any subset of states and/or measures from the *2007 Development Report Card for the States*, CFED's economic development benchmarking publication, together with measures from the 2007-2008 *Scorecard* to produce a customized data set.

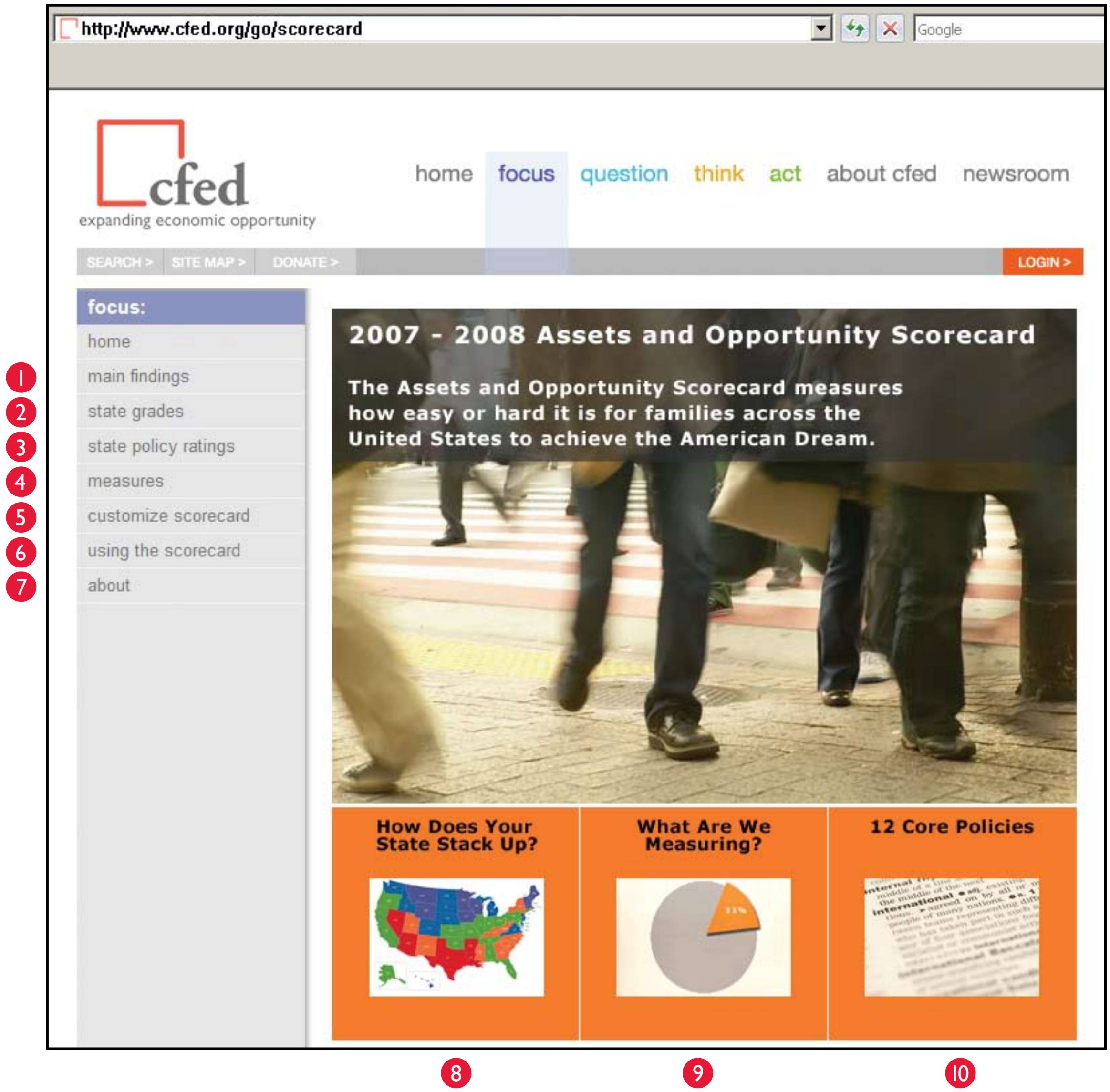
6 USING THE SCORECARD

A range of tools and resources are provided for furthering asset change in your state. Along with 10 suggestions for using the *Scorecard*, this section shows how to customize issue briefs and how to write your own state report.

7 ABOUT

This section provides a detailed description of *Scorecard* methodology, information on potential speakers and a newsroom with news releases and *Scorecard* coverage.

WWW.CFED.ORG/GO/SCORECARD



8 HOW DOES YOUR STATE STACK UP?

How does your state rank in its ability to provide opportunities for wealth building for all its residents? Here you can find all of the information on your state including state grades and rankings.

9 WHAT ARE WE MEASURING?

The *Scorecard* assesses each state based on 46 outcome measures, 38 policy measures and 14 trend indicators. Find the definitions and data for each measure here.

10 12 CORE POLICIES

What can be done to improve your state's rankings? Here are 12 policy recommendations that state policymakers can and should do to increase financial security and opportunity.

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expanding economic opportunity

ABOUT CFED

The Corporation for Enterprise Development is a national private nonprofit organization with a mission to expand economic opportunity. Part of this mission has been to expand how people think about policy and its impact on their lives and opportunities. The 2007-2008 *Assets and Opportunity Scorecard* takes a comprehensive look at wealth and poverty across America, bringing together various data on financial security, homeownership, business development, health care and education. The *Scorecard* provides an overall look at the elements that lead to widely shared economic success.

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