News Release

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35% of Oregon Residents Have Almost No Savings to Cover Emergencies or Save for the Future

State Ranks 24th Overall for the Financial Stability of its Residents

Washington, D.C. — More than one in three Oregon residents is living on the edge of financial disaster with almost no savings to fall back on in the event of a job loss, health crisis or other income-depleting emergency, according to a report released today by the Corporation for Enterprise Development (CFED).

The *2013 Assets & Opportunity Scorecard* defines these residents as "liquid asset poor," which means they lack adequate savings to cover basic expenses at the federal poverty level for just three months if they suffer a loss of stable income. Included in this group are a majority of Oregon residents who live below the official income poverty line of $23,050 for a family of four, as well as many who would consider themselves middle class. Fully 20% of households earning between $59,353 and $90,024 per year have less than three months of savings ($5,762 for a family of four).

Without savings, these families have limited hope of building a more prosperous future for themselves or their children, including saving for college, buying a home or setting aside money for retirement.

"In order to cope with the recession's continued impact, these families have had to prioritize today's expenses over tomorrow's goals," said Andrea Levere, president of CFED. She called the findings "particularly disturbing given the ongoing budget talks in Congress that will likely result in further reductions in the social safety net and other programs that help low- and moderate-income people get on the their feet and start planning and saving for a better future."

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. 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.

Oregon ranks 24th in the country overall in the ability of residents to achieve financial security. The *Scorecard* evaluates states across 53 measures within the five different issue areas. Oregon earns a "B" in Financial Assets & Income, with its households ranking among the nation's best in the *Scorecard's* three banking measures – rate of unbanked (8th), underbanked (5th) and savings account ownership (5th). The financial outlook for Oregonians is not entirely rosy, however – Oregon's 15.6% income poverty rate places the state 35th nationally, and Oregon households average $10,561 in credit card debt per borrower. The state's low homeownership rate (61%, ranked 45th) contributed to Oregon's "D" in Housing & Homeownership. The Beaver State also performed poorly on measures of affordable housing: it ranked 46th in the affordability of homes, 44th in housing cost burden of homeowners and 45th in housing cost burden of renters.

"Although there are signs of improvement in Oregon's economy, with unemployment edging downward in recent months, this year's *Assets & Opportunity Scorecard* paints a picture of a state – and a nation – that is struggling to achieve economic opportunity for all residents," said Jennifer Brooks, director of state and local policy for CFED.

To address these challenges, the *Scorecard* includes a dozen policy solutions that can help Oregon increase opportunity and promote financial well-being for all residents. To help low-wage workers afford food and other necessities, Oregon should extend the Oregon state EITC, which is set to expire at the end of 2013, and increase the value of the credit to 18% of the federal credit. To increase homeownership rates, lower the housing cost burden and prevent foreclosures, Oregon should continue to invest in its IDA programs and other proven strategies to support first-time homebuyers. The state should also strengthen foreclosure protection and prevention laws ensuring pre-foreclosure mediation by a neutral third party. Finally, to avoid discouraging saving for retirement, Oregon should allow modest retirement savings for applicants to the Oregon IDA Initiative.

"Oregon's Legislature convenes next week, and will have opportunities to turn Oregon's asset-building policies "right-side up" by prioritizing strategies to help Oregonians with low and modest incomes build and maintain household financial stability," said Janet Byrd, Executive Director of Neighborhood Partnerships, a lead organization with the Assets & Opportunity Network. "We have strong policies in place in so many areas; it's time to take the next steps forward."

Nationally, the *Scorecard* data reveal the daunting reality facing far too many low- and moderate-income families as they struggle to move up the economic ladder. CFED found that 25 states saw increases in liquid asset poverty over findings reported in the *2012 Assets & Opportunity Scorecard*. The report also found continuing racial gaps, with nearly 64% of households of color considered liquid asset poor compared with 34% of white households. Among the other key findings:

- Many households don't have the basic tools to save for a rainy day, with nearly a third (30.8%) lacking a savings account and 8.2% with no mainstream financial account at all.
- For the second year in a row, more than half (56.4%) of consumers have subprime credit rates, meaning they do not qualify for short-term credit at "prime" rates, making them more likely to turn to high-cost payday, auto-title or installment loans.
- Two out of every three college graduates is leaving school with student loan debt, the average amount of which increased by $552.98 over last year's *Scorecard* findings to $26,600.
- By the second quarter of 2012, the foreclosure rate had dropped to 4.27% – a decrease from a 2010 high of 4.6% but still above the pre-housing crash rate of 0.99% in 2006. The move by financial institutions to stop offering high-cost mortgages has been a mixed blessing for asset poor families. On the up side, they are no longer prey to abusive and unscrupulous lenders. On the down side, they are largely shut out of the mortgage market.

To read an analysis of key findings from the *2013 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 has created the nationwide Assets & Opportunity Network, which is comprised of more than 850 advocates, service providers, researchers, financial institutions and others representing 38 states. To learn more about the Assets & Opportunity Network, visit http://assetsandopportunity.org/network.