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Whose Bad Choices?

How Policy Precludes Prosperity and What We Can Do About It

PROSPERITY NOW SCORECARD

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A Note to the Reader

The *Prosperity Now Scorecard* is a comprehensive resource for data on household financial health and policy recommendations to help put everyone in our country on a path to prosperity. Issued annually, the *Scorecard* release is accompanied by a main findings report that highlights the most compelling data in the latest edition.

Featured data may reveal insights on measures not previously available, longer-term trends that illustrate the scope of challenges facing financially vulnerable households, or other points of interest to advocates and policymakers. As such, this report on the 2018 *Scorecard* is not meant to be a comprehensive account of 115 outcome and policy measures for all 50 states and the District of Columbia. Instead, you are encouraged to browse the *Scorecard* website, available at **scorecard.prosperitynow.org**. There, you can find more information on the data by location or by issue, data disaggregated by race and disability, customize reports, compare how your state or local area compares to your neighbors, connect with Community Champions working to advance prosperity in your area and more.

Throughout this report, the names of specific measures included in the *Scorecard* are displayed in **bold typeface** when referenced. You'll also find callouts, graphics and "Advocacy Snapshots," all of which are designed to highlight resources or bring *Scorecard* data to life.

“Poor people don’t deserve to prosper.”

You’re unlikely to hear those exact words out of a politician’s mouth—at least, not the mouth of a politician who will ever face reelection.

And yet, these words serve well to capture the motivations underlying the policy actions of the Trump administration in its first year, as well the policy actions of the current Congress. Widespread deregulation and tax cuts for the wealthiest Americans suggest that those with money are more deserving of opportunities to prosper than the rest of us. While workers and their families struggle to get by, the wealthiest Americans enjoy more political power and less accountability.

Our national discourse about economic policies asserts—sometimes subtly but increasingly overtly—that those at the top deserve help building wealth, often at the expense of Americans with moderate means. This discourse is made possible because the American public has been effectively persuaded by a broader narrative about who deserves to reap the fruits of our national labor. This false narrative relies on racist, sexist, xenophobic and nationalistic tropes that exploit false divisions and pit groups against one another.

Think we’re overstating the pervasiveness of this narrative? Consider, then, Senator Chuck Grassley’s (R-IA) recent insistence that lower-income Americans “are just spending every darn penny they have, whether it’s on booze or women or movies.”[1] On Capitol Hill, Mr. Grassley’s not alone: former Representative Jason Chaffetz (R-UT) remarked during the health care debates early last year that people should just “invest in their own health care” rather than “getting that new iPhone that they just love.”[2] And of course, it’s not just politicians. Conservative think-tanks like the Heritage Foundation eschew the need to invest in low- and moderate-income families by showing how even the average poor household can afford “air conditioning, a car or truck, cable or satellite TV” and other things that are allegedly key indicators of economic prosperity.[3]

The narrative promulgated by politicians like Grassley and Chaffetz and by groups like Heritage that are opposed to public investments in welfare is dangerous because it shapes our national, state and local policies. This narrative creates false divides in our shared quest to achieve prosperity. It shackles our government’s ability to facilitate equitable economic prosperity for working families. It assumes that the rich are more willing to work hard for their money when it’s the government’s investments in their productive capacity that propel them to prosperity. And, perhaps most importantly, it treats as fact the stereotypes that portray broad swaths of people in our country as lazy, irresponsible and unwilling to work hard to get ahead.

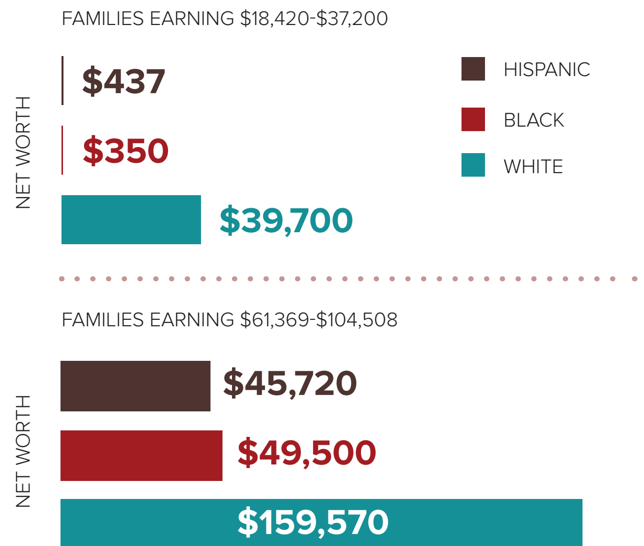
Quite the contrary, there is an abundance of evidence documented in this report and elsewhere that low- and moderate-income people in the US are working harder than ever—and for fewer returns—to build a better life for themselves and their families. The data that comprise the 2018 *Prosperity Now Scorecard* make one thing clear: the dominant narrative about low-wealth people is nothing but a series of myths.

In response to these myths, the pages of this report highlight data, research and policy approaches that counter the misconceptions undergirding our national narrative about who deserves the opportunity to thrive. By highlighting key findings from the 2018 *Prosperity Now Scorecard*, we aim to demonstrate that millions of people are making what are, by all accounts, the "right" choices. They're getting a job (or two, or three), earning a degree, saving what little money they have left over at the end of the month—and yet they're falling farther and farther behind.

Take, for example, the millions of households headed by people with multiple jobs that *still* aren't making ends meet. **Unemployment** and **underemployment** are below pre-recession levels in many parts of the country, but almost one in four **jobs is in an occupation that pays below the federal poverty level**. In turn, workers take on temporary work or seek opportunities in the gig economy to make ends meet. The hope is that, when the heater goes out in the dead of winter or when hours at work get cut, driving for Uber or Lyft can help weather the storm. But the nature of these jobs—that offer volatile incomes and little or no benefits—hardly makes this a reliable way to manage household finances in the long run.

Of course, when we look at trends in unemployment, the picture is very different for White workers than it is for workers of color. While the Bureau of Labor Statistics' monthly jobs report for December 2017 touted the lowest unemployment rate for Black workers since the 1970s, White unemployment is still nearly half that of Black unemployment and just over 75% of Latino unemployment (3.7% compared to 6.8% and 4.9%, respectively).[4] Unsurprisingly, this disparity affects workers' ability to build wealth, as illustrated by the fact that White workers who earn less than their Black and Latino counterparts nevertheless amass comparable amounts of wealth. White households earning $18,420-$37,200 have a median wealth ($39,700) comparable to those of Black and Hispanic households earning roughly three times as much ($61,369-104,508); median wealth for Black and Hispanic households is $49,500 and $45,720, respectively.[5] In other words, having a job and a decent income doesn't guarantee anyone financial security—certainly not households of color.

WHITE HOUSEHOLDS HAVE ROUGHLY THE SAME WEALTH AS HOUSEHOLDS OF COLOR EARNING 3X AS MUCH INCOME



Source: Prosperity Now, *Road to Zero Wealth*

At the same time, we know from our field research and our experience learning from and partnering with service providers across the country that, with the right support, even families with insufficient income can and do find ways to save. They find creative ways to build small nest eggs for a rainy

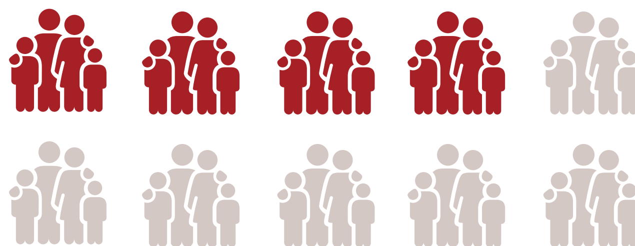
day and to build a better future for themselves and their children. However, because too many policymakers believe these families can't save—or that they don't deserve to be rewarded for doing so—we have no shortage of legal barriers on the books that discourage families' efforts to save. **Asset limits** in programs like SNAP and TANF, for example, penalize those who amass even modest savings by making them ineligible for the benefits these programs provide. Given that nearly four in 10 households (36.8%) haven't saved enough to pay themselves a poverty-level income for three months in the event that a job loss or other emergency leaves them without the ability to earn (this **liquid asset poverty** level is estimated at $6,150 for a family of four), it's time that we stop deregulating multi-billion-dollar businesses and instead focus on how we can encourage savings among those who need it the most.

Although we know low-income families can save, doing so is naturally much easier with more income. "To boost income," society says, "just get an education!" But blaming a lack of education ignores the fundamental roles of savings and assets that allow families to send their kids to college or land a well-paying job that offers good benefits. With 22.2% of all **borrowers having student loan debt** and the **median student loan debt** being $17,711, it's clear that saving enough to cover the costs of higher education is nearly impossible for the average person. That—coupled with the fact that **default rates on student loans** are almost twice as high as other types of debt[6]—makes clear why would-be college graduates are forced to choose between forgoing the opportunity to earn a degree and spending decades saddled in debt.

Blaming a lack of education ignores the fundamental roles of savings and assets that allow families to send their kids to college or land a well-paying job that offers good benefits.

Moreover, blaming people's tenuous financial situations on a lack of education assumes that returns on investments in education are equal. In reality, a White student's investment in a college degree is worth so much more than the investment made by a student of color: White families whose head of household has only a high school diploma enjoy $64,200 in median wealth, whereas Black or Hispanic households headed by a college graduate have just $37,600 and $32,600 in wealth, respectively.[7]

NEARLY **4 IN 10** HOUSEHOLDS



ARE **LIQUID ASSET POOR** IN THE US

THEY DON'T HAVE ENOUGH SAVINGS TO REPLACE INCOME AT THE POVERTY LEVEL FOR THREE MONTHS ($6,150 FOR A FAMILY OF FOUR).

Source: Survey of Income and Program Participation.

Advocacy Snapshot: Designing State Policies to Advance Racial Wealth Equity

Advocates committed to crafting an agenda to take on racial wealth equity may feel overwhelmed when deciding where to start. To equip advocates and policymakers with what they need to design equitable state-level policies that clear pathways to wealth and prosperity for people of color, Prosperity Now developed two helpful resources in 2017. Racial Equity Policy Design & Advocacy: A Primer outlines considerations for ensuring that policies do not inadvertently exacerbate racial wealth inequality. Its companion resource, A State Policy Blueprint for a More Inclusive Path to Prosperity, supports leaders in creating policies that address the institutional barriers facing low-income communities of color.

A common theme among the issues we've touched upon so far is the myth that people fail to get ahead because of the personal choices they make—about savings, education and more. At the same time, there are a range of challenges that exist far beyond individual control, and yet can wreak havoc on a person's financial life. One prominent example: health care.

No longer do we need to go to great lengths to prove that our physical health and our financial health are deeply intertwined. And yet, the leadership in Congress is attempting to undo gains made in the number of insured individuals, including children. With recent efforts to repeal and replace the Affordable Care Act, remove the individual mandate, and delay the re-authorization of the Children's Health Insurance Program, we not only need to brace ourselves for significant negative impacts on individual health outcomes but also on economic outcomes.

The 2018 *Scorecard* finds that 13% of individuals reported **forgoing doctor's visits because of costs**. This rate increases when we account for race: 16.3% of Black respondents, 20.8% of Hispanic respondents, 19.1% of Native American respondents, and 17.1% of Asian or Pacific Islander respondents reported forgoing doctor's visits, compared to only 10.5% of White respondents. Poor health comes at a high cost for families with limited income, savings and wealth. Fortunately, as we discuss later in this report, we are seeing small but meaningful policy wins in a handful of states that have improved access to affordable health care for all.

Taken together, the data highlighted here and the thousands of data points that comprise the 2018 *Prosperity Now Scorecard* illustrate that poor choices aren't why families are poor. A person's decision to own an iPhone isn't trapping them in poverty. Neither is a person's decision to own a car or have air conditioning in their home. When you think about "poor people," you'd do just as well to imagine your next-door neighbor or the coworker in the cubicle next to you as you would to imagine a homeless person or a single mother on food stamps. But what your neighbor, your coworker, the homeless person and the single mom all have in common is that they live in a state and a country where public policies and private practices have

limited—rather than expanded—their chances to get ahead. It's time to rethink the values and assumptions embedded in our public policies.

Source: Kaiser Family Foundation State Health Facts

Indeed, the conversation about who deserves to share in our national prosperity is always relevant, but it is especially timely now given the tax cuts for the wealthy passed at the end of 2017, as well as the cuts to critical safety net programs that we anticipate will follow to patch the $1.5 trillion hole left in our national budget by the new tax law. Now is the time to deconstruct these narratives as the markets are thriving and the economy overall is riding high, but low-wealth families are not reaping the benefits of this upswing. More importantly, this upswing is not likely to last, and when peaks start turning into valleys, working families—as they always do—will bear the brunt of economic downturn.[8]

This report is a departure from the tone and format of our past *Scorecard* reports, but a necessary departure if we are to make a meaningful contribution to current national and state policy discussions. Seeing this moment as an opportunity to take our national discourse to task, we have written this report to dispel the myths in problematic narratives that persist and form the foundation of economic policies established in the White House, on Capitol Hill and in state legislatures from coast to coast. In addition, this report intends to:

- Highlight new data and emerging trends from the *Scorecard* that shed light on society's hidden (and not so hidden) assumptions about who deserves to benefit from our national prosperity.
- Name the policies and practices that create and perpetuate the financial challenges facing millions of households in the US.
- Recommend moveable, meaningful and manageable policies that remove barriers to opportunity and propel people toward prosperity.

In general, this report is divided into sections that focus on particular themes, such as work, savings, credit and debt, and health. Woven throughout, you'll find that certain themes reemerge, such as the centrality of housing and homeownership or the precarious situation facing people of color. As you dive into the remainder of this report, you are encouraged to keep in mind that this report is not meant to capture the 2018 *Scorecard* data in their entirety. To browse the comprehensive set of *Scorecard* data—and to customize reports for your state, compare with other places and more—please visit the *Prosperity Now Scorecard* website at scorecard.prosperitynow.org.

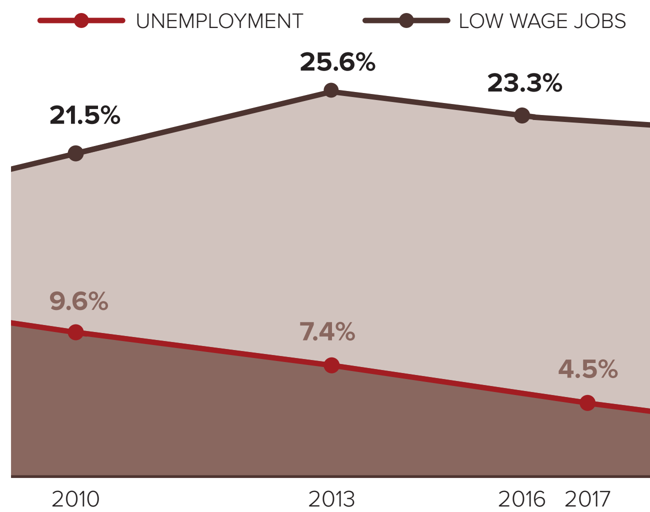
Having Work that Doesn't Pay

Too often, we equate poverty with not having a job, but millions of working individuals and families are struggling to make ends meet. Yes, having a job is important, but it's far from a promise of prosperity if that job doesn't pay enough or doesn't offer consistent pay and good benefits.

Although annual **unemployment** and **underemployment** rates (4.5% and 8.9%, respectively, as of the third quarter of 2017) have returned to pre-recession levels nationally, labor markets are not equally tight across the entire country. Unemployment actually increased over the last year in seven states and the District of Columbia,[9] including in Alaska where the rate is 7.2%. As stated earlier, unemployment also continues to be higher for workers of color, particularly Black workers, despite the positive trends. In 2016, unemployment was more than twice as high for workers of color than for White workers in 16 states. For Black workers, unemployment was more than three times higher in seven states.[10]

For millions more workers, opportunities to save and build wealth are out of reach, not because of unemployment or underemployment, but because of low wages. This year's *Scorecard* shows that nearly one in four jobs are in low-wage occupations, meaning they don't pay enough to keep families above the federal poverty line. And while unemployment has been cut in half since its peak in 2010 (falling from 9.6% to 4.5%), the rate of **low-wage jobs** has decreased only two percentage points from its peak in 2013 (down to 23.3% from 25.6%) and remains above 2010 levels (21.5%). Additionally, **average annual pay** is trending upwards—increasing 4.6% since 2011 to reach $53,621 in 2016—but household income has failed to keep up with the cost of housing, which has become increasingly unaffordable for the average U.S. family. Since last year's *Scorecard*, **median home values** have increased 4.1% (more than $8,000), while median household income has increased just 2%, or roughly $1,138. Since 2013 alone, home values are up 14.4%, compared to a 7.0% increase in household income. Meanwhile, 45.8% of White renters and 53.9% of renters of color are **cost-burdened** (meaning they spend more than 30% of their income on housing costs).

UNEMPLOYMENT IS FALLING BUT LOW-WAGE JOBS REMAIN HIGH



Source: Bureau of Labor Statistics and Occupational Employment Statistics

Despite the complex ways in which these problems collude to undermine workers' chances to prosper, there are clear opportunities that lawmakers can seize to improve the well-being of residents in their states. The first point of order is ensuring sufficient

pay for work, which requires that states (1) set a floor for wages that is above the federal minimum and (2) supplement low wages with a **state Earned Income Tax Credit (EITC)**.

Although no states increased their **minimum wages** in 2017, legislators in six states (Georgia, Florida, Hawaii, Illinois, Massachusetts and North Carolina) filed legislation to either increase their minimum wages or to index minimum wages to inflation. While these initiatives did not pass, they demonstrate growing commitment to setting a floor in response to downward wage trends. On the flip side, however, Ohio and Iowa joined 23 other states in 2017 that have passed or implemented laws preempting cities from passing legislation to require employers to pay wages higher than the states' established minimums. Such laws are harmful for families living in high-cost cities and counties where leaders are eager to ensure livable wages, even if leaders at the state level are not.

In better news, three states (Hawaii, Montana and South Carolina) established a state EITC and two states (California and Illinois) expanded their existing EITCs to cover more working families. The federal EITC is an anti-poverty policy that enjoys bipartisan support because it encourages work, has demonstrable savings benefits, offers clear health benefits for children, and improves life outcomes for families.[11] Now, a total of 29 states have a state EITC and 12 have a refundable credit that is at least 15% of the federal EITC. This progress is significant because the EITC translates into a considerable infusion of income for families—the most significant infusion of income many families will see all year. For example, a family of four living at the poverty level could earn a federal EITC representing 22% of their annual income, allowing them to stretch what they earn and cover more of life's expenses.[12]

Despite bipartisan support and clear evidence of the benefits of credits like the EITC and Child Tax Credit for low-income working families, Congress elected not to expand the EITC in the new tax law passed at the end of 2017. Moreover, where Congress did choose to expand tax credits, they did so for high- and moderate-income families while offering nothing to low-income workers and their families, and the new rules created exclusions for particular classes of *documented* immigrants who work here in full accordance with the law. Rather than helping these taxpayers get ahead, Congress instead decided to double down on racial wealth inequality by building a more regressive tax system, which will further concentrate even more wealth in the hands of those who already have it.

A recent analysis by the Tax Policy Center estimates that the new tax law will translate to a $51,140 tax cut for the wealthiest 1% of households (those earning at least $732,800 in 2018)[13]—82.3% of which are headed by non-Hispanic Whites. Families earning less than $25,000 in 2018, on the other hand, will see a mere $60 in tax savings. More than four out of every 10 (41.6%) of those families are families of color.[14] As a result, it is more imperative than ever that state governments go to bat for their residents where the federal government has not by adopting or expanding tax credits that benefit workers and their families. Fortunately, states like Hawaii, Montana and South Carolina see through the false premise that if we only give more to those at the top, the economy will somehow work better for everyone else.

Advocacy Snapshot: South Carolina's EITC Victory

Some low- and moderate-income South Carolinians will enjoy a financial boost this tax season, thanks to the state's newly adopted EITC. The non-refundable credit is 125% of the federal EITC and eligibility is based on the federal credit's rules.

South Carolina's EITC passed as part of a larger bill that will raise taxes on gasoline to pay for much-needed infrastructure projects. Because gas taxes disproportionately impact low-income people, the EITC will help offset those additional costs by putting more money in the pockets of low-income workers when they file their taxes.

While South Carolina's EITC is certainly a step forward, there are additional steps the state can take to build on this victory. Making the credit refundable would enable it to reach more people. The Institute on Taxation and Economic Policy estimates that only 2% of those earning less than $21,000 and only 11% of those making $21,001-36,000 will receive the state credit.[15] We hope that lawmakers in South Carolina will continue to show the leadership they demonstrated in overriding the governor's veto on this bill and continue to improve on the EITC in the coming years.

Adequate minimum wage laws and refundable state EITCs can ensure workers and their families have a base income and periodic financial boosts to cover major expenses or pay off lingering debt. However, beyond sufficient income, another challenge is regular, steady income. For the 20.9% of working households that reported moderate to significant income fluctuations from month to month, **income volatility** can feel like riding a roller coaster, with deeper financial impacts at every turn. With 40% of those experiencing income volatility reporting that they struggle to cover bills as a result,[16] policymakers should take proactive steps to help families avoid falling deeper into financial despair.

Such proactive steps should include paid leave laws. No one should have to choose between paying their bills or starting a family, nor should someone have to decide whether to put off an important medical procedure or take care of an ailing family member. Paid leave laws are designed to prevent workers from facing such unacceptable choices by preserving job and income security. Five states (Arkansas, Maryland, Missouri, North Carolina and Texas) filed bills, but unfortunately, only 11 states and the District of Columbia had enacted paid leave laws by the end of 2017 to help workers avoid these no-win situations.

In all, having a job is necessary but not sufficient for a family's chances of getting ahead. Jobs need to pay wages that can keep up with the ever-increasing cost of living. Moreover, jobs need to offer strong benefits so workers aren't forced to choose between starting a family and paying the bills or, worse still, pursuing or forgoing treatment for a chronic illness. But even then—even when all the pieces related to employment fall into place—workers still need the boosts in income offered by

minimum wage laws and the EITC, assistance with covering the often-outrageous price of entering the homeownership market, and a range of other supports and protections that make it possible to cover today's expenses and tomorrow's dreams. The 2018 *Scorecard* shows that there are signs of progress in several states, but many opportunities remain to be seized by governors, legislatures and state agencies.

Poor People Will Save, If We Let Them

Bringing in a steady income—a challenge on its own—is a necessary step toward financial stability. Achieving the broader goal of alleviating deep intergenerational poverty demands families have a way to translate income into savings and savings into wealth and prosperity. Our social narrative tells workers to save for a rainy day and to build a more promising future, but our public policies, particularly recent actions at the federal level, make it nearly impossible to do so. Those responsible for our policies have surmised, it seems, that saving for a better tomorrow should remain nothing more than a dream for the families least able to make ends meet.

Federal lawmakers have made their upside-down priorities clear in no shortage of ways. Rather than build a bridge out of poverty, federal policies erect roadblocks on the path to saving through asset limits. Rather than help families carve out a slice of the illusive American Dream, lawmakers chose to eliminate funding that once put the dream of owning a home or a business within reach. And, rather than encourage new ways to save for the long haul, Congress revoked rules that would have significantly expanded access to retirement savings accounts.

These federal barriers to saving and building wealth and prosperity make a troubling reality worse. The *Scorecard* shows that 36.8% of households in the United States live in a state of **liquid asset poverty**, meaning they lack enough savings to replace income *at the poverty level* for three months ($6,150 for a family of four in 2017) in the wake of a personal crisis like a broken-down car, a job loss or a serious medical emergency. Unsurprisingly, those who earned the least are in the most precarious situation: nearly 72% of households in the lowest income quintile were considered liquid asset poor. Further compounding this problem is that 44% of all households did not put away a single dollar in the last year to **save for an unexpected emergency**.

Under these circumstances, it is not difficult to understand why families with the least face the tallest hurdles in their quest to move beyond living paycheck-to-paycheck. The good news, however, is that where the federal government has failed, states have far more flexibility—and have demonstrated far greater willingness—to make it possible for working-class families to save. In particular, several states are showing their commitment to clearing pathways to prosperity by removing asset limits in public benefits programs, facilitating retirement savings and funding matched-savings programs for adults.

Asset limits in public benefits programs like Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI) and the Low-Income Home Energy Assistance Program (LIHEAP) are saving penalties that prohibit savings and building wealth in the United States. Rather

than helping families to set money aside or begin planning for major purchases like a home—purchases that could be the best opportunities to permanently escape the cycle of poverty and end the need for public assistance—asset limits instead discourage even modest savings.[17] Despite federal rules that initially keep these limits in place, states have the option to eliminate savings penalties entirely, opening the door to a chance at financial stability and economic growth without any substantial investment. In fact, states that elect to remove asset limits in their public benefits programs often see budgetary *savings*—in the form of lightened caseloads and less administrative time spent verifying families' assets to determine eligibility.[18] As of the end of 2017, eight states had eliminated asset limits in their TANF programs. SNAP and LIHEAP asset limits have been eliminated in 34 and 39 states, respectively, as well as in the District of Columbia.

Even better than states eliminating asset limits would be the federal government eliminating asset limits entirely from all public benefits programs. Better still, federal policymakers could continue to directly support and enhance savings among low-income families by funding programs with a demonstrated effectiveness in growing wealth.

Instead, Congress and the White House chose to further limit working families' opportunities to save what little they could. By cutting **funding for the Assets for Independence (AFI) program**, the major source of federal dollars for matched-savings incentives for Individual Development Accounts (IDAs), federal appropriators sent a clear signal that they no longer see the value in propelling people toward homeownership, higher education and entrepreneurship.

Assets for Independence Act

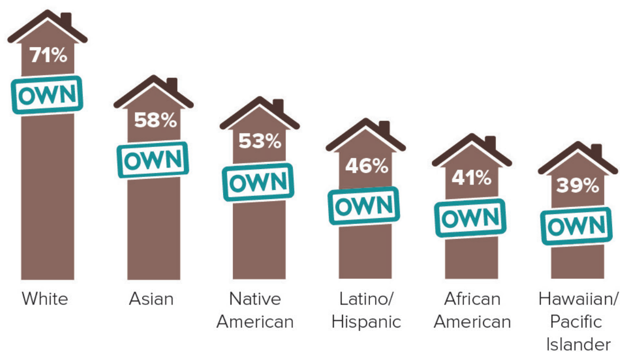
The Assets for Independence (AFI) program served as a cornerstone of federal wealth-building policy for nearly two decades, providing critical funding for savings matches and programmatic support for Individual Development Accounts, or IDAs. For many of the community-based organizations that received funding through AFI, these dollars translated into incentives that effectively encouraged low-income households to save for major asset purchases, like a downpayment on a home, startup costs for a small business, or tuition and fees to earn a college degree. Unfortunately, Congress voted in 2017 to discontinue funding the AFI program, putting matched savings programs across the country in jeopardy and erecting yet another obstacle that prevents working families from building the savings they're told to build.

Data on wealth in the United States make clear that public investments in people's ability to save and acquire assets are still very much needed. The most recent Survey of Consumer Finances from the Board of Governors of the Federal Reserve System found that **median net worth** increased to $97,300 in 2016, after years of decline and stagnation.[19] Additionally, median net worth for households of color increased at a greater rate than the rate for White households. But these gains mask the steep uphill climb many households of color face in

turning savings into wealth. The gap between White and Black wealth and between White and Hispanic wealth grew by 15.6% and 13.7%, respectively.[20] Black and Hispanic households have a median net worth of $17,600 and $20,700, respectively, compared to $171,000 for White households. And, nearly one in five (19%) Black households and one in eight (13%) Hispanic households have **zero or negative net worth**, meaning they owe more than they own. The same is true for only 9% of White households.[21]

With few opportunities to save and even fewer opportunities to build wealth, the dream of homeownership is all but impossible to achieve. This year's *Scorecard* shows once again that **homeownership** is increasingly reserved for the wealthy. Only 39.5% of those in the bottom income quintile owned a home, compared to 84.9% of earners in the top income quintile. Disparities revealed by this year's *Scorecard* also continued along racial lines: only 38.5% of Native Hawaiian or Pacific Islander households, 40.7% of Black households, 45.5% of Hispanic households, 52.9% of Native American and 58.1% of Asian households owned their homes, compared to 71.2% of White households.

HOMEOWNERSHIP BY RACE



Source: American Community Survey

It is imperative that states adopt policies that ensure that a family's income quintile and the color of their skin aren't the most significant predictors of their ability to purchase a home. Fortunately, at least 44 states and DC are investing in first-time homebuyers through some combination of **downpayment assistance**, and 16 states offer **direct, low-cost mortgage loans**. Matched savings and IDA programs also provide opportunities for lower-income homebuyers to save for a downpayment, but the defunding of the AFI program means there will be fewer opportunities available.

Where federal action has failed households of color and those with limited incomes, states are stepping up. Even with the loss of AFI, 11 states and DC continue to offer **support for matched-savings opportunities by funding IDAs**, reaching nearly $15 million in state investments in 2017. Further, failure to fund matched savings at the federal level is spurring more states to craft innovative ways of expanding matched-savings opportunities beyond the traditional bounds of IDAs. In Vermont, for example, advocates are working with policymakers to expand the allowable uses of matching funds to transportation and home repair. Other states are looking to fold IDAs into state funding for specific sectors like state-subsidized housing, where IDAs could be used expressly for homeownership. Supporting matched savings will greatly contribute to future wealth-building opportunities through homeownership in particular, but also through increased entrepreneurship and college attainment.

Whereas investments in matched savings and homeownership help households access short- and medium-term wealth-building opportunities, investments in workers' ability to save for retirement can also have significant impacts on long-term

financial well-being. Currently, 77% of the lowest-earning workers lack access to an employer-provided defined contribution retirement plan, compared to only 19% of the top 10% of wage earners.[22] In other words, without intervention to increase access, more than half of all households and two-thirds of low-income households will be left with insufficient income in retirement to maintain their pre-retirement standards of living.[23]

Here again, data on access to retirement savings plans reveal that it is the choices of federal policymakers—and not the choices of individual workers—that inhibit workers' ability to secure their retirement. Last year, Congress chose to make a seemingly insurmountable challenge even steeper by voting to eliminate rules that made it easier for states to enact **automatic-enrollment retirement savings (Auto-IRA) programs**. Auto-IRA programs greatly expand affordable retirement savings opportunities, especially to those without access to employer-sponsored investment opportunities. One bit of good news in this realm, however, is that states are once again proving to be the true political champions of working families. Five states—California, Connecticut, Illinois, Maryland and Oregon—have forged ahead in their efforts to implement statewide Auto-IRA programs, despite the barriers to doing so erected by the federal government. Meanwhile, several other states, including Massachusetts, New Jersey, Vermont and Washington, are pursuing similar strategies, recognizing the need to support workers' retirement security.

For millions of workers and their families, transforming income into savings, savings into wealth and wealth into prosperity feels like a fool's errand. For households of color, the challenges revealed by the *Scorecard* are universally starker as they face the lingering effects of our racist history and the discriminatory effects of contemporary public policy *on top of* the barriers to saving cited in the preceding section. Indeed, true equity of opportunity demands that the policies pursued by even those states that have risen to the challenge of addressing these barriers must do so in a manner that targets the most support where it is most greatly needed. Doing so won't undo the wrongs of our past, but can move us toward a level playing field, even when your starting point isn't even within sight of the ballpark.

Borrowing to Get By But Falling Farther Behind

Credit and debt are powerful tools that are critical to nearly every household's financial security. Increasingly, a strong credit history has become a proxy for trustworthiness and reliability for not only in the context of qualifying for financial products, but also for employment and renting a home. The public narrative around how to build and maintain a strong credit history is one of risk aversion: avoid taking on debt if you can.

However, this message ignores the essential role that debt plays in building wealth. Debt works in tandem with credit to allow families to do things they could not do otherwise: financing a postsecondary degree, buying a home, starting a business or even buying a car to get to a job. When it is affordable and the risk is assessed appropriately, debt can be an investment in a family's future.

However, using credit and taking on debt to make ends meet—a situation in which many low-income families find themselves when insufficient or irregular incomes and a lack of savings leave holes in household balance sheets—can be a far riskier proposition. Those with low or no credit scores may only have access to high-priced or predatory credit that they may not be able to repay. Suddenly, a short-term expense can snowball into a cycle of debt, kicking off years of poor credit histories and throwing families off track from investing in their future through education, homeownership or entrepreneurship.

For people of color, this game of accessing credit and leveraging debt is further complicated by racial bias and discrimination, as research—which we highlight below—demonstrates that households of color are more likely to be turned down for loans and more vulnerable to fees and predatory products.

New *Scorecard* measures on debt and repayment from the Consumer Credit Explorer, a tool developed by the Federal Reserve Banks of Philadelphia and Minneapolis, allow us to examine the relationship between credit, debt and financial stability. These data confirm that families are walking a financial tightrope despite their best efforts to manage the limited resources they have.[24]

Nearly three out of four consumers with a credit file in the US have debt, and the median debt is $26,035. Median debt varies considerably across states, from a high of $39,508 in Colorado to a low of $18,898 in New York. However, high median debt is not an indication that a state's residents are struggling, nor is low debt a sign of a healthy balance sheet. Total debt levels are driven by several factors, including homeownership, as mortgage debt constitutes the largest portion of total debt for those that own their homes. In fact, a $1,000 increase in a state's median debt data is correlated with a 3.21 percentage-point increase in the homeownership rate and is significantly correlated with a $595 *increase* in a state's median net worth.

Debt can be an investment in a family's future. However, using credit and taking debt to make ends meet can be a far riskier proposition.

Access to credit also plays a clear role in the amount of debt a consumer accumulates. A single percentage-point increase in a state's number of **consumers with prime credit** is significantly correlated with a $5,226 increase in median debt. Lower credit scores limit consumers' access to mainstream, affordable credit, which may result in those consumers turning to higher-cost and often predatory products like payday or auto-title loans. A single percentage-point increase in the number of consumers with prime credit was significantly correlated with a 0.58 percentage-point *decrease* in a state's rate of **underbanked households**. Though predatory products and related types of debt are not included in the Consumer Credit Explorer (those lenders do not report lending activity to credit bureaus like Equifax), this correlation underscores the important link between an individual's access to credit and use of alternative, sometimes harmful, financial services.

FINANCIAL STABILITY OF
PEOPLE WITH DISABILITIES

New *Scorecard* data on key outcomes for people with a disability and households with a member with a disability show that they face significant challenges to financial stability. They have higher poverty levels, lower wealth and are less likely to complete both high school and college. People with disabilities should have the same opportunity to prosper as people without disabilities, and these data speak to the need to remove the societal and institutional barriers standing in their way.

PEOPLE WITH A DISABILITY

People with a disability include individuals with an ambulatory, cognitive, hearing, vision, self-care and/or independent living difficulty.

HOUSEHOLDS WITH A DISABILITY

Households in which at least one member is reported as having a disability; limited to working-age members for Net Worth and Liquid Asset Poverty.

1 IN 8 PEOPLE HAVE A DISABILITY IN THE US (12.3% OF PEOPLE OF ANY AGE)

1 IN 4 HOUSEHOLDS HAVE A MEMBER WITH A DISABILITY IN THE US (26.8%)

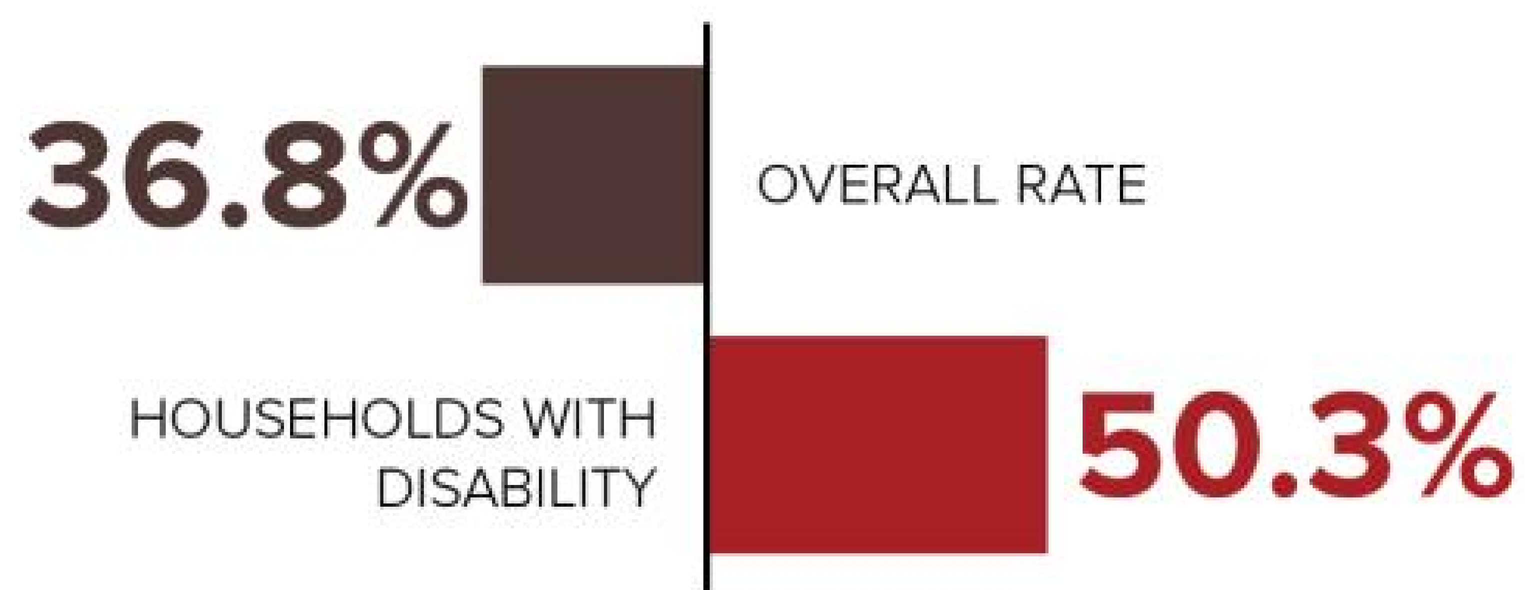
INCOME POVERTY RATE

Households with members with a disability are nearly **2X as likely** as households without a member with a disability to have incomes below the federal poverty line.

PROSPERITY NOW SCORECARD

Source: *2016 American Community Survey*. Washington, DC: U.S. Department of Commerce, Census Bureau, 2017; *Survey of Income and Program Participation, 2014 Panel, Wave 1*. Washington, DC: U.S. Department of Commerce, Census Bureau, 2017; *Four-Year Regulatory Adjusted Cohort Graduation Rate, School Year 2015-16*. Washington, DC: U.S. Department of Education, 2017.

LIQUID ASSET POVERTY RATE



Households with adult members with a disability are almost **1.5X likelier** to be liquid asset poor.

NET WORTH

OVERALL RATE

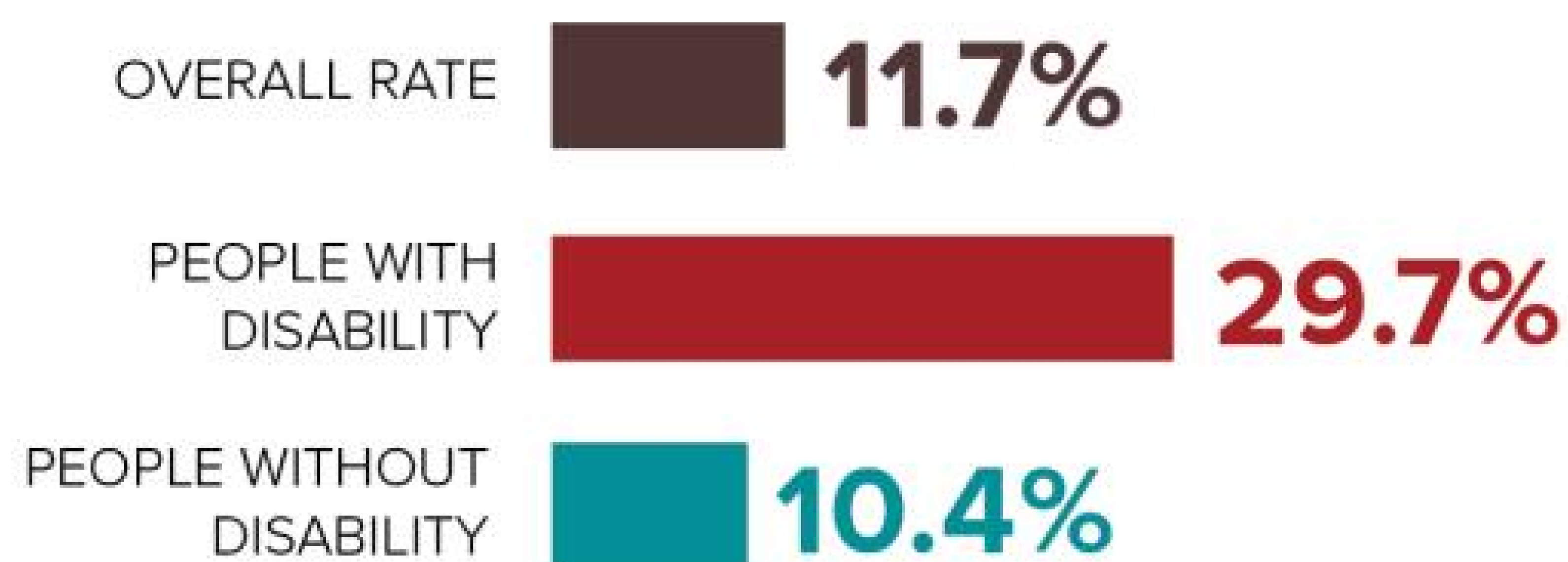
$76,708

$43,390

HOUSEHOLDS WITH DISABILITY

The median net worth among households with adult members with a disability is **$33,318 less** than the national median.

DISCONNECTED YOUTH



Young people, aged 16-24, with a disability are nearly **3X likelier** to be neither in school nor employed than their peers without disabilities.

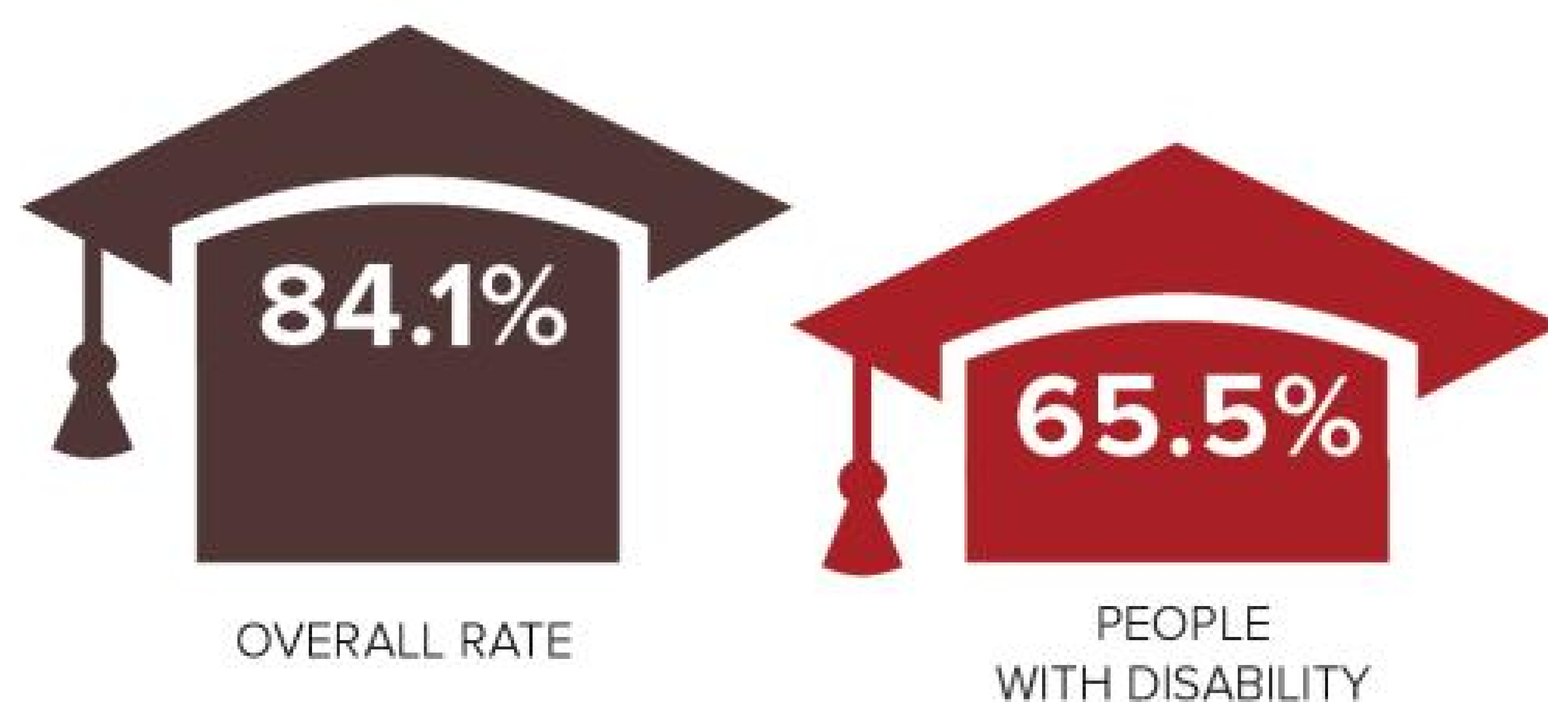
UNINSURED RATE

PEOPLE WITH DISABILITY

PEOPLE WITHOUT DISABILITY

People with a disability are **12% likelier** to have health insurance, but are also more likely to struggle with health costs.*

HIGH SCHOOL GRADUATION RATE

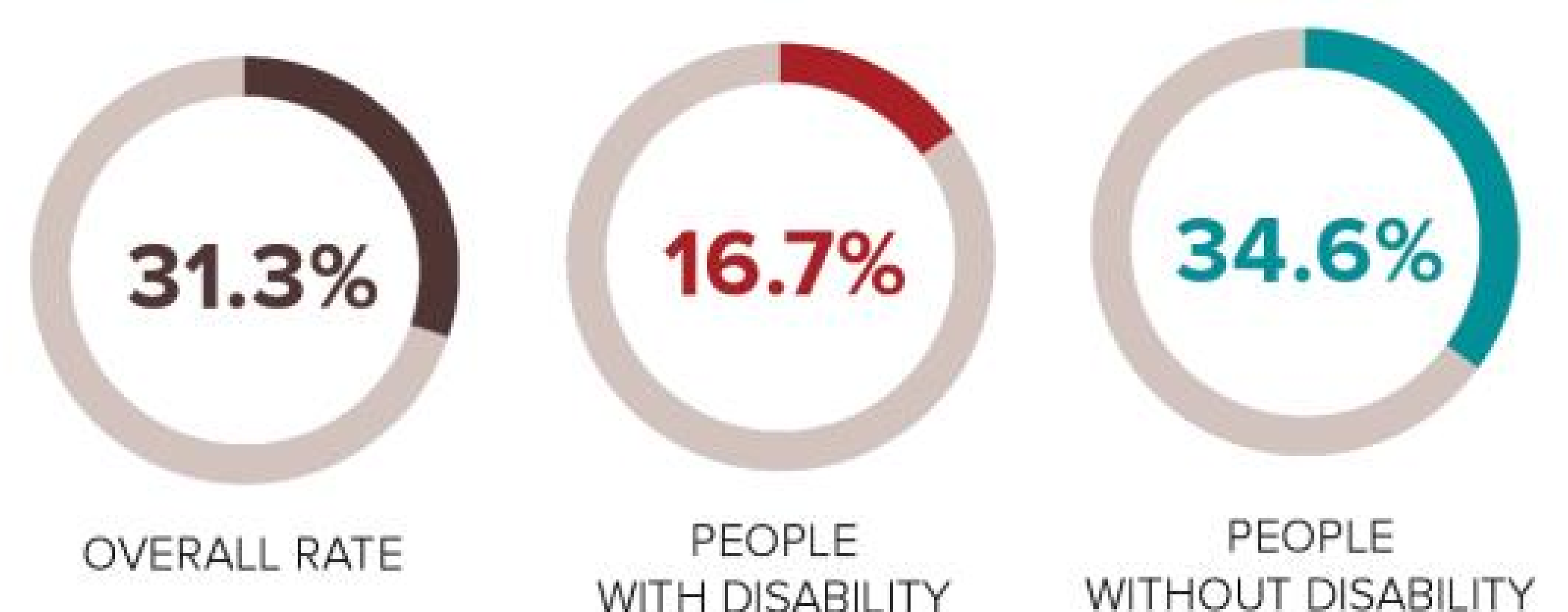


OVERALL RATE

PEOPLE WITH DISABILITY

Students with a disability are **22% less likely** to graduate high school in four years.

FOUR-YEAR DEGREE ATTAINMENT



OVERALL RATE

PEOPLE WITH DISABILITY

PEOPLE WITHOUT DISABILITY

Adults with disability are about **half as likely** to hold a four-year college degree.

*For more information, see Nanette Goodman, Bonnie O'Day and Michael Morris, *Financial Capability of Adults with Disabilities* (Washington, DC: National Disability Institute, 2017).

We thank the National Disability Institute and the World Institute on Disability for their input on this infographic.

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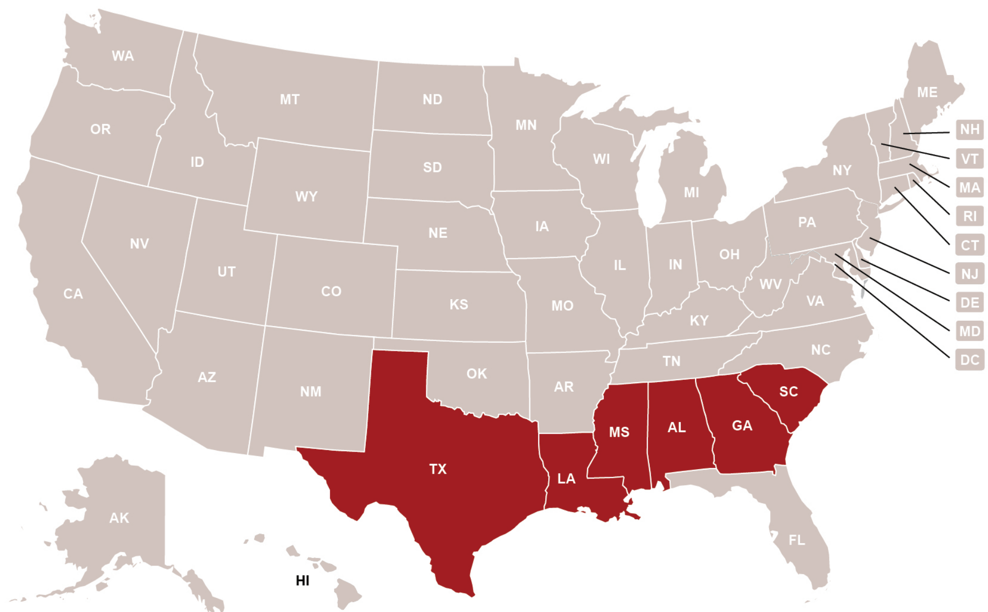
The *Scorecard* finds that where financially vulnerable consumers do have access to credit, they experience sometimes significant difficulty managing their debt. Nationally, 14.7% of **consumers with debt are severely delinquent** (90 days or more past due) on at least one account, and nearly one in four consumers (24.5%) has at least one **account in collections**. The number jumps as high as one in three or more consumers with collections in six states in the South (Louisiana, South Carolina, Mississippi, Texas, Georgia and Alabama). Having an account in collections means that the debt has been sold by the original creditor to a third-party debt collector after the borrower failed to make payments. Accounts in collections can include a broader set of debts than would be reported as delinquent to a credit bureau (e.g., parking tickets, medical bills or even a bounced check), as well as adverse public records, such as tax liens, evictions or debt judgments, which can result in garnishment of wages and bank accounts.[25]

While the data from the Federal Reserve's Consumer Credit Explorer cannot be analyzed by race,[26] other research reveals how racial disparities persist in accessing credit and managing debt. In an analysis of the financial health of 60 cities in the United States, the Urban Institute found that predominately White areas of cities had a median credit score that was 80 points higher than in predominately non-White neighborhoods, which could cost families of color $100 or more each month on a mortgage.[27] Another analysis by the Urban Institute found the tight mortgage lending environment after the recession hit African American and Hispanic borrowers far more heavily than it hit White borrowers, and the steeper declines in mortgage lending were largely the result of lower credit scores.[28] The most recent Survey of Consumer Finances also found that African American households are twice as likely as White households to be late on credit payments: 10% are 60 or more days late on payments, compared to 5% of White households.[29]

24.5%
OF CONSUMERS HAVE AN ACCOUNT IN COLLECTIONS.

IN SIX STATES
1 IN 3
CONSUMERS HAVE AN ACCOUNT IN COLLECTIONS



Source: NY Fed Consumer Credit Panel/Equifax

These disparate outcomes for people of color on measures of credit and debt are largely the result of the structural forces and discrimination in employment and wealth-building opportunities, as well as in credit markets. Research has shown that even after controlling for income and credit, borrowers of color were more likely to receive riskier, higher-interest mortgage loans in the lead-up to the recent foreclosure crisis.[30] Additionally, an analysis of debt collection lawsuits in St. Louis, Chicago and Newark found that judgments resulting from these suits were twice as high in majority-Black neighborhoods compared to mostly White neighborhoods, even after controlling for income.[31]

While the private sector sets most of the terms and conditions associated with their lending practices, states can take leadership in ensuring all consumers have access to safe and affordable financial products. Payday and auto-title lenders are costing consumers $8 billion dollars in fees annually.[32] States can **prohibit predatory small dollar loans altogether, or at least set reasonable interest rate caps** of 36% for those loans. Among DC and the fifteen states with interest rate caps, consumers save an estimated $2.2 billion dollars annually in payday lending fees, while consumers in the 29 states and DC where sensible auto-title lending rules are in place save $2.8 billion dollars annually in auto-title lending fees.[33]

At the federal level, the Consumer Financial Protection Bureau issued landmark payday lending regulations that require lenders to ensure borrowers' ability to repay a loan, limit the conditions under which lenders can reach into consumers' bank accounts for repayment, and restrict the number of loans consumers can "re-borrow" within a given period. These regulations and all of the improved consumer protections of recent are under threat because the Trump Administration is drastically cutting funding and revising the mission of the Bureau. Given the peril that so many borrowers face and the successful track record of the CFPB in returning $12 billion of savings for consumers since its inception, our nation can't afford fewer consumer protections from predatory practices.

But where the administration is failing consumers, governments at all levels can take steps to help consumers. One promising option for lawmakers is through regulations on debt-collection practices. In too many cases, collections agencies have faulty or insufficient proof of debt ownership, yet still pursue debt collection that can result in more fines and fees, wage and benefit garnishment, and blemished credit histories. Twenty states and the District of Columbia have taken action to **limit abusive debt collection practices** by restricting lenders from collecting assets to pay off debts. The Consumer Financial Protection Bureau also has spent considerable time preparing to release rules that could buttress the regulations in these states, but—like the payday lending rules—those rules will likely be delayed due to leadership changes within the Bureau.

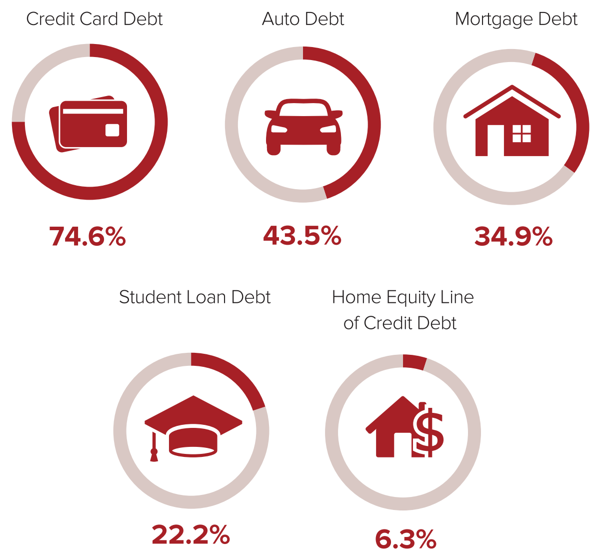
Nowhere is the debt crisis described here starker than in student loan debt, where trends are moving in the opposite direction of other forms of debt. The Consumer Credit Explorer analyzes five types of debt: credit card (74.6%), auto (43.5%), mortgage (34.9%), student loan (22.2%) and home equity line of credit (6.3%).[34] Across the different types of debt, there are generally positive trends in median debt and delinquent borrowers. For example, median credit card debt decreased 6.5% from $2,397 in

the second quarter of 2010 to $2,241 in the second quarter of 2017 (adjusted for inflation). Similarly, the percentage of consumers with delinquent credit card debt decreased 28.2% from 11.7% of borrowers in 2010 to 8.4% of borrowers in 2017.

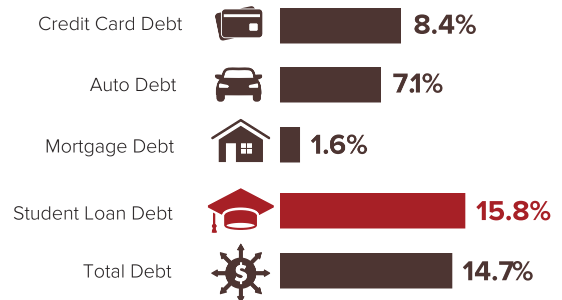
On the flip side, **median student loan debt** has *increased* by 21.4% between 2010 and 2017 (from $14,588 to $17,711). The rate of delinquent student loan borrowers decreased by a meager 0.7 percentage points since 2013. And, the percentage of **student loan borrowers who are delinquent** (15.8%) is nearly twice the percentage of credit card borrowers who are delinquent (8.4%). A separate analysis by the Federal Reserve Bank of New York found that student loan balances are increasing because more students are taking out loans, the loans are for larger amounts and, as evidenced by the high delinquency rates, the pace at which borrowers repay their debts has slowed.[35]

The higher rate of students taking on loans reflects the growth in enrollment in higher education over the past two decades, with the fastest-growing segment being private, for-profit schools who tend to enroll low-income students, students of color, and other more financially insecure populations.[36] While the majority of students attend public institutions, enrollment at four-year for-profit institutions increased by a factor of seven between 2000 and 2011, compared to a 41% growth rate among four-year public non-flagship institutions.[37] The growth in enrollment has resulted in growth in college attainment as well—the number of adults holding **four-year college degrees** has increased by 15.9% between 2006 and 2016—but it has also coincided with higher tuition costs. Between the 2007-2008 and 2016-2017 academic years, in-state tuition and fees at public four-year institutions

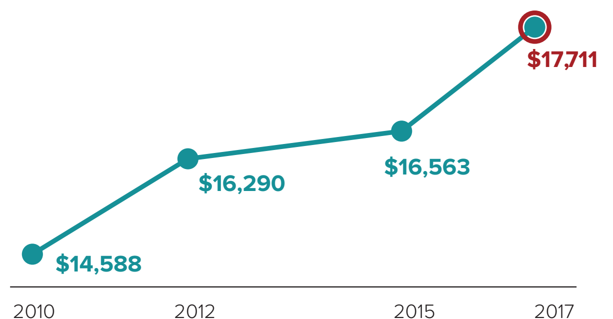
PERCENT OF BORROWERS WITH COMMON TYPES OF DEBT



SEVERELY DELINQUENT BORROWERS



MEDIAN STUDENT LOAN DEBT HAS INCREASED 21% SINCE 2010



Source: NY Fed Consumer Credit Panel/Equifax

increased at a rate that outpaced inflation by 3.2%, and in the decade before that, the average annual increase outpaced the rise in inflation by 4.4%.[38] With even higher costs at for-profit schools (approximately four to two times higher than cost of public two- and four-year institutions),[39] students who attended for-profit schools are more likely to have unmanageable debt burdens—particularly given low graduate earnings—and higher default rates than graduates of other institutions.[40]

Higher student loan debt burdens are a reality for recent graduates and even those who recently left college without a degree, but student loan debt typically haunts students of color for much longer than other students. Recent Department of Education data show that African American students are more likely than all other borrowers to take out student loans, regardless of whether they attend a public, for-profit, two-year or four-year college. Additionally, the median African American borrower owed more than they originally borrowed 12 years after they entered college, and this is true even if the borrower attained a four-year degree. Default rates play a role in keeping debt burdens high: 49% of all African Americans with federal student loans and 23% of African American borrowers with Bachelor's degrees defaulted within 12 years of matriculation.[41]

The federal government has traditionally played an outsized role in financing higher education for low-income families through Pell Grants, work-study funding and need-based direct lending programs. States also have significant latitude to award their own financial aid packages, determine who receives such aid, decide how much aid will be given and establish the overall cost of attendance. To whom and how financial aid is awarded can make the difference between a lifetime of high earnings or a lifetime of high debt. To help students tackle the egregious costs of higher education, it is essential that states **expand funding for public colleges and universities** and increase access to **need-based financial aid packages** for low-income students.

Targeting financial aid to students who have the least personal college savings or few family resources to support their education and living costs while in school helps establish a more stable foundation that enables students to focus on their studies rather than their bank balances. It also ensures that when the time comes to repay their debts, students of varying means will have more equitable chances to meet their obligations without defaulting (and thus putting their credit scores in jeopardy). Twenty-eight states now adequately target their financial aid awards to low- and moderate-income students, meaning the percentage of aid awarded to these students in their state exceeds the average percentage directed toward low- and moderate-income students nationwide (76%).

Of course, financing is only one side of the equation. It's also imperative that states provide affordable options for students to choose from. Establishing policies that guarantee **in-state tuition rates for students who graduate from the state's high schools—regardless of place of birth**—will open doorways for more people to contribute their productive capacity to the broader economy. Unfortunately, undocumented students who were born elsewhere but raised and educated in the United States—the DREAMers—are barred in most states from accessing affordable in-state tuition rates. In other words, here, in the only country they really know, our policies tell DREAMers that they'd be better served by taking their dreams somewhere else.

States have begun to recognize that ensuring more students have access to affordable college education regardless of immigration status will positively benefit their economies by passing tuition equity and other policies that extend in-state tuition rates to undocumented students. Such policies typically require students to have attended school in the state for a certain number of years, graduated from a high school in the state and signed an affidavit stating they have either applied to legalize their status or will do so as soon as they are eligible. Nineteen states and the District of Columbia now extend in-state tuition rates to undocumented students, allowing these future graduates to seek greater opportunities for good jobs and higher incomes without being forced to take on significantly higher levels of debt than their peers who also call the US home.

When it comes to the challenges associated with credit and debt described at the beginning of this section, William Emmons and Lowell Ricketts of the Federal Reserve Bank of St. Louis said it well: "Age, education and race matter; individual choices and behavior may not be enough to overcome them. Research and policy that ignore these results subject some demographic groups to greater risk even while 'blaming the victim.' Further research and policy could usefully explore how framing of choice and opportunity affect our conclusions about how credit and other markets actually do and should operate."[42]

Sick & Tired: The High Cost of Poor Health

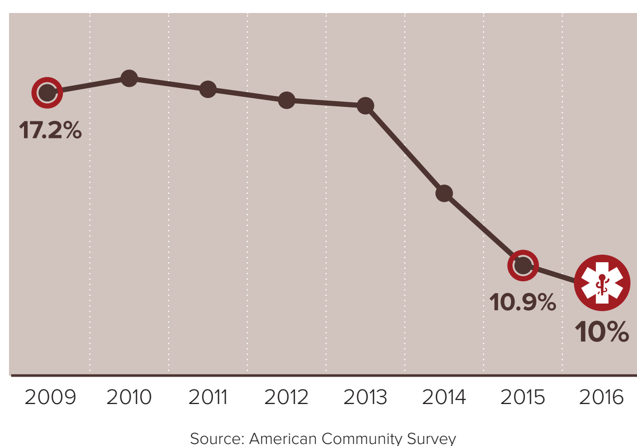
A person's ability to work, save and build wealth is heavily influenced by their physical health—and vice versa. An illness or infirmity, whether short-term or chronic, can keep people out of work and unable to earn. At best, people without adequate health insurance delay non-life-threatening medical care until they receive their tax returns[43]—perhaps the only time of year when they have the cash to cover it. At worst, a health scare that could have been minor with a little preventive care can push households to the brink of bankruptcy—all without the guarantee of physical or financial recovery.

The United States spends more on health care than any other country, yet has worse health outcomes—and lower health insurance coverage rates—than any other wealthy nation.[44] The increase in access to health insurance facilitated by the Affordable Care Act (ACA) and embraced by voters has meant improved health outcomes and increased financial security for vulnerable families in all 50 states and DC since the law was enacted in 2010. Yet the federal legislature threatens to reverse these gains by targeting the very programs that have made health care affordable and accessible for generations of families, seniors, children and people with disabilities.

In the four years since the bulk of the ACA's provisions went into effect, the **uninsured rate** has plummeted to historically low rates in every state. In 2016, the Obama Administration's final year in office, the uninsured rate fell to 10%, down from 10.9% in 2015 and 17.2% in 2009. The declines

in **uninsured rates by race** are just as dramatic: uninsured rates among people of color fell from over 26% in 2010 to a low of 14.8% in 2016, including a decline of nearly 10 percentage points since the full implementation of the ACA (24.3%). People with disabilities also experienced increased access to coverage, with nearly 1.5 million people leaving the ranks of the uninsured since 2013.

UNINSURED RATE HIT HISTORIC LOW IN 2016



Despite this undeniable progress, 2017 was perhaps the most momentous year for health care policy since the ACA's implementation. Republicans in Congress spent a majority of the year proposing, designing and attempting to pass a full repeal of the ACA. Though the full repeal failed, the individual mandate—a key cost-sharing and cost-controlling component of the law—was successfully repealed by Congress as a part of its grossly regressive and upwardly redistributive tax reform bill. The Congressional Budget Office (CBO) conservatively estimates that the excision of the individual mandate will result in four million people losing their health insurance in the first year of repeal alone, and an additional nine million losing their insurance over the next decade as healthier individuals withdraw from the market and costs increase for those who remain.[45] Early indications show that this reversal in trends has already begun: state rates of **adults reporting being in poor or fair health** ticked upward since the last *Scorecard* release, and new Gallup poll results show a 1.3 percentage-point increase in the uninsured rate in 2017, representing *over three million* newly uninsured people.[46] The ACA has contributed to more than 17 million people accessing health insurance since it became law in 2010, meaning that if the CBO's projections and the early Gallup estimates hold true, nearly 95% of these gains would be nullified.

While congressional Republicans have actively worked to dismantle the ACA, direct legislative efforts are not the only means by which families' access to health insurance has been jeopardized. Policy *inaction* can be just as malicious. In October, federal authorization for the Children's Health Insurance Program (CHIP) ended, with neither the House nor the Senate moving forward on a long-term extension until forced to do so by a three-day government shutdown in January 2018. Although Congress eventually got around to reauthorizing CHIP, it failed to do so before states began warning families of the impending end of the program as the little remaining funding drew closer to full exhaustion.

Here again, we see the backwards priorities of our federal government, this time at the expense of children. CHIP is among the most effective safeguards against poverty available for children, providing health insurance to roughly 9 million children from low-income households. Since 2010, the national rate of **uninsured low-income**

children has fallen by more than five percentage points, reaching a low of 6.1% in 2016. Rates have declined in 47 states over the same period, with three states—Colorado, Idaho and Nevada—experiencing declines of over 10 percentage points. Access to both CHIP and Medicaid has been a boon for low-income families: the **uninsured rate among households in the lowest income quintile** (those earning below $23,779 nationally in 2016) has been cut in half since 2010, falling 18.3 percentage points to 17% in 2016.

By restricting access to health care for children and families, we are relegating millions of people to a life where catching the flu or breaking an arm could spell bankruptcy or financial ruin for their families; where chronic (and often prenatal) diseases like diabetes, asthma and autism go undiagnosed; and where physical and cognitive disabilities go untreated. Further, by threatening to take the axe to Medicare and Medicaid under the thin pretense of covering the $1.5 trillion price tag on tax cuts for the wealthy, Republicans in Congress and the Executive Branch have made clear their desire to doom millions more families—from grandparents to working parents to unborn children—to the same fate.

In January 2018, the Trump administration announced guidelines for states to introduce work requirements as a condition for Medicaid coverage, using the availability of **employer-provided health insurance** and the myth of the "undeserving" or "lazy" poor as justification. Kentucky immediately took advantage, instituting work requirements for Medicaid the day after the new guidelines were announced; another nine states have proposals pending.[47] In reality, the suggestion that adult Medicaid recipients are not employed—and that they are somehow undeserving of support in the absence of earned income—is both offensive and factually inaccurate. These assertions amount to no more than a thinly veiled racist and ableist attack against Medicaid recipients, and an attempt to enact legislation that coerces working-age adults into taking low-paying or suboptimal earning opportunities to keep their access to affordable health care.

This pretense is made clear by Kentucky's inclusion of a financial or health literacy test in its new Medicaid requirements.[48] Use of arbitrary literacy tests, a tactic commonly used to prevent Black voters from accessing their constitutional right to vote during the Jim Crow era, has no logical bearing on a person's fitness for accessing health insurance. Further, a recent Health Affairs study found that 87% of "able-bodied" adults—those targeted by the work requirements—are working, in school or actively looking for work; the overwhelming majority of the remaining 13% are only out of work so that they can care for a close family member.[49] Even when Medicaid recipients find stable employment that pays above a poverty-level wage, it has become increasingly unlikely that their employer will offer health insurance as a benefit of employment, giving lie to yet another fundamental argument in support of work requirements. Fewer than half of private-sector U.S. firms (45.3%) offered their employees health insurance in 2016, following a ten-percentage-point decline over the past decade (from 56.4% in 2008).

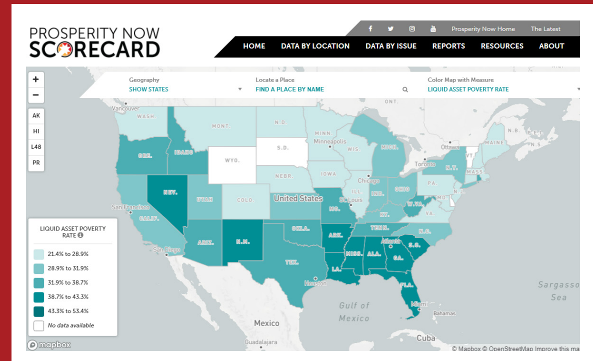
To ensure the long-term viability and health of their economies and their residents, states must resist the temptation to enact work requirements for Medicaid, and **expand the income requirements for Medicaid coverage to 138% of the federal**

poverty level or higher. Restricting access to health insurance only to the affluent, or to those lucky enough to work for one of the dwindling number of employers offering health insurance as a benefit of employment, perpetuates the existence of the nation's racial and economic caste systems and condemns families—working and otherwise—to a life where a brief unemployment spell or an easily treatable disease could become a death sentence, and where the sole purpose of employment is not to contribute to a full and robust economy, but to ensure that the insulin used to treat your type-2 diabetes is affordable.

Despite this hostile state and federal policy environment, voters have found ways to increase their access to affordable health insurance. In a powerful rebuke to the state's anti-ACA leadership, Maine voters supported Medicaid expansion through a referendum this past November. In doing so, voters there have enabled access for roughly 89,000 Maine residents. This hard-fought election result is vindication for a cross-sector advocacy coalition in the state, and the culmination of a years-long battle that saw legislation to expand Medicaid pass through the legislature five previous times, only to be vetoed upon reaching the governor's desk. (It should be noted that Governor Paul LePage has repeatedly vowed to block the referendum from becoming law.[50]) That Maine empowered its voters to take their fate into their own hands, even after the state's Republican governor has undermined their will time and again, is to be lauded, and the determination of advocates to persist in the face of repeated defeat is an inspiring example that can be replicated in states across the country.

Visit our newly redesigned

***Prosperity Now Scorecard* Website!**



All of the data in bold in this report and more lives on the *Scorecard* website. Visit it to find:

Data by Issue

Go in-depth on a particular measure and see how all states perform on the 62 outcome measures and 53 policy measures. Here you will find the sources of the data and related resources, as well as trend data for 47 measures, data by race for 21 measures and new data for people with disabilities for 14 measures.

Data by Location

View all the data and ranks for your state in one place using our interactive map. You can also find data for cities, counties and metro areas for 26 outcome measures so that you can compare the financial stability of families within states as well as across states.

Create Custom Reports

Take the *Scorecard* with you by downloading custom reports and creating graphics you can easily insert into presentations. Create policy briefs or generate reports highlighting disparities by race or disability status.

scorecard.prosperitynow.org

The Time for Better Choices is Now: A Call to Action

The magnitude of inequality and the breadth of our financial insecurity challenges aren't driven by poor choices, laziness or incompetence—at least not on the part of working-class Americans and their families. The system is, by just about all measures, stacked against those with low incomes and low wealth for the benefit of the wealthiest. It is also, through no mere coincidence, stacked against people of color, women and people with disabilities to the benefit of White, able-bodied men who, for the full duration of our national history, have enjoyed the opportunity to prosper.

A new effort to revive the Poor People's Campaign 50 years later states: "We believe that people should not live in or die from poverty in the richest nation ever to exist. Blaming the poor and claiming that the United States does not have an abundance of resources to overcome poverty are false narratives used to perpetuate economic exploitation, exclusion and deep inequality."[51] Far from the national narrative that insists that poor people make poor choices, the 2018 *Scorecard* and our experience working in communities in every corner of our country reveal a different reality: that bad policies create impossible choices for families. These policies perpetuate and exacerbate the lack of access to opportunity, all in the name of "self-reliance" and "self-sufficiency."

Fortunately, there is a way forward that instead invests in the families that have historically been excluded and gives them a fair shot at opportunity and prosperity. This is a clarion call to researchers, advocates, activists, policymakers and leaders to reverse the policies that exacerbate racial wealth inequality and to strengthen the policies that clear pathways to wealth building. It's time we focus on policies that disproportionately benefit those who have been profiled and punished, penalized for pursuing prosperity and excluded from sharing in our nation's wealth.

> **The good news is that if our elected officials and policy makers focus on making better choices, the whole of our nation will benefit.**

The good news is that if our elected officials and other lawmakers focus not on the choices of the poor but on making their own better choices—choices that invest in and support the most marginalized groups—the whole of our nation will benefit. Furthermore, if those most marginalized groups are central to informing the policy design and advocacy process, we'll have better policies as well. Such policies—highlighted here, in our *State Policy Blueprint*,[52] and throughout the 2018 *Scorecard*—eschew popular narratives about "self-sufficiency" and "personal choice," and acknowledge that at some point or another, we all get by with a little help. With that acknowledgement, we can begin to identify and address the true drivers of poverty and inequities.

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