

# STATE PROFILE: CALIFORNIA



expanding economic opportunity

## 2009-2010 ASSETS & OPPORTUNITY SCORECARD

### ABOUT THE SCORECARD

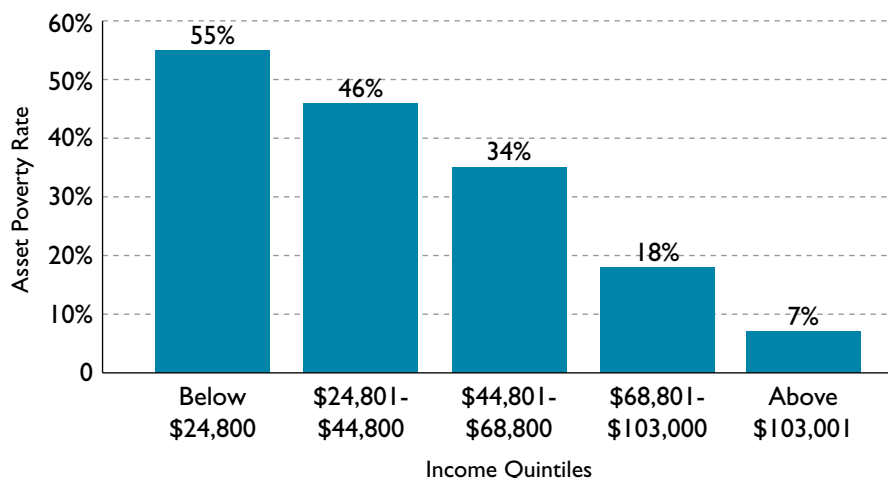
The 2009-2010 Assets & Opportunity Scorecard is a comprehensive look at wealth, poverty and the financial security of families. It assesses the 50 states and the District of Columbia on 92 outcome and policy measures, which describe how well residents are faring and what states can do to help residents build and protect assets. These measures are grouped into six issue areas: Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care, Education and Community Investment & Accountability Policies. All data is collected from the latest available data sources and compiled by CFED.

Source: Estimations by Beacon Economics based on 2007 ACS and 2004 SIPP, Wave 6.

For a complete description of all 2009-2010 Assets & Opportunity Scorecard measures and sources, including how the grades and ratings were assigned, go to <http://scorecard.cfed.org>.

The data for California reveal marked disparities in asset ownership among its residents, many of whom face significant barriers to economic security. A state's asset poverty rate is one indicator of economic security. A household is asset poor if it lacks the resources to subsist at the poverty level for three months if it loses its source of income. Even middle-income families face asset poverty. In California, 34% of those earning \$44,801-\$68,800 are asset poor.

### ASSET POVERTY BY INCOME IN CALIFORNIA



### WHAT CALIFORNIA CAN DO

- **ENCOURAGE HOMEOWNERSHIP:** To remedy low homeownership and high foreclosure rates, California should provide additional assistance to first-time homebuyers and safeguard them by enforcing sound mortgage underwriting standards and banning prepayment penalties.
- **IMPROVE HEALTH INSURANCE ACCESS:** To lower its high rate of uninsurance, California should expand coverage to more parents and childless adults, defray costs for small businesses to insure employees and simplify Children's Health Insurance Program procedures.
- **ENCOURAGE ASSET BUILDING:** To lower high rates of asset poverty, California should ensure families have income to save by enacting an Earned Income Tax Credit; encourage savings by supporting Individual Development Accounts; and remove savings disincentives by eliminating asset tests in public benefit programs.

*"Given state budget constraints, California should invest in cost-neutral policies like lifting asset limits, encouraging innovative health insurance coverage strategies and enabling responsible first-time homeownership."*

– Camille Busette, EARN

## CALIFORNIA

## OVERALL OUTCOME GRADE: C

The *Scorecard's* 58 outcome measures are ranked best to worst; #1 is the most desirable, #51 is the least desirable. Grades are given on a curve: 10 states get A's, 10 get B's, 16 get C's, 10 get D's and 5 get F's. Grades for each issue area are calculated by averaging the ranks of measures within the issue area. The overall grade is calculated by adding together the average score from each issue area and ranking those scores.

### FINANCIAL ASSETS & INCOME

### OUTCOME GRADE: B

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

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Net Worth	4	\$173,962	\$88,803
Net Worth by Race	15	6.0 <sup>^</sup>	6.1 <sup>^</sup>
Net Worth by Income	29	89.1 <sup>^</sup>	44.9 <sup>^</sup>
Net Worth by Gender	18	1.4 <sup>^</sup>	1.2 <sup>^</sup>
Asset Poverty Rate	39	25.0%	22.5%
Asset Poverty by Race	12	2.1 <sup>^</sup>	2.3 <sup>^</sup>
Asset Poverty by Gender	8	1.2 <sup>^</sup>	1.2 <sup>^</sup>
Extreme Asset Poverty Rate	32	15.2%	14.3%
Income Poverty Rate	19	11.0%	12.3%
Unbanked Households	29	25.8%	26.8%
Bankruptcy Rate (per 1,000 people)	14	1.9	2.7
Median Credit Card Debt	38	\$3,142	\$2,960
Median Installment Debt	20	\$14,732	\$14,887

### BUSINESSES & JOBS

### OUTCOME GRADE: A

**Is the opportunity to grow a business or get a job that pays a sufficient wage with benefits available to all those who choose to pursue it?**

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Small Business Ownership Rate	13	18.8%	17.7%
Private Loans to Small Business	6	\$2,486	\$2,116
Microenterprise Ownership Rate	13	17.5%	16.5%
Women's Business Ownership Rate	10	5.0%	4.4%
Minority Business Ownership Rate	8	5.1%	4.9%
Women Owned Business Value	6	\$158,513	\$144,969
Minority Owned Business Value	9	\$206,483	\$162,824
Employee Ownership (per 1,000 firms)	15	1.7	1.4
Business Creation Rate (per 1,000 workers)	28	9.7	9.6
Employment Growth	30	-0.3%	-0.5%
Annual Unemployment Rate	49	7.2%	5.8%
Low-Wage Jobs	14	17.5%	22.2%
Average Annual Pay	41	\$35,366	\$44,458
Retirement Plan Participation	47	43.7%	47.4%
Employers Offering Health Insurance	17	56.9%	55.8%

<sup>^</sup> This is a ratio of disparity that measures the difference in outcomes between two populations by: race (white and minority), income (high- and low-income groups), or gender (male and female). A ratio of 1 indicates perfect equality; the higher the ratio, the greater the inequality.

**HOUSING & HOMEOWNERSHIP****OUTCOME GRADE: F****Is the opportunity to purchase and maintain a home available to all those who choose to pursue it?**

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Homeownership Rate	49	54.2%	64.2%
Homeownership by Race	3	1.3 ^	1.5 ^
Homeownership by Income	46	3.6 ^	2.7 ^
Homeownership by Gender	26	1.2 ^	1.2 ^
Foreclosure Rate	48	3.9%	3.0%
High-Cost Mortgage Loans	17	15.1%	17.5%
Mortgage Debt as % of Home Value	34	84.2%	76.9%
Affordability of Homes	43	8.9 #	3.5 #
Housing Cost Burden: Homeowners	51	53.0%	37.5%
Housing Cost Burden: Renters	50	51.2%	45.6%

**HEALTH CARE****OUTCOME GRADE: D****Is there broad access to health insurance as protection against income interruption and asset depletion from medical bills?**

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Uninsured Rate	43	20.4%	17.2%
Uninsured by Race	33	2.2 ^	2.2 ^
Uninsured by Income	17	3.1 ^	3.6 ^
Uninsured by Gender	39	1.3 ^	1.0 ^
Uninsured Low-Income Children	37	19.3%	18.3%
Uninsured Low-Income Parents	41	41.1%	37.2%
Employees Insured by Employer	45	54.7%	60.9%
Employee Share of Premium	36	27.0%	25.0%
Out-of-Pocket Medical Expenses	13	17.9%	19.0%

**EDUCATION****OUTCOME GRADE: C****Do residents have access to the education and training they need to get ahead?**

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Head Start Coverage	31	20.5%	20.3%
Math Proficiency: 8th Grade	41	23.9%	31.0%
Reading Proficiency: 8th Grade	45	21.5%	29.2%
High School Degree	50	82.0%	87.6%
Two-Year College Degree	26	59.6%	58.7%
Four-Year College Degree	18	31.2%	29.9%
Four-Year Degree by Race	40	1.8 ^	1.5 ^
Four-Year Degree by Income	16	4.0 ^	5.0 ^
Four-Year Degree by Gender	6	1.0 ^	1.0 ^
Average College Graduate Debt	9	\$17,215	\$20,098
College Graduates with Debt	5	45.3%	59.0%

^ This is a ratio of disparity that measures the difference in outcomes between two populations by: race (white and minority), income (high- and low-income groups), or gender (male and female). A ratio of 1 indicates perfect equality; the higher the ratio, the greater the inequality.

# This is a ratio of median home value compared to annual median family income, e.g., a ratio of 4 means housing values are 4 times higher than income.





## POLICY RATINGS

The *Scorecard* includes 34 policy measures: 12 priority policies and 22 additional policies. For policy priorities, states are assessed against criteria for what constitutes a strong policy. These policies provide a comprehensive view of what states can do to help residents build and protect assets. Policy priority data are current as of June 30, 2009; additional policy data are drawn from the latest published reports, usually 2007-2008.

-  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

## FINANCIAL ASSETS & INCOME

### Policy Priorities

-  State IDA Program Support
-  State Earned Income Tax Credit
-  Lifting Asset Limits in Public Benefit Programs
-  Payday Lending Protections

### Additional Policies

- State Minimum Wage ... \$8.00/hr; Not indexed to inflation
- Income Tax Threshold ... \$43,700
- Financial Education in Schools ... Not required in school curriculum

## BUSINESSES & JOBS

### Policy Priorities

-  State Microenterprise Support

### Additional Policies

- Workers' Compensation Coverage ... 98.4% of workers covered
- Unemployment Benefit Level ... 31.4% of average weekly wage
- Unemployment Benefit Eligibility ... Part-time workers covered; Benefits for compelling family reasons; Not all criteria met
- Family Leave Benefits ... Temporary disability leave; Paid family leave; Expanded definition of family; Not all criteria met
- Incentives for Employee Ownership ... ESOPs excluded from securities regulations; Direct state assistance; Not all criteria met

## HOUSING & HOMEOWNERSHIP

### Policy Priorities

-  Predatory Mortgage Lending Protections
-  Housing Trust Fund
-  First-time Homebuyer Assistance

### Additional Policies

- Affordable Rental Housing Preservation ... 30.9% of LIHTC for preservation
- Property Tax Relief ... Tax deferment
- Foreclosure Protections ... Loss mitigation required; Protects pre-foreclosure rights; Protects against rescue scams; Not all criteria met
- Resident Ownership of Manufactured Housing Communities ... 30 days closure notice; Broadly applicable; Not all criteria met

## HEALTH CARE

### Policy Priorities




-  Access to Health Insurance

### Additional Policies

- Insuring High-Risk Individuals ... Has high risk pool
- COBRA Coverage of Small-Business Employees ... COBRA expansion for 36 months

## EDUCATION

### Policy Priorities

-  Early Childhood Education
-  Access to Quality K-12 Education
-  College Savings Incentives

### Additional Policies

- Postsecondary Education Financial Aid ... \$508.58 per undergraduate student
- State-Funded Head Start ... No state supplement
- WIA-Funded Workforce Training ... 49.7% of participants received training
- TANF-Funded Workforce Training ... 1.07% of funds spent on training

## COMMUNITY INVESTMENT & ACCOUNTABILITY POLICIES

### Additional Policies

- State Support for CDFIs ... Yes
- Impact Analysis of Tax Law Changes ... Yes, multiple models

- Community Investment for State-Chartered Banks ... No
- Tax Expenditure Transparency ... Biennial report online; Covers major taxes