

STATE PROFILE: TEXAS



expanding economic opportunity

2009-2010 ASSETS & OPPORTUNITY SCORECARD

ABOUT THE SCORECARD

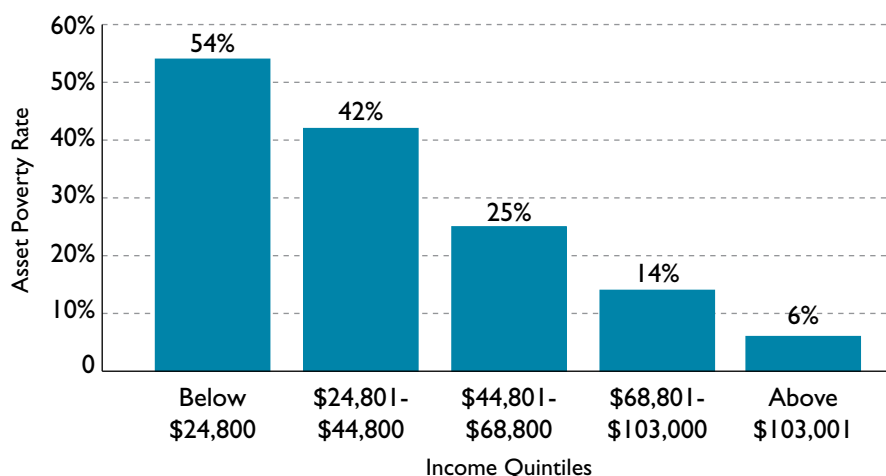
The 2009-2010 Assets & Opportunity Scorecard is a comprehensive look at wealth, poverty and the financial security of families. It assesses the 50 states and the District of Columbia on 92 outcome and policy measures, which describe how well residents are faring and what states can do to help residents 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 Texas 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 Texas, 25% of those earning \$44,801-\$68,800 are asset poor.

ASSET POVERTY BY INCOME IN TEXAS



WHAT TEXAS CAN DO

- **IMPROVE ACCESS TO HEALTH INSURANCE:** To address its high rate of uninsured residents, Texas should increase enrollment of eligible Texans in public health insurance by simplifying enrollment and renewal procedures, and increase eligibility of working poor parents for public insurance.
- **CURB PREDATORY AND UNLICENSED LENDING:** To address financial abuses, the state should provide oversight for credit service organizations offering payday and automobile title loans and enforce sound underwriting standards for all credit and mortgage products.
- **INVEST IN ECONOMIC PROSPERITY INITIATIVES:** To address its low net worth and high asset poverty rate, Texas should invest in activities to promote financial security such as Children's Savings Accounts, Individual Development Accounts, and Community Tax Centers.

"If Texas were a nation, its economy would rank 12th by GDP. Texas must be bold in advancing asset-building policies to enable more residents to achieve financial stability and prosperity."

– Alfreda Norman, Federal Reserve Bank of Dallas

TEXAS

OVERALL OUTCOME GRADE: D

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: C

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	48	\$45,434	\$88,803
Net Worth by Race	9	4.6 ^	6.1 ^
Net Worth by Income	9	16.9 ^	44.9 ^
Net Worth by Gender	24	1.5 ^	1.2 ^
Asset Poverty Rate	37	24.8%	22.5%
Asset Poverty by Race	8	1.9 ^	2.3 ^
Asset Poverty by Gender	12	1.3 ^	1.2 ^
Extreme Asset Poverty Rate	29	14.7%	14.3%
Income Poverty Rate	41	14.6%	12.3%
Unbanked Households	41	33.1%	26.8%
Bankruptcy Rate (per 1,000 people)	12	1.7	2.7
Median Credit Card Debt	19	\$2,714	\$2,960
Median Installment Debt	46	\$16,289	\$14,887

BUSINESSES & JOBS

OUTCOME GRADE: C

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	14	18.7%	17.7%
Private Loans to Small Business	31	\$1,977	\$2,116
Microenterprise Ownership Rate	11	17.6%	16.5%
Women's Business Ownership Rate	26	4.3%	4.4%
Minority Business Ownership Rate	11	4.7%	4.9%
Women Owned Business Value	26	\$140,427	\$144,969
Minority Owned Business Value	34	\$143,731	\$162,824
Employee Ownership (per 1,000 firms)	24	1.3	1.4
Business Creation Rate (per 1,000 workers)	41	7.7	9.6
Employment Growth	5	1.4%	-0.5%
Annual Unemployment Rate	20	4.9%	5.8%
Low-Wage Jobs	41	32.2%	22.2%
Average Annual Pay	2	\$48,884	\$44,458
Retirement Plan Participation	48	42.0%	47.4%
Employers Offering Health Insurance	40	49.1%	55.8%

^ 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: C****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	44	61.9%	64.2%
Homeownership by Race	7	1.3 ^	1.5 ^
Homeownership by Income	28	2.7 ^	2.7 ^
Homeownership by Gender	30	1.2 ^	1.2 ^
Foreclosure Rate	10	1.4%	3.0%
High-Cost Mortgage Loans	42	20.3%	17.5%
Mortgage Debt as % of Home Value	48	94.7%	76.9%
Affordability of Homes	5	2.4 #	3.5 #
Housing Cost Burden: Homeowners	19	31.9%	37.5%
Housing Cost Burden: Renters	29	43.5%	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	51	27.5%	17.2%
Uninsured by Race	38	2.3 ^	2.2 ^
Uninsured by Income	12	3.0 ^	3.6 ^
Uninsured by Gender	5	1.1 ^	1.0 ^
Uninsured Low-Income Children	50	29.5%	18.3%
Uninsured Low-Income Parents	51	56.9%	37.2%
Employees Insured by Employer	49	52.1%	60.9%
Employee Share of Premium	26	26.0%	25.0%
Out-of-Pocket Medical Expenses	13	17.9%	19.0%

EDUCATION**OUTCOME GRADE: D****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	49	13.9%	20.3%
Math Proficiency: 8th Grade	22	34.7%	31.0%
Reading Proficiency: 8th Grade	34	27.5%	29.2%
High School Degree	51	81.5%	87.6%
Two-Year College Degree	40	55.1%	58.7%
Four-Year College Degree	35	26.8%	29.9%
Four-Year Degree by Race	45	2.1 ^	1.5 ^
Four-Year Degree by Income	42	6.3 ^	5.0 ^
Four-Year Degree by Gender	4	1.0 ^	1.0 ^
Average College Graduate Debt	15	\$18,153	\$20,098
College Graduates with Debt	18	56.7%	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 ... \$7.25/hr; Not indexed to inflation
 Income Tax Threshold ... n/a
 Financial Education in Schools ... Included in curriculum standards; Standards required to be implemented; Not all criteria met

BUSINESSES & JOBS

Policy Priorities

-  State Microenterprise Support

Additional Policies

Workers' Compensation Coverage ... 75.6% of workers covered
 Unemployment Benefit Level ... 35.0% of average weekly wage
 Unemployment Benefit Eligibility ... Benefits for compelling family reasons; Not all criteria met
 Family Leave Benefits ... No state policy
 Incentives for Employee Ownership ... ESOPs excluded from securities regulations; WIA funds support feasibility studies; 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 ... 27.2% of LIHTC for preservation
 Property Tax Relief ... No state policy
 Foreclosure Protections ... Protects pre-foreclosure rights; Not all criteria met
 Resident Ownership of Manufactured Housing Communities ... No protections for homeowners

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 ... \$458.10 per undergraduate student
 State-Funded Head Start ... No state supplement
 WIA-Funded Workforce Training ... 34.1% of participants received training
 TANF-Funded Workforce Training ... 1.83% of funds spent on training

COMMUNITY INVESTMENT & ACCOUNTABILITY POLICIES

Additional Policies

State Support for CDFIs ... No
 Impact Analysis of Tax Law Changes ... Yes, multitax model

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