

## **Many households lack means to achieve American Dream**

### ***50-state study reveals wide opportunity gaps, Brandeis University researchers find***

WALTHAM, Mass. -- The first state-by-state study of key assets Americans need to succeed in today's economy shows that many residents do not have the opportunity to achieve greater economic security.

While previous studies have relied on measures of minimum income to gauge economic well-being, the Center on Hunger and Poverty at the Heller Graduate School for Social Policy and Management is the first to broaden the criteria to include people's assets, the resources and capacities to build economic security over the long term. "By focusing on things like financial resources, knowledge and skills, jobs and the economic rewards they offer, we've built a model reflecting what people need – not just to stave off poverty – but to succeed in our economy," says Larry W. Beeferman, Ph.D., study author and director of the Center's Asset Development Institute.

Using this new model, the study found many people do not have the means to climb the ladder of economic success. The picture varies dramatically from state to state.

Many households do not own key financial assets, even though in some states they do better.

- While the rate of home ownership across the country is relatively high - 67.4 percent - rates vary markedly from state to state, from 77.2 percent in Michigan, the highest-ranking state, to 53.4 percent in New York, the lowest ranking one.
- A smaller percentage of households in all states own interest-bearing assets, which can be used for major purchases or serve as a cushion in times of financial crisis. Nationally, only 52.6 percent of households possess this asset, and just 34.8 percent of households in Mississippi, the lowest ranking state.
- Even more revealing are the inequities in the *amount* of interest-paying assets owned by different income households. In Nevada, the state where households experience the greatest disparity, high-income households (\$150,000 and above) are estimated to hold about 100 times more of such assets than low-income households (\$20,000 and below).

When gauging people's capacity to gain a foothold in the job market through education and skills, the disparities among states are most striking.

- According to a measure of literacy skills needed to succeed at the workplace, about two-thirds of adults in the highest ranking state (Colorado), but only one-third of adults in the lowest ranking state (Mississippi) were found to have such skills.
- The percentage of adults who have received a bachelor's degree, and with it the potential for a better paying job, is over twice as high (34.6 percent) in Colorado, the state that ranks the highest, compared to West Virginia (15.3 percent), the state that ranks the lowest for this indicator.

In all states, significant percentages of households have been unable to marshal the job-related and other income they need to pay for the cost of meeting basic needs in the areas where they live. Nonetheless, some states have shown far better outcomes than others.

- In Maryland (highest ranking state), 16.3 percent of working families, as compared to 45.7 percent in Hawaii (lowest ranking state), do not have the income required for a realistic family budget.

“Assessing household assets allows us to gauge the effectiveness of government policies,” says Beeferman. “From the Homestead Act in the 1800's to the GI Bill following World War II to the tax deductions of today, government policies have helped many Americans build a more secure future. These results tell us that both federal and state policies can be improved to better invest in *all* Americans to offer them a real chance to join the economic mainstream.”

The study has struck a responsive chord among political leaders of both sides of the political spectrum. In the forward to the report, Representative Patrick Kennedy (D-RI) and Senator Rick Santorum (R-PA) remark: “Among the most important challenges we face – citizens and political leaders alike – is to make sure that all Americans can share in the American Dream. This report not only informs us, but also challenges us to think hard and creatively about ways that individual states and the federal government can help all Americans gain the capacities and resources they need to succeed.”

For more information, visit <http://www.centeronhunger.org>.

To assess how each state compares to the nation as a whole and ranks in comparison to other states, Brandeis researchers analyzed data from the U.S. Census Bureau's 2000 Census and its annual Current Population Survey (CPS), Internal Revenue Service reports on individual tax returns, and data from other official and private sources relating to individual economic outcomes. The Asset Development Institute will periodically update its measure of state asset indicators to allow states to compare progress and trends over time.

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