

STATE PROFILE: MICHIGAN



expanding economic opportunity

2009-2010 ASSETS & OPPORTUNITY SCORECARD

ABOUT THE SCORECARD

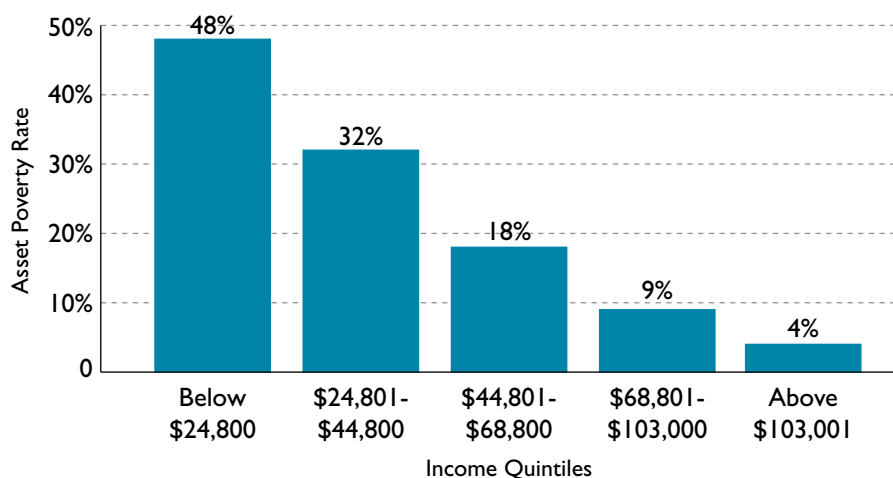
The 2009-2010 *Assets & Opportunity Scorecard* is a comprehensive look at wealth, poverty and the financial security of families. It assesses the 50 states and the District of Columbia on 92 outcome and policy measures, which describe how well residents are faring and what states can do to help residents 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 Michigan 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 Michigan, 18% of those earning \$44,801-\$68,800 are asset poor.

ASSET POVERTY BY INCOME IN MICHIGAN



WHAT MICHIGAN CAN DO

- **PROTECT HOMEOWNERS:** Michigan should address its foreclosure crisis and the loss of home equity for property owners by curbing predatory mortgage lending practices, prohibiting prepayment penalties and enforcing sound underwriting practices.
- **STRENGTHEN FINANCIAL SECURITY:** It should encourage saving and improve access to financial education by restoring funding for Individual Development Accounts, 529s and other matched savings accounts and requiring financial education for high school students.
- **REMOVE SAVINGS DISINCENTIVES:** The state should eliminate asset limits in its TANF, Medicaid and food assistance programs.
- **PRIORITIZE ENTREPRENEURISM & EDUCATION:** Michigan should stimulate job growth, boost small business ownership rates and prepare workers with new job skills by increasing access to higher education, funding workforce development programs and supporting lending for microentrepreneurs.

“Whether it’s a savings account, college degree, business or well-financed home, Michigan families need better opportunities to build assets if they are going to achieve lasting and sustainable financial security.”

– Ross H. Yednock, CEDAM ABPP director

MICHIGAN

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: 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)

OUTCOME MEASURE	RANKING	State Data	U.S. Data
Net Worth	16	\$99,510	\$88,803
Net Worth by Race	25	14.1 ^	6.1 ^
Net Worth by Income	23	58.4 ^	44.9 ^
Net Worth by Gender	11	1.3 ^	1.2 ^
Asset Poverty Rate	16	19.7%	22.5%
Asset Poverty by Race	24	2.6 ^	2.3 ^
Asset Poverty by Gender	32	1.6 ^	1.2 ^
Extreme Asset Poverty Rate	17	13.0%	14.3%
Income Poverty Rate	33	13.0%	12.3%
Unbanked Households	33	29.2%	26.8%
Bankruptcy Rate (per 1,000 people)	47	4.5	2.7
Median Credit Card Debt	30	\$2,984	\$2,960
Median Installment Debt	1	\$12,332	\$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)

OUTCOME MEASURE	RANKING	State Data	U.S. Data
Small Business Ownership Rate	43	16.1%	17.7%
Private Loans to Small Business	14	\$2,276	\$2,116
Microenterprise Ownership Rate	44	14.8%	16.5%
Women's Business Ownership Rate	28	4.3%	4.4%
Minority Business Ownership Rate	26	3.6%	4.9%
Women Owned Business Value	30	\$134,545	\$144,969
Minority Owned Business Value	19	\$177,754	\$162,824
Employee Ownership (per 1,000 firms)	21	1.4	1.4
Business Creation Rate (per 1,000 workers)	36	8.6	9.6
Employment Growth	50	-3.2%	-0.5%
Annual Unemployment Rate	51	8.4%	5.8%
Low-Wage Jobs	18	19.1%	22.2%
Average Annual Pay	8	\$44,113	\$44,458
Retirement Plan Participation	18	51.4%	47.4%
Employers Offering Health Insurance	28	53.4%	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: D****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	4	72.7%	64.2%
Homeownership by Race	33	1.6 ^	1.5 ^
Homeownership by Income	9	2.4 ^	2.7 ^
Homeownership by Gender	35	1.2 ^	1.2 ^
Foreclosure Rate	45	3.5%	3.0%
High-Cost Mortgage Loans	40	19.3%	17.5%
Mortgage Debt as % of Home Value	50	101.4%	76.9%
Affordability of Homes	23	3.3 #	3.5 #
Housing Cost Burden: Homeowners	33	36.3%	37.5%
Housing Cost Burden: Renters	48	48.0%	45.6%

HEALTH CARE**OUTCOME GRADE: A****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	12	12.4%	17.2%
Uninsured by Race	17	1.8 ^	2.2 ^
Uninsured by Income	36	3.9 ^	3.6 ^
Uninsured by Gender	12	1.1 ^	1.0 ^
Uninsured Low-Income Children	5	8.7%	18.3%
Uninsured Low-Income Parents	12	26.5%	37.2%
Employees Insured by Employer	13	67.0%	60.9%
Employee Share of Premium	7	21.0%	25.0%
Out-of-Pocket Medical Expenses	3	15.3%	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	17	27.7%	20.3%
Math Proficiency: 8th Grade	34	28.9%	31.0%
Reading Proficiency: 8th Grade	30	28.2%	29.2%
High School Degree	20	90.8%	87.6%
Two-Year College Degree	24	59.9%	58.7%
Four-Year College Degree	33	27.2%	29.9%
Four-Year Degree by Race	6	1.3 ^	1.5 ^
Four-Year Degree by Income	39	5.6 ^	5.0 ^
Four-Year Degree by Gender	2	1.0 ^	1.0 ^
Average College Graduate Debt	40	\$22,053	\$20,098
College Graduates with Debt	27	59.7%	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 ... \$7.40/hr; Not indexed to inflation
 Income Tax Threshold ... \$11,400
 Financial Education in Schools ... Not all criteria met as of 6/2007; New legislation enacted 2008

BUSINESSES & JOBS

Policy Priorities

-  State Microenterprise Support

Additional Policies

Workers' Compensation Coverage ... 96.4% of workers covered
 Unemployment Benefit Level ... 35.8% of average weekly wage
 Unemployment Benefit Eligibility ... Uses alternative base period; Not all criteria met
 Family Leave Benefits ... No state policy
 Incentives for Employee Ownership ... 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 ... 52.5% of LIHTC for preservation
 Property Tax Relief ... Circuit breaker for all homeowners & renters; Tax deferral
 Foreclosure Protections ... No protections for homeowners as of 12/2008; New legislation enacted 2009
 Resident Ownership of Manufactured Housing Communities ... No protections for homeowners

HEALTH CARE

Policy Priorities




-  Access to Health Insurance

Additional Policies

Insuring High-Risk Individuals ... No high risk pool
 COBRA Coverage of Small-Business Employees ... No state policy

EDUCATION

Policy Priorities

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

Additional Policies

Postsecondary Education Financial Aid ... \$215.62 per undergraduate student
 State-Funded Head Start ... No state supplement
 WIA-Funded Workforce Training ... 52.9% of participants received training
 TANF-Funded Workforce Training ... No funds spent on training

COMMUNITY INVESTMENT & ACCOUNTABILITY POLICIES

Additional Policies

State Support for CDFIs ... Yes
 Impact Analysis of Tax Law Changes ... Yes

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