

Spotlight on Assets

The Future of Economic Security for all Illinoisans



**12.4% of Illinoisans
experience income poverty¹
while 20.7% experience
asset poverty.²**

Wages and household income are important indicators used to define and assess poverty, but they are only part of the picture of an individual or a family's economic stability or vulnerability. **In most cases, it is a person's assets – a home, a savings account, a retirement account, or even a college degree – that provide the foundation for solid economic standing.**

Assets help build the day-to-day stability and strength of Illinois families and communities, and protect against hardship when emergencies arise. They also provide a set-aside of funds for major investments such as college tuition or homeownership. Assets have been shown to improve household stability, increase personal efficacy and political participation, create an orientation to the future, and provide economic security.³ Unfortunately many households in Illinois have zero or negative net worth, meaning that they owe more than they own. Asset-poor families are particularly vulnerable to extreme hardship. Without assets, individuals and families face a precarious future.

Historically, the United States has fostered the building of assets through public policies that have intentionally built the middle class, stabilized communities, and expanded the economy. These government initiatives, such as the GI Bill, have included support for college and other training, homeownership, retirement savings, and new business development. However, government efforts have primarily benefited people with middle and upper incomes and have left those with lower income trapped at a level of mere subsistence from month to month.

The challenge facing Illinois and our nation as a whole is to expand existing asset-building opportunities to benefit all people, particularly those most in need. **Given the current realities of poverty in Illinois, there is an ongoing need for government involvement in promoting asset-building strategies.**

¹ U.S. Census Bureau, Current Population Survey 2004-2005 Annual Social and Economic Supplement, Microdata, special calculation conducted by the Mid-America Institute on Poverty of Heartland Alliance.

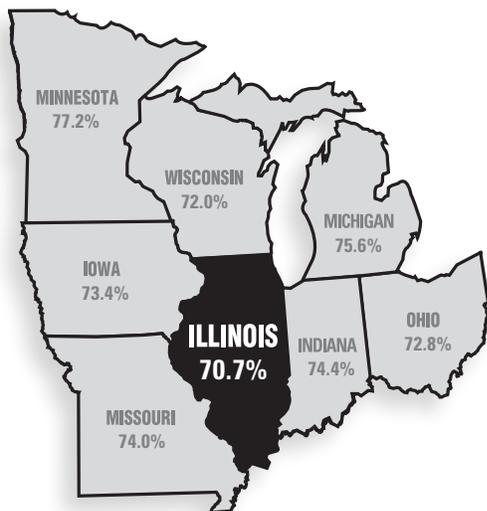
² CFED. (2005). *Assets and Opportunity Scorecard*. Retrieved October 28, 2005, from <http://www.cfed.org/focus.m?parentid=5&siteid=504&id=505>.

³ Sherraden, M. (1991). *Assets and the poor: A new American welfare policy*. Armonk, NY: M.E. Sharpe.

Asset Ownership in Illinois

HOMEOWNERSHIP ASSETS

Illinois has the lowest homeownership rate in the Midwest⁴

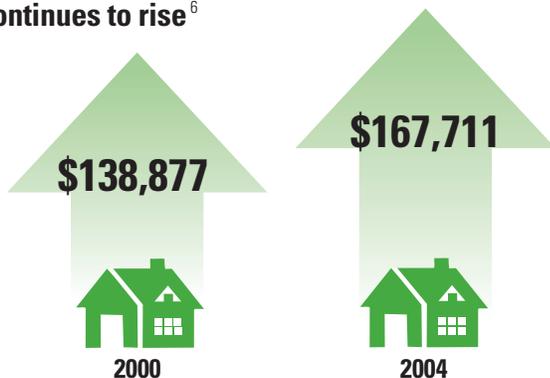


There are significant gaps in homeownership rates for different groups in Illinois:⁵

77% of Whites own homes compared to only **50% of minorities**.

91% of the wealthiest 5th of households own homes compared to **46% of the poorest 5th** of households.

Median value for owner-occupied units in Illinois continues to rise⁶



EDUCATION ASSETS

Education, an asset closely linked with increased incomes and lifelong stability, is significantly more prevalent among higher income households than lower income households. Over half of the top 5th of households in Illinois have four years of college while only 10% of the lowest 5th have the same education.⁷

Levels of education by race and ethnicity⁸

Group	No High School Diploma	High School or equivalent	Some College, less than 4-yr. degree	Bachelor's degree or higher
Asian	7.2%	14.1%	19.0%	59.7%
Black	21.7%	33.4%	29.9%	15.1%
Hispanic	39.1%	31.4%	19.9%	9.5%
White (non Hispanic)	9.4%	32.8%	29.1%	28.7%

Blacks and Hispanics in Illinois are much less likely to have a Bachelor's degree and more likely to not have a high school diploma.

Tuition and fees for 4-year public Illinois universities

skyrocketed
47%

from 1999-2000 to 2003-2004, making college even more unaffordable for low-income individuals.⁹

⁴ CFED. (2005). *Assets and Opportunity Scorecard*. Retrieved October 28, 2005, from <http://www.cfed.org/focus.m?parentid=5&siteid=504&id=505>.

⁵ Ibid.

⁶ U.S. Census Bureau, American Community Survey data sets 2000-2004.

⁷ CFED. (2005). *Assets and Opportunity Scorecard*. Retrieved October 28, 2005, from <http://www.cfed.org/focus.m?parentid=5&siteid=504&id=505>.

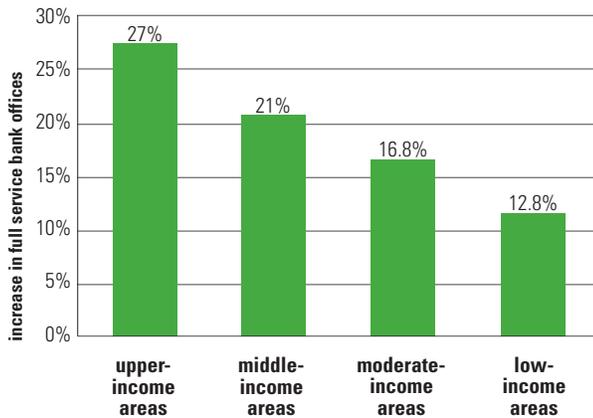
⁸ U.S. Census Bureau, Current Population Survey 2004-2005 Annual Social and Economic Supplement, Microdata, special calculation conducted by the Mid-America Institute on Poverty of Heartland Alliance.

⁹ Midwestern Higher Education Compact. (2004, April). *Average tuition and required fees for public colleges and universities: A comparison of Midwest states*. Minneapolis: Author.

Asset Ownership in Illinois

ACCESS TO BANKING

The increase of full service bank offices was **greater in upper-income areas than in lower-income areas** in the Chicago region from 2000 to 2004.¹⁰



Of all Illinois households, only

32.6%

have a checking account and only

57.7%

have a savings account.¹¹

There are
more payday loan stores

in Illinois than state-chartered banks.¹²

OTHER ASSET INDICATORS

Illinois ranks

2nd worst

in the nation on small business ownership.¹³

1 in 10

Illinois households do not have a vehicle.¹⁴

The number of Illinois workers participating in private sector,

employer-sponsored pension plans

is decreasing.¹⁵

1981 = 55.6%

2004 = 49.8%

Eligibility requirements for various public benefit programs include asset restrictions. Illinois exempted retirement accounts in 2005 from the asset rules governing the TANF, General Assistance and Food Stamp programs, a positive step toward removing disincentives for low-income people to save for retirement.

¹⁰ Smith, G. (2005, February). *Increase in bank branches shortchanges lower-income and minority communities: An analysis of recent growth in Chicago area bank branching*. (Reinvestment Alert Number 27). Chicago: Woodstock Institute.

¹¹ CFED. (2005). *Assets and Opportunity Scorecard*. Retrieved October 28, 2005, from <http://www.cfed.org/focus.m?parentid=5&siteid=504&id=505>.

¹² Citizen Action Illinois. (n.d.). *The "Monsignor J. Egan" Payday Loan Reform Act - HB1100*. Chicago: Author.

¹³ CFED. (2005). *Assets and Opportunity Scorecard*. Retrieved October 28, 2005, from <http://www.cfed.org/focus.m?parentid=5&siteid=504&id=505>.

¹⁴ U.S. Census Bureau, American Community Survey Data Sets 2004.

¹⁵ Center for Tax & Budget Accountability & Northern Illinois University. (2005). *The state of working Illinois*. Chicago & DeKalb, IL: Author.

Asset Poverty in Illinois

Women and minorities in Illinois are considerably more likely to be in asset poverty and have lower net worth.¹⁶

Illinois Populations	Asset Poverty Rate*	Median Household Net Worth**
All Illinoisans	20.7%	\$ 74,222
Men	16%	\$ 90,750
Women	27%	\$ 55,448
Gender Asset Gap (difference in median net worth)	Gap 11%	Gap \$ 35,302
Whites	14%	\$111,750
Minorities***	38%	\$ 18,160
Racial Asset Gap (difference in median net worth)	Gap 24%	Gap \$ 93,590

* asset poverty refers to being without sufficient net worth to subsist at the poverty level for three months.

** household net worth is the difference between household assets and household liabilities.

*** self identified as Black, of Hispanic origin, Native American, Asian, Pacific Islander, Eskimo, or Aleut

There are several manifestations of asset poverty including bankruptcies, growing debt, inability to save, and foreclosures:

- > The bankruptcy rate in Illinois doubled in the last 10 years.¹⁷
- > Illinois has the 14th worst rate of foreclosures in the nation.¹⁸
- > 11.0% of all mortgages in Illinois are sub-prime, high interest loans, ranking Illinois in the bottom third of states on this measure.¹⁹
- > Illinois had the fifth highest estimated number of medical related bankruptcy cases in the country.²⁰
- > Out of the 79,777 bankruptcy filings in Illinois, half were medical cases.²¹

¹⁶ CFED. (2005). *Assets and Opportunity Scorecard*. Retrieved October 28, 2005, from <http://www.cfed.org/focus.m?parentid=5&siteid=504&id=505>.

¹⁷ U.S. Bankruptcy Courts. (n.d.). *1990-2002 calendar year bankruptcy filings by chapter and district & 2003-2004 calendar year by chapter*. Retrieved December 19, 2005, from <http://www.uscourts.gov/bkprctstats/statistics.htm#june>, special calculation conducted by the Mid-America Institute on Poverty of Heartland Alliance.

¹⁸ CFED. (2005). *Assets and Opportunity Scorecard*. Retrieved October 28, 2005, from <http://www.cfed.org/focus.m?parentid=5&siteid=504&id=505>.

¹⁹ Ibid.

²⁰ Himmelstein, D.U., Warren, E., Thorne, D., & Woolhandler, S. (2005, February 2). MarketWatch: Illness and injury as contributors to bankruptcy. *Health Affairs*, web exclusive. Retrieved November 21, 2005, from <http://content.healthaffairs.org/cgi/content/full/hlthaff.w5.63/DC1>

²¹ Ibid.

This brief is based on the 2006 Report on Illinois Poverty authored by the Mid-America Institute on Poverty of Heartland Alliance, which is made possible by the generous support of Chase, the Joyce Foundation, and Woods Fund of Chicago. For more information about asset building in Illinois, contact Gina Guillemette at 773.336.6083 or gguillemette@heartlandalliance.org.

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