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Millions of U.S. Families Face Economic Uncertainty Despite Reports of a “Healthy Economy”

New Research Shows Exacerbated Vulnerability Along Racial Lines at State Level

Washington, D.C. – Despite headlines touting America’s booming economy, the reality is that millions in the US are living in financial uncertainty. According to new research from Prosperity Now (formerly CFED), an alarming number of families don’t have the resources to withstand an economic downturn, which many analysts predict is around the corner.

The [2019 Prosperity Now Scorecard](#) shows that millions of families are either struggling to make ends meet, or are just one emergency away from a financial disaster. Forty percent of American households lack a basic level of savings. According to the *Scorecard* data, these “liquid asset poor” households don’t even have enough savings to live at the poverty level for three months if their income was interrupted. The data is even worse for people of color with nearly 57% of households of color being liquid asset poor.

For the first time, the 2019 *Scorecard* includes ranks the states on racial disparities—the gaps in 26 outcome measures between White residents and residents of color—and factors this into a state’s overall performance. Prosperity Now is increasing its focus on racial economic inequality because, as the data illustrates, structural inequality in the United States means that race and ethnicity have an outsized impact on economic well-being. Black, Latino, Native American, Native Hawaiian and Pacific Islander people fare worse across all *Scorecard* outcomes and issues.

“Even where there have been some gains, the gaps between White households and households of color have persisted or widened. It was time to be explicit about the impact race has on economic outcomes and to center race in our conversations about solutions,” said Kasey Wiedrich, Prosperity Now Director of Applied Research. “If this inequity is the reality during a ‘booming’ economy, how will households of color fare when the next economic downturn hits?”

The *Scorecard* also examines the policy choices of lawmakers at all levels of government. Additionally, it illustrates how those choices affect the ability of households—especially households of color and those with limited income—to create a more prosperous future. The *Scorecard* recommends policies that first and foremost serve the individuals and families whose lives they intend to improve while also building economic strength and resiliency in the broader communities in which we live together.

“The task of protecting a majority of the nation’s households also falls upon state governments and administrators. Yet outcomes suggest many have failed to live up to the task,” said Solana Rice, Prosperity Now Director of State and Local Policy. “States should enact policies to strengthen the economic resilience of people of color, particularly Black, Latino and Native American populations.

Published annually, the *Prosperity Now Scorecard* offers the most comprehensive look available at Americans’ ability to build wealth, avoid poverty, and create a more prosperous future. This year’s *Scorecard* assesses all 50 states and the District of Columbia on 78 outcome measures across five issue areas: Financial Assets & Income, Businesses & Jobs, Homeownership & Housing, Health Care and Education. It also assesses the states on 28 policies that promote financial security.

Among the *Scorecard*’s other key national findings:

- 13% of all American households fell behind on their bills, but it’s roughly one in four of Black households, households with volatile incomes, and householders with a disability.
- Almost half of Americans (48.1%) with credit scores have credit below prime ratings, but nearly 20% of households don’t use mainstream credit.
- For the first time since the passage of the ACA, the percent of low-income children without health insurance has increased and the uninsured rate overall has stopped improving.
- Housing costs are rising faster than incomes, keeping the homeownership rate from rebounding significantly, particularly for households of color, who have been largely kept out of housing markets by discriminatory policies and financial markets.
- This institutional racism and baked-in discrimination in our economy has resulted in a racial wealth gap that far outpaces income inequality. At the median, Black households earn 61 cents and Latinx households 76 cents for every \$1 of White income, own only 6 cents and 13 cents, respectively, for every \$1 of White wealth.

To read an analysis of main findings from the 2019 *Prosperity Now Scorecard*, read the [Key Findings Brief](#) and for an in-depth look at racial economic inequality in the states, read [Accounting for Race: A New Way to Compare the Financial Health of Households in States](#). To browse the comprehensive data, visit scorecard.prosperitynow.org.

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Prosperity Now believes that everyone deserves a chance to prosper. Since 1979, we have helped make it possible for millions of people, especially people of color and those of limited incomes, to achieve financial security, stability and, ultimately, prosperity. We offer a unique combination of scalable practical solutions, in-depth research and proven policy solutions, all aimed at building wealth for those who need it most.