

# Building a Foundation *for* Family Economic Success



*The Working Poor  
Families Project*

The Working Poor Families Project is a national initiative to strengthen state policies and programs influencing the advancement of low-income working families. The project partners with state-based nonprofit organizations to analyze public policies and programs; identify and advance concrete policy solutions; and better the capabilities of postsecondary education, economic development, and work support systems to serve low-income working families.

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Project management is provided by Brandon Roberts + Associates, a public policy consultancy in the Washington, D.C. area.

As of fall 2009, the project partnered with nonprofit organization in 24 states and the District of Columbia:

Alabama:	Arise Citizen's Policy Project
Arkansas:	Southern Good Faith Fund
California:	California Edge Campaign
Colorado:	The Bell Policy Center
Connecticut:	Connecticut Association for Human Services
District of Columbia:	DC Appleseed Center for Law and Justice
Georgia:	Georgia Budget and Policy Institute
Illinois:	Chicago Jobs Council
Kentucky:	Mountain Association for Community Economic Development
Maine:	Maine Center for Economic Policy
Maryland:	Jobs Opportunities Task Force
Massachusetts:	The Crittenton Women's Union
Michigan:	Michigan League for Human Services
Mississippi:	Mississippi Economic Policy Center
Nebraska:	Nebraska Appleseed
New Jersey:	Center for Women and Work, Rutgers University
New Mexico:	New Mexico Voices for Children
New York:	Schuyler Center for Analysis and Advocacy + Center for an Urban Future
North Carolina:	North Carolina Budget & Tax Center
Ohio:	Community Research Partners
Pennsylvania:	PathWays PA
Texas:	Center for Public Policy Priorities
Utah:	Voices for Utah Children
Washington:	Statewide Poverty Action Network
Wisconsin:	Center on Wisconsin Strategy

To learn more about the Working Poor Families Project, visit [www.workingpoorfamilies.org](http://www.workingpoorfamilies.org).

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## 1. Work: The Foundation of Economic Prosperity

Work matters. For individuals, their ability to earn a living hinges upon the skills they possess and the availability of jobs demanding those skills. For firms, their competitiveness is driven by the talents of the people they employ. For communities, their prosperity depends upon the qualifications of their local workforces.

By exposing the hardships that result when work disappears, the recent recession has cast a spotlight on the unbreakable tie between work and well-being. Since the recession's start, American employers have slashed their payrolls, and the unemployment rate has doubled. Millions more employed individuals are coping with steep reductions in work hours. Should the eventual recovery prove to be a jobless one, working Americans likely will struggle well into the future.

Sadly, the problem of finding adequate work is not just a recessionary one for America's 9.5 million low-income working families: families that were losing ground even while the economy was expanding. Between 2000 and 2007, the period encompassing the last full business cycle, the number of low-income working families actually grew by three percent. Put differently, 28 percent of working families entered the recession already unable to make ends meet.

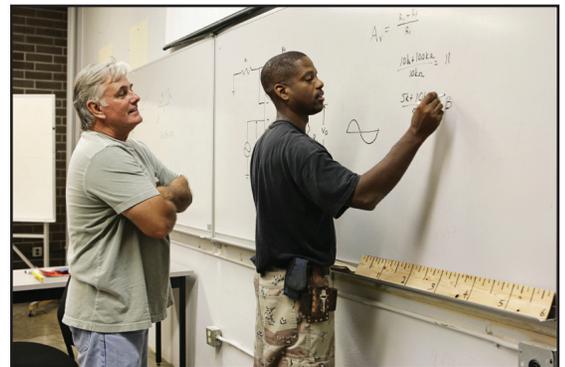
Although serious, the obstacles before low-income working families are not insurmountable. Wise state policies and investments can improve the effectiveness of public workforce systems and enable those systems to better serve all segments of the population. Because improvements to state policies and programs deliver long-lasting, broad-based, cost-effective, community-specific outcomes, state-based efforts can drive and sustain institutional and social change. For proof, look at recent actions. From improving postsecondary financial aid policies for nontraditional students to boosting wages through the adoption of earned income tax credits, states have shown how intentional efforts to improve workforce skills can transform individuals, businesses, and communities.

Central to many state reforms has been the Working Poor Families Project (WFPF). A national initiative to strengthen state policies influencing the advancement of low-income working families, the WFPF has partnered with some two dozen state-based nonprofit organizations in an intensive policy change process. Although these organizations differ in size and type, ranging from small research outfits to large direct service providers,

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they share a commitment to improving state policies shaping the opportunities available to low-income working families. To that end, the WFPF helps state partners to foster the long-term organizational capacities needed to analyze and assess the effectiveness of state policies and programs; to identify and champion concrete policy solutions; and to expand and enhance the capabilities of state postsecondary education and skills development, economic development, and work support systems to better serve individuals with modest skill levels.

This model has yielded impressive results. Since 2003, the WFPF's state partners have helped generate or preserve over \$2.5 billion in public investments in low-income working families, along with significant non-monetary policy changes. In Maryland, for instance, the **Job Opportunities Task Force** improved the governance and funding of adult literacy education. Similarly, the **Center on Wisconsin Strategy** assisted the state in developing a new sector-based economic development model. In the same vein, the **Center for Women and Work at Rutgers University** built a convincing case for establishing a paid family leave insurance program in New Jersey.

Improving workforce skills, creating quality jobs, and aiding individuals upended by economic change is a complicated, long-term process – a process built upon a foundation of rigorous data analysis, persuasive communication, effective outreach, and strategic partnerships. Appreciating the impressive achievements of the WFPF and its state partners requires an awareness of the challenges facing low-income working families, an understanding of the WFPF's purpose and goals, and a familiarity with the project's distinctive policy process.

## **2. Working Hard, Falling Short: America's Low-Income Working Families**

Americans long have believed in the power of work as a means for personal advancement. No matter how humble the situation into which a person is born, so the story goes, hard work will force open the doors of opportunity and prosperity. Yet in recent years the growth in the number of low-income working families – families that work hard yet earn low wages, receive few benefits and have few prospects for upward mobility – has called into question the validity of this idea.

Just consider: in 2007, some 9.5 million American families held such important jobs as child care workers and nursing assistants but earned too little to support themselves, to say nothing of building wealth. Contrary to popular stereotypes, most such families are not poor; in fact, two-thirds actually earn too much to be counted officially as impoverished.\*

Low-income working families live throughout the nation. In all but five states, at least a fifth of working families earn low-incomes; the largest concentrations are found in such southern and southwestern states as New Mexico and Mississippi (*Figure 1*). Low-income working families are home to people of every age, gender, race, and ethnicity, but families headed by a parent belonging to a racial or ethnic minority group are disproportionately likely to have low incomes. Low-income working families also are home to a third of the nation's children.

When it comes to advancement, low-income working families confront a variety of obstacles with one of the most serious being relatively low levels of formal education. One-third of low-income working families have at least one parent without a high school degree, and in 57 percent of families no parent has completed any postsecondary education. Workers with little formal education and few skills stand at a severe disadvantage in an economy in which 45 percent of all jobs demand the types of skills imparted by two-year colleges. Although additional education alone is insufficient to escape from low-wage work, it is an essential part of any exit.

At the same time, many state policies and programs are not designed to facilitate the success of low-income working families. Postsecondary financial aid policies, for example, often penalize part-time students or fail to cover non-degree vocational programs. Similarly, a lack of system integration frequently prevents students from moving seamlessly among programs. Taken together, such policies deter many low-income adults from enrolling in an educational program or completing a course of study, thereby limiting their chances of succeeding economically.

\*A low-income working family is a married-couple or single parent family with at least one child under age 18 and an annual income less than 200 percent of the federal poverty level. In 2007, the threshold for a four-person family equaled \$41,902.

**Figure 1: Working Families With Low Incomes, by State, Ranked by Share in 2007**

State	Share	Number
New Mexico	40.0	86,135
Arkansas	39.4	124,405
Mississippi	39.4	125,400
Texas	36.3	1,048,350
Oklahoma	36.2	145,340
Louisiana	34.9	161,540
West Virginia	33.9	60,860
Idaho	33.7	64,350
Montana	33.3	31,845
Alabama	32.6	169,020
Kentucky	32.6	149,965
Tennessee	32.4	217,770
Arizona	31.9	216,735
North Carolina	31.7	331,600
South Carolina	31.6	151,125
South Dakota	30.8	26,980
District of Columbia	30.6	12,930
Florida	30.6	581,205
Georgia	29.8	332,480
Missouri	29.7	199,225
California	28.9	1,193,460
Oregon	28.9	116,465
Nebraska	28.4	60,210
Kansas	28.1	96,110
<b>United States</b>	<b>28.0</b>	<b>9,510,980</b>
Utah	27.8	93,265
Indiana	27.5	201,780
Ohio	27.2	344,360
New York	26.8	547,930
Maine	26.6	38,175
Michigan	26.6	292,070
Nevada	26.1	77,840
Iowa	25.7	88,880
Wyoming	25.7	15,085
Illinois	25.4	380,115
North Dakota	25.3	18,460
Colorado	25.1	142,030
Delaware	25.1	24,705
Vermont	24.9	17,760
Wisconsin	24.1	153,780
Pennsylvania	24.0	316,135
Washington	23.5	170,705
Rhode Island	22.7	25,050
Virginia	21.5	194,615
Hawaii	21.0	29,525
Minnesota	20.5	127,880
Alaska	20.2	16,030
New Jersey	17.2	178,685
Massachusetts	16.4	115,800
Maryland	16.3	108,420
Connecticut	16.0	65,125
New Hampshire	15.4	23,290

Source: Population Reference Bureau, analysis of 2007 American Community Survey, prepared for WPPF.

### 3. Realizing the Rewards of Work: The Goals of the WFPF

Hardly a new phenomenon, low-wage work has become a more visible one in recent years. In the late 1990s, tight labor markets compelled employers to hire non-traditional candidates, and this willingness pulled low-income individuals into the job market. Additionally, the decision to transform the American social safety net from a cash-based to a work-based one pushed low-income individuals into the job market. Although they had jobs, many of the new entrants to the workforce found themselves in low-paying positions due in large part to their modest skill levels.

For such workers to make ends meet, other policy changes were needed, especially at the state level. This was because the period saw a shift in the locus of employment and social policymaking from the federal government to state capitals. Viewed in one light, this change was a logical one. Job markets are regional in nature, and states play a major role in educational matters as they operate institutions like two-year colleges. Viewed in another light, the shift was a problematic one. States traditionally have paid less attention to the cultivation of workforce skills than to industrial recruitment activities. Furthermore, outside research and advocacy capacities were missing in many states because existing nonprofit organizations often had not worked on these issues. This was particularly true in the area of postsecondary education and skills development for adults.

In response, several national foundations joined together to explore ways of improving state programs and policies influencing the economic advancement of low-income working families. Based upon a scan of existing initiatives, an analysis of social and economic data, and the compilation of a comprehensive framework of indicators, the founda-

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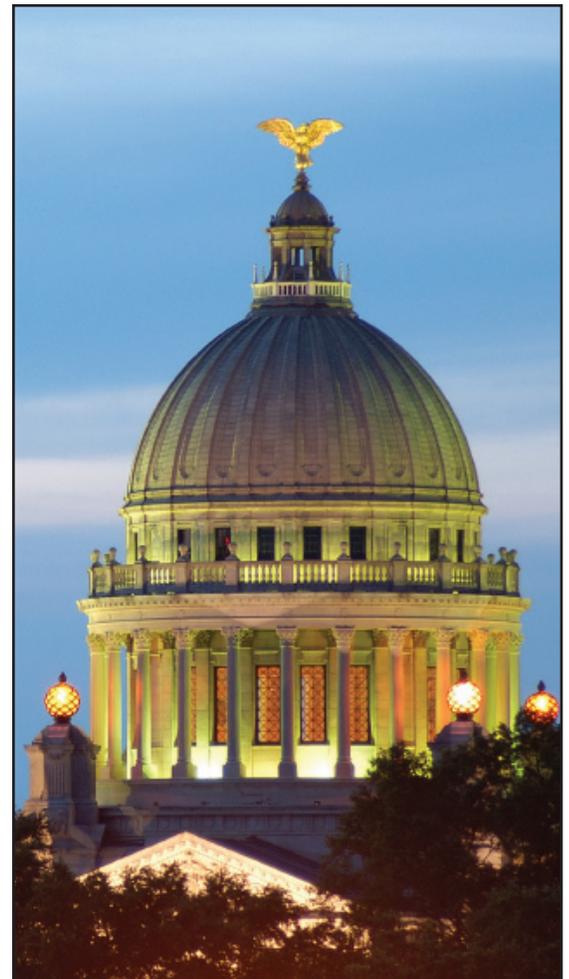


tions decided that the best way to improve state workforce development systems was to enrich the research and advocacy capabilities of state-based nonprofit organizations. To test that idea, the foundations supported a 2002 pilot project in five states: Arkansas, Florida, Michigan, Texas, and Wisconsin. This was the beginning of the WFPF.

From its inception, the WFPF brought together nonprofit organizations concerned about state policies affecting the advancement of low-income working families. The aim was to build the technical expertise and organizational capacities of state partners, which then would lay a foundation for stronger state policies. Expertise would be cultivated by the project's management team in conjunction with national and state experts. More specifically, the effort would be built upon seven principles:

- ❖ State policies and programs frequently overlook the needs of low-income working families.
- ❖ Low-income working families can succeed when states make comprehensive improvements to postsecondary education and skills development, economic development, and work support systems.
- ❖ Greater awareness of how state policies and programs can benefit low-income working families is needed in many states, especially in the areas of education and skills development for adults.
- ❖ Credible, state-based, nonprofit organizations can play a pivotal role in injecting the perspective of low-income working families into state policy debates.
- ❖ Organizational credibility can be earned through rigorous analyses of state-specific data and the cultivation of subject expertise.
- ❖ Analytical capacities are acquired through networking and peer learning exchanges among national organizations versed in technical matters and state organizations knowledgeable of local conditions.
- ❖ Change is a multi-year process driven by long-term partnerships.

These principles governed the 2002 pilot and the WFPF's subsequent expansion. Today, the WFPF partners with organizations in 24 states and the District of Columbia: places that are home to 60 percent of the



**Figure 2: The WFPF Process of Policy Change**

The substantive work of the WFPF takes its structure from a distinctive, five-part process of policy change. The purpose of this process is to enrich the analytical, communication, and advocacy capabilities of state partners. The five steps in the process are the following:

- Use data to analyze state needs and opportunities for change.
- Identify specific policy issues.
- Establish issue expertise and strategic relationships.
- Develop and execute effective strategies tailored to specific policy issues.
- Monitor change to ensure successful implementation.

Source: Deborah Povich, *Strengthening State Policies: The Process for Change*, The Working Poor Families Project, Summer 2008. Available at [http://www.workingpoorfamilies.org/pdfs/WFPF\\_policy\\_brief\\_summer08.pdf](http://www.workingpoorfamilies.org/pdfs/WFPF_policy_brief_summer08.pdf)

**Figure 3: The WFPF Framework of Indicators**

To analyze the conditions facing low-income families in each state and the effectiveness of public policies and programs, the WFPF has created a comprehensive framework of data, policy, and program indicators. The over 100 indicators contained in the framework form the basis of the assessment reports prepared by the WFPF's state partners.

Taken together, the indicators shed light into four areas relevant to the WFPF and its state partners:

- The social and economic characteristics of low-income working families.
- The educational and skill training opportunities available to working adults.
- The employment opportunities available to entry-level and low-wage workers.
- The conditions of work and employment benefits associated with existing jobs.

The data-based indicators are derived from various federal survey programs, primarily the American Community Survey and the Current Population Survey. The WFPF data indicators are updated annually by the Population Reference Bureau, a research firm in Washington, D.C. To learn more, visit [http://www.workingpoorfamilies.org/pdfs/2009\\_Framework\\_of\\_Indicators.pdf](http://www.workingpoorfamilies.org/pdfs/2009_Framework_of_Indicators.pdf)

nation's low-income working families. Financial support comes from four national philanthropies – the Ford, Annie E. Casey, Charles Stewart Mott, and Joyce foundations – and matching funds raised by state partners. Project management rests with Brandon Roberts + Associates, a public policy consultancy located in the Washington, D.C. area.

#### 4. Building a Network for Change: The WFPF Policy Process

The WFPF's substantive work takes its form from a distinctive process of policy change. This process uses a peer learning network to enrich the analytical, communication, and educational capabilities of state-based organizations, thereby enabling them to influence state priorities. To that end, the WFPF engages its partners in a five-step process: state partners analyze local conditions; identify meaningful change opportunities; cultivate the expertise and relationships needed to drive change; develop strategies for stronger state policies; and monitor the effectiveness of state actions (*Figure 2*).

Upon joining the WFPF, a state partner undertakes a structured assessment of local conditions – an assessment guided by the WFPF's framework of indicators, a specially prepared set of over 100 census, policy, and performance measurements (*Figure 3*). This framework helps state partners understand the challenges facing low-income working families, identify policy strengths, and target opportunities. Guidance for the assessment comes from the national WFPF team and local advisory boards that state partners are asked to convene.

The assessment process culminates in the publication and dissemination of a comprehensive State Policy Assessment Report that analyzes the three areas of central importance to the WFPF – postsecondary education and skills development for adults, economic development, and work supports – and offers a detailed policy agenda. Report releases are carefully designed to call maximum attention to the issues and to establish the credibility of state partners. For example, **the North Carolina Budget and Tax Center** had not worked on postsecondary education and skills development issues prior to joining the WFPF. To showcase its new expertise, the center released its report in Charlotte at the state's largest two-year college. It also collaborated with the WFPF's communications team to generate extensive coverage in print, broadcast, and online media.

After releasing assessment reports, state partners move to implement the policy recommendations. State partners work with the national project team to identify priorities and develop appropriate strategies.

Research briefs, editorial board meetings, legislative briefings, conferences, coalition campaigns, service on public committees – all of these tools are used by the WFPF. In Ohio, for instance, **Community Research Partners** convened a major conference in 2006 on the role of adult workforce development as a tool for economic growth. The event was built around the policy issues raised in the state assessment report and included both of the year’s gubernatorial candidates. Impressed by the quality of the work, the winning candidate’s administration asked Community Research Partners to help craft workforce development policies.

Consistent with the WFPF’s emphasis on data-based analysis, state partners are asked to revisit and update their assessment reports every few years. The review provides an opportunity to measure progress and refocus efforts. Consider the experience of **The Michigan League for Human Services**. When analyzing the Wolverine State’s education and skills development systems for adults, the League found that far too many participants dropped out of the system and thus never obtained credentials or degrees, a trend characterized as the “leaky educational pipeline.” The report earned the attention of media as well as state policymakers and prompted action. Today Michigan state government is part of a Joyce Foundation multi-state initiative, *Shifting Gears*, that is working to improve the educational delivery system for low-skilled adults.

At every stage of the process, partners benefit from the resources made available through the larger WFPF. Not only does the national team consult regularly with state partners and link them to needed resources, but it also seeks to raise the national profile of key issues. It does this by publishing reports and policy briefs on key state policy issues (see listing on last page). Most notably, the 2004 national report **Working Hard, Falling Short: America’s Working Families and the Pursuit of Economic Security** was covered in such influential outlets as *The New York Times*, *ABC Nightly News*, and *U.S. News and World Report*. Such publicity helps to create a more favorable climate for state efforts.

Perhaps the most innovative way in which the WFPF builds the capacities of state partners is through annual state policy academies. These events provide a forum to delve into issues in all their messy complexity. In 2008, state partners gathered in Atlanta to explore state-level economic development programs in an academy co-sponsored

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#### Figure 4: State Policy Academies

Every year, the WFPF sponsors a state policy academy. These multi-day gatherings provide state partners with a forum to delve into policy issues in all their complexity. Curricula are designed by the national WFPF project team and national experts from leading research and advocacy organizations. Academies also spotlight the work of WFPF state partners, allow for learning exchanges, and offer opportunities to develop state-specific action plans.

Past academies have focused on the following topics:

**2006: Postsecondary Education**, featuring expert presentations from the Center for Law and Social Policy

**2007: Adult Education**, featuring expert presentations from the Center for Law and Social Policy and Jobs for the Future

**2008: Economic Development**, co-sponsored with the Economic Policy Institute and featuring expert presentations from the Center for Law and Social Policy, Corporation for a Skilled Workforce, Council for Community and Economic Research, and Green for All

**2009: Linking Infrastructure and Capital Investments with Jobs and Training**, featuring expert presentations from the Partnership for Working Families, the Workforce Strategies Initiative of The Aspen Institute, and the Wisconsin Bureau of Apprenticeship Standards.

Materials from past academies are archived at [http://www.workingpoorfamilies.org/reports\\_and\\_pubs.html](http://www.workingpoorfamilies.org/reports_and_pubs.html)

by the Economic Policy Institute. Participants had a chance to meet with national experts with the Council for Community and Economic Research, the Center for Law and Social Policy, Good Jobs First, Green for All, and the Corporation for a Skilled Workforce and to develop state-specific actions. Other academies have centered on issues like adult literacy education and how to link infrastructure investments and workforce systems (*Figure 4*).

Knowledge acquired through state policy academies enables state partners to conduct more sophisticated analyses of specific issues. Take **The Bell Policy Center** in Colorado. Following a 2006 state policy academy on postsecondary education, the center redoubled its efforts to increase funding for and access to postsecondary financial aid. This work led to a \$6.9 million increase in 2007, and a \$7.2 million increase in 2008. The center also strove to maintain level funding for need-based aid in 2009, a year marked by Colorado's worst economy in 50 years. Thanks to the center's efforts, nontraditional students now have the same access to financial aid as do traditional ones.

#### 5. Strengthening the Foundation: The Successes of WFPF State Partners

A belief that wise state policies and smart public investments can help low-income working families prosper animates the WFPF. One-off changes, however, are insufficient; rather, long-term progress requires systematic changes in three interconnected areas: postsecondary education and skills development for adults, economic development, and work support systems. Absent comprehensive action, the structural problems that constrain the advancement of low-income working families will endure.

This is not to say that state partners are expected to work on every issue at once. The purpose of the WFPF policy process is to identify the most promising opportunities. Over the long-run, this method ideally will lead to state action in all three areas, thereby expanding the supply of skilled workers, increasing the demand for such workers, and strengthening the supports for individuals striving to escape low-wage work.

For proof of the effectiveness of this approach, consider the accomplishments of the WFPF's state partners. Since 2003, those partners have brought about significant investments in low-income working families along with a variety of important policy changes. A recent analysis found that the WFPF's state partners helped generate or preserve over \$2.5 billion in public investments between 2003 and 2009 (*Figure 5*).

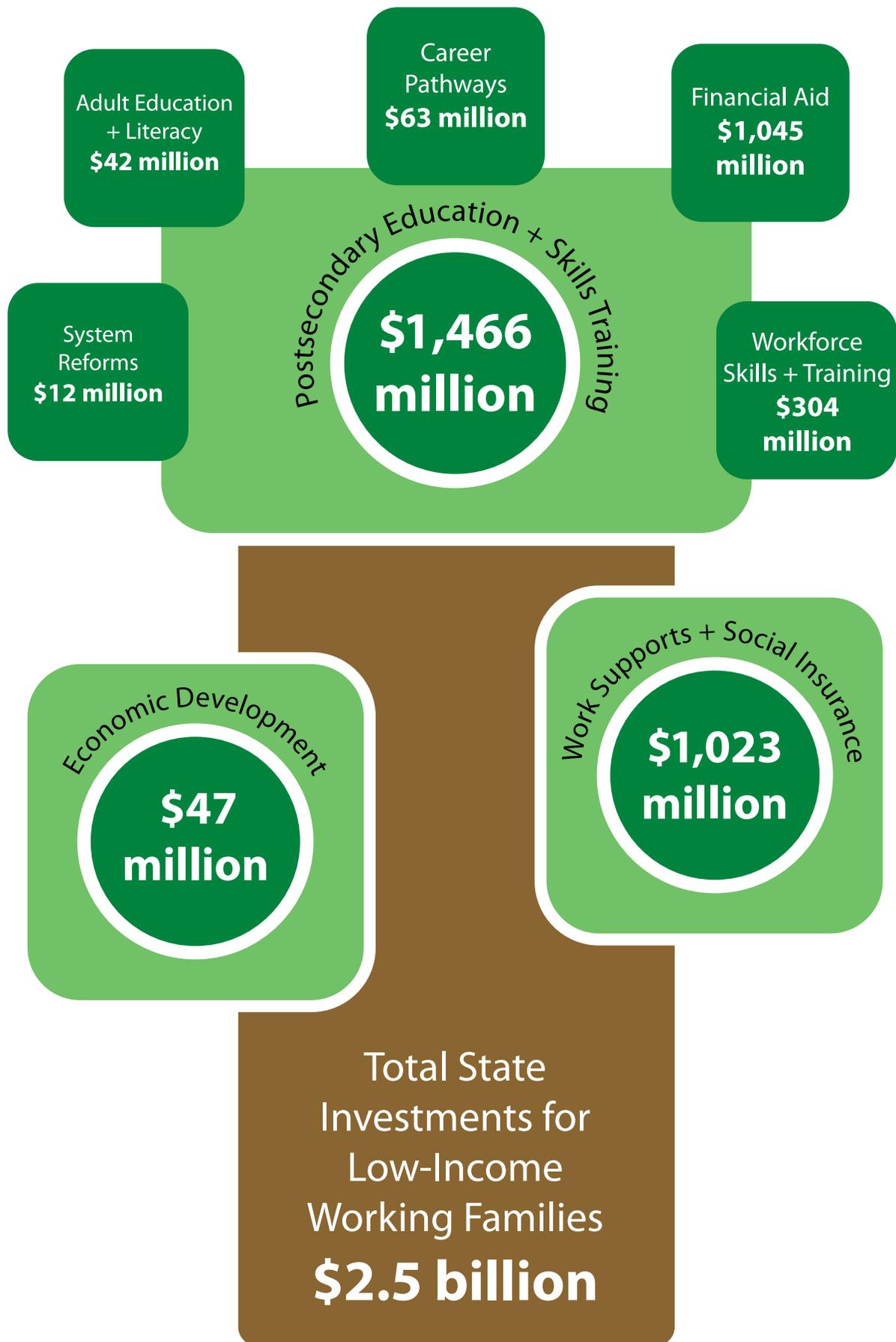


Figure 5: The Work of the WFPF's State Partners

**Figure 6: Strengthening Adult Basic Literacy  
Education in Washington State**

Deficiencies in basic literacy, numeracy, and English skills affect a sizable segment of Washington state's workforce. In 2007, some 439,000 non elderly adults – 10.5 percent of the total population – lacked a high school credential; similarly, 354,000 individuals claimed not to speak English “very well.” Such gaps were particularly pronounced among low-income working families, of which 27.7 percent had at least one adult without a high school credential.

Through the Working Poor Families Project, the **Statewide Poverty Action Network** in Seattle developed an interest in the basic literacy programs offered through Washington's community and technical colleges. Research conducted as part of the State Policy Assessment Report identified rising demand for literacy instruction – demand driven in part by a burgeoning refugee population – and a failure of public funding to keep pace with demand or costs. Even more alarmingly, the state's funding mechanism actually provided colleges with a financial disincentive to offer literacy instruction.

Drawing upon the project's framework of indicators and the state policy academy on adult education, the Poverty Action Network built a clear case for new investments in adult literacy instruction. By joining with community-based organizations and the State Board for Community and Technical Colleges, the network attracted the interest of an influential state legislator. Consequently in 2007, the legislature provided an additional \$11.5 million in funding over a two-year period. That money allows the equivalent of an additional 625 full-time literacy students to enroll each year.

Today, the Poverty Action Network is monitoring the use of the new funding and endeavoring to bring about more holistic changes to the adult literacy system. For instance, the network is striving to improve data measurement systems and better promote student transitions from literacy courses into postsecondary credential programs.

Approximately 60 percent of that amount – \$1.5 billion – was invested in state postsecondary education and skills development systems. The bulk of that money (\$1 billion) went for postsecondary need-based financial aid programs. Other states have invested in skill development (\$304 million) and adult literacy education (\$42 million) systems. Given that relatively few state-based nonprofit organizations were working on postsecondary education and skills development for adults prior to the WFPF's creation, those successes likely would not have occurred absent the WFPF.

To illustrate successes, the following sections sketch the work of some of the WFPF's state partners in the three areas of central importance to the project: postsecondary education and skills development for adults, economic development, and work support systems.

### ***Strengthening Postsecondary Education and Skills Development for Adults***

A hallmark of the WFPF is its emphasis on postsecondary education and skills development for adults. The project emphasizes this area because low-income working families too often stand on the wrong side of the educational divide in a job market that increasingly demands workers with comparatively high skill levels. Although policymakers recognize this, they tend to overlook the needs of adult workers, even though they comprise the bulk of the present and future workforce. Additionally, policymakers frequently fail to link “middle-skill” jobs – meaning those requiring workers with more than a high school credential but less than a baccalaureate degree – to postsecondary education and skills development systems, even though those positions pay good wages and are frequently in high demand.

In many states the adult members of low-income working families are constrained in their abilities to acquire additional education and skills. Educational systems normally are designed to serve younger students who neither have families nor work full-time. Need-based financial aid



programs, for instance, often are unavailable to or penalize students who enroll on a part-time basis, as working adults normally do. In the same way, adult literacy programs designed to overcome reading and math deficiencies are grossly underfunded and isolated from the rest of the educational system.

To overcome such problems, WPPF partners have focused their policy change efforts on three issues: removing practical barriers, integrating educational and career opportunities, and connecting disadvantaged populations to educational systems.

First, state partners have endeavored to reduce the financial and practical obstacles that hinder low-income working families from taking advantage of educational opportunities. Washington state has been a leader in this area. There, the **Seattle Jobs Initiative** and the **Statewide Poverty Action Network** secured some \$25 million in state funding over a four-year period to pilot and take to scale a program of Opportunity Grants that helps low-income students in specific fields pay for tuition, fees, and related costs. Inspired by that success, the WPPF partners then joined with the State Board for Community and Technical Colleges to obtain \$11.5 million over a two-year period to increase the number of basic literacy students served (*Figure 6*). Similar efforts have been undertaken by partners in Arkansas, Colorado, Connecticut, Massachusetts, Michigan, New Mexico, and Texas.

Second, WPPF partners have attempted to build integrated educational and career pathways for low-income adults. Too often, educational systems function in a fragmented fashion, thereby making it difficult for individuals to finish a program of study, transition from one program to another, or earn a career-relevant credential. One way to address that problem is through a career pathways model, which helps individuals advance towards postsecondary credentials and degrees by blending education and training programs targeted to a particular industry or occupation. Perhaps the most noted model in operation is the Arkansas Career Pathways Program promoted by **Southern Good Faith Fund** (*Figure 7*). Another way is to adopt uniform data collection and benchmarking systems capable of measuring the educational and

**Figure 7: Strengthening Career Pathways  
in Arkansas**

Low-income working adults are a growing presence on the campuses of community and technical colleges. Although colleges are serving more low-income students, many are unsure of how to best to meet those students' unique educational and career needs.

To address this problem in Arkansas, **Southern Good Faith Fund**, a nonprofit organization in Little Rock, and two community colleges joined in 2003 to create the Arkansas Career Pathways Initiative. At the time, the colleges hoped to improve the services available to low-income students while Southern Good Faith Fund wished to promote career pathways strategies, which were a key recommendation of the WPPF State Policy Assessment Report.

The goal was to connect low-skill, low-income adults to postsecondary education and career opportunities in high-growth fields like health care. By integrating course offerings, streamlining program completion times, and providing comprehensive supportive services, the initiative hoped to increase the number of low-income adults enrolling in and completing postsecondary education.

When the effort proved promising, state policymakers took an interest. In 2005, the legislature provided \$8 million to expand the initiative to 11 colleges. The governor's office also became involved, thanks to its participation in a policy academy sponsored by the National Governors Association. With such high-level support, the state eventually chose to provide the approximately \$12 million in annual funding needed to offer the program at all 22 two-year colleges.

Today, the Arkansas Career Pathways Initiative is operated entirely by the public sector. Over its first two years of statewide operation, the initiative served 5,983 individuals and awarded 955 credentials of various kinds. During that time, 90 percent of participating students either earned a credential or remained enrolled. Moreover, many colleges have become more responsive to the needs of low-income students and have reformed institutional practices accordingly.

### Figure 8: Strengthening Data Systems in Maine

In most states, funding for primary and postsecondary education accounts for the bulk of annual public spending. Despite the scale of that spending, many states lack comprehensive data systems capable of assessing the effectiveness of educational programs, the return on taxpayers' investment, and the relevance of programs to individuals' economic prospects.

Through its partnership with the Working Poor Families Project, the **Maine Center for Economic Policy** has championed the adoption of a uniform data collection and benchmarking system. The aim is to integrate records scattered among diverse educational systems, workforce investment boards, and the state labor market agency. Equipped with such data, public officials will be better able to insure that the more than \$3.7 billion spent annually on educational and workforce programs is used efficiently and effectively.

The center's interest originated in a recommendation offered in its 2004 State Policy Assessment Report. In the course of researching the report, the center familiarized itself with best practices from other states and learned about Maine's effort to build a data tracking system for students in grades K-12. After releasing the report, the center strove to cultivate support for a uniform data collection and benchmarking system that would stretch from preschool through grade 20 and connect with workforce, adult literacy, and wage records. Through policy reports, public speaking, media work, and committee service, center staff laid the groundwork for a \$7-million state investment in system development and implementation.

Although it is possible that the state would have created a data collection and benchmarking system absent the efforts of the Maine Center for Economic Policy, the center's involvement was essential to ensuring that system reflects the particular educational and career needs of Maine's 38,000 low-income working families and measures the degree to which those families benefit from investments in educational and workforce systems.

employment outcomes associated with various programs. Thanks to the efforts of the **Maine Center for Economic Policy**, the Pine Tree State's primary schools, postsecondary institutions, workforce agencies, and labor market office currently are building such a system (*Figure 8*).

Once created, WFPF state partners monitor implementation and seek to expand and preserve investments in low-income adults. In Illinois, the State Policy Assessment Report prepared by the **Chicago Jobs Council** recommended the expansion of the Job Training and Economic Development initiative and the creation of an Employment Opportunity Grant Program for pre-apprenticeship training. When the programs were targeted for a 50-percent funding reduction in 2009, the WFPF's state partner encouraged efforts to restore \$3.8 million in support. A similar example occurred in Massachusetts. As a result of the State Policy Assessment Report authored by **The Crittenton Women's Union**, the Bay State established an Educational Rewards Program for part-time postsecondary students. When practical problems hindered implementation, the WFPF's state partner intervened and helped get what has proven to be a successful program back on track.

Finally, WFPF partners have attempted to bring disadvantaged populations into the educational pipeline. In New York, the **Schulyer Center for Analysis and Advocacy** and the **Center for an Urban Future** built a case that persuaded the New York City Council to triple funding for English-language instruction from \$2.5 million to \$9.1 million between 2002 and 2005. Other WFPF partners have devoted attention to adults receiving food or income assistance. Some WFPF states like Illinois have set training targets for adults receiving public assistance; some like Massachusetts and Washington have made better use of skills development funds provided through the federal food stamp program; and some like Ohio have enacted reforms that allow individuals receiving public assistance to participate in transitional jobs.



## Strengthening State Economic Development Policies

Although the saying “workforce development is economic development” has gained popularity, state actions often fail to match the rhetoric. Instead, many states continue to view economic development as a business-centered activity that uses public subsidies to lure new firms to a jurisdiction. In this view, “any job is a good job,” and any increase in the local job base is an accomplishment.

Events of the past decade have challenged those assumptions. On one level, the recruitment game has become more competitive due to globalization and the aggressive efforts of developing nations. On another level, changes in the competitive landscape mean that many industries now succeed based on the skills of their workforces, not simply on the basis of low costs. Additionally, there is a growing awareness that, while costly, traditional economic development benefits have had little long-term impact, particularly for low-income people and places.

In response, WFPF partners have waded into economic development debates. This is challenging as many partners have little experience with the issues and lack key relationships. WFPF partners nevertheless have scored successes. In Texas, the work of the **Center for Public Policy Priorities** led to better reporting requirements in subsidy deals; as a result, analysts now track the actual number of jobs created and measure the wages and benefits associated with those jobs. State organizations in places like North Carolina and Wisconsin have succeeded in increasing the transparency of state subsidy programs. And in Washington and Massachusetts, WFPF partners have secured funding for training workers for new industries like those in the “Green Economy.”

Some of the most meaningful successes have been achieved by WFPF partners in Alabama and Mississippi. Thanks to the efforts of the **Arise Citizens’ Policy Project**, the Alabama legislature raised the minimum wage that a company must pay employees to be eligible for business subsidies and indexed that wage for inflation (*Figure 9*). Next door in the Magnolia State, the recommendations in the assessment report prepared by the **Mississippi Economic Policy Center** led to the addition of employment standards and job creation measures to a major development program. Farther north, **PathWays PA** has endeavored to support and expand the Keystone State’s system of industry-focused economic development partnerships.

**Figure 9: Strengthening Economic Development in Alabama**

Many states have come to rely upon generous tax subsidies as a tool for recruiting firms and jobs into their boundaries. Seen in one light, this approach has sparked economic growth, but viewed differently, it appears to have delivered few benefits for low-income working families. Yet regardless of its merits, this model has become the norm across much of the nation.

In recent years, the State of Alabama has been especially aggressive in its use of tax subsidies. A corporate tax credit program first enacted in 1995, for instance, allowed a firm to take a credit against its corporate tax liability that is equal to five percent of its capital investment in Alabama, provided that the company creates a certain number of jobs that paid an average hourly wage of \$8. Firms could apply the credit against tax liabilities accrued over a 20-30 year period.

Given the mounting size of subsidy packages, the existing wage standards appeared inadequate. For example, in 2007, Alabama offered ThyssenKrupp AG, a German conglomerate, potentially over \$1 billion in aid to locate a steel plant near Mobile. The growing gap between subsidy amounts and wage requirements was analyzed in great depth by the **Arise Citizens’ Policy Project**, a nonprofit organization in Montgomery, in the 2008 State Policy Assessment Report it authored for the Working Poor Families Project.

Coming on the heels of the ThyssenKrupp deal, the report garnered considerable popular and media attention and pushed the question of wage standards to the forefront of state policy debates. In response, the Alabama State Legislature reformed the wage standards used in the corporate tax credit program along the lines proposed in the Policy Project’s study. Going forward, firms receiving corporate tax credits must create jobs that pay, on average, \$15 per hour. That wage standard also is indexed to inflation to keep its value from eroding over time.

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*This expertise allows state partners to inject the perspective of low-income families into state policy debates – a perspective too often lacking in state capitals.*

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### ***Strengthening Work Support Policies and Programs***

The growth of low-wage work over the past 15 years has increased the importance of work support programs for low-income working families. These programs serve three purposes. First, employment standards like the minimum wage boost wages and shape basic workplace conditions. Second, such measures as child care subsidies and earned income tax credits help low-income families bridge the gaps between their earnings and what it actually costs to meet basic expenses. Finally, systems like unemployment insurance help families cope with unexpected difficulties.

Many WFPF partners have dealt extensively with work supports prior to joining the project. Although the WFPF endeavors to build the expertise and capabilities of state partners in new subjects, work supports are an important part of any comprehensive solution. The project consequently encourages the efforts of state partners to improve work supports.

Over the WFPF's lifetime, state partners have scored a number of important victories. Arkansas, Colorado, Connecticut, Maine, Maryland, Michigan, North Carolina, Pennsylvania, and Wisconsin all have raised their minimum wages; Maine and North Carolina also have enacted state-level earned income tax credits. Prompted by the work of WFPF partners, states like Connecticut, Georgia, New Mexico and Washington have expanded funding and eligibility for state child care programs. And in New Jersey, the **Center for Women and Work** played an important role in the adoption of a state standard for paid sick leave.

Consistent with its goals, the WFPF has endeavored to build the expertise and capacity of state partners around work support issues where they have not focused. By participating in the WFPF, some state partners have begun championing reforms that would make state unemployment insurance systems more responsive to the needs of low-income working families. In Georgia, the research prepared by the **Georgia Budget and Policy Institute** persuaded state legislators to pass a comprehensive unemployment insurance modernization act in 2009. Among other provisions, the legislation extended insurance coverage to part-time workers and allowed qualifying workers to receive insurance payments while participating in training. Altogether, the legislation will put \$147 million in the hands of low-income working families coping with a job loss.

## 6. Building upon a Stronger Foundation

The WFPF was created at a time of considerable economic and policy flux, a time when an array of forces were conspiring to make low-wage work a more prominent reality for millions of low-income working families. Compounding this was the devolution of employment and social policy from the federal level, where a rich advocacy and research infrastructure existed, to state capitals where nonprofit organizations differed widely in terms of expertise and capacities.

In response, a consortium of foundations created the WFPF in order to strengthen state policies and programs influencing the advancement of low-income working families. Greater levels of change could be achieved, so the thinking went, by enriching the capabilities of state-based nonprofit organizations to undertake objective, data-driven analyses of the conditions facing low-income working families. This expertise would allow state partners to inject the perspective of low-income families into state policy debates – a perspective too often lacking in state capitals.

Subsequent accomplishments have proven the wisdom of that approach. WFPF state partners have achieved lasting policy changes and have generated sizable public investments in low-income working families – investments making it less costly to earn a college credential, easier to find work that pays a good wage, and less devastating to lose a job. Despite these impressive achievements, much remains to be done.

Low-income working families continue to confront serious challenges – challenges compounded by the recent recession. Yet without continued attention to state-level issues, much progress could be lost, especially in light of the budget hardships confronting states. Maintaining a long-term commitment to state systems and policies and building the capabilities of state-level nonprofit organizations is essential to ensuring that all low-income working families can access meaningful educational and work opportunities. The rewards include more prosperous families, businesses, and communities.





## Working Poor Families Project: National Reports and Policy Briefs

To call public attention to the issues relevant to the WPPF and its state partners, the national project team periodically publishes major reports and targeted policy briefs. These documents have attracted national media attention in such outlets as *The New York Times*, *ABC Nightly News*, *U.S. New and World Report*, and *The Washington Post*.

All past publications are available at [http://www.workingpoorfamilies.org/reports\\_and\\_pubs.html](http://www.workingpoorfamilies.org/reports_and_pubs.html)

### Major Reports

*Working Hard Falling Short: America's Working Families and the Pursuit of Economic Security*, 2004. Authors: Tom Waldron, Brandon Roberts, and Andrew Reamer with Sara Rab and Steve Resler.

*Still Working Hard, Still Falling Short: New Findings on the Challenges Confronting America's Working Families*, 2008. Authors: Brandon Roberts and Deborah Povich.

### Policy Briefs

*Promoting Economic Self-Sufficiency as a State TANF Outcome*, Spring 2006. Authors: Adair Crosley, Deborah Povich, and Brandon Roberts

*Promoting Student Success in Community Colleges by Increasing Support Services*, Fall 2006. Authors: Brandon Roberts and Deborah Povich

*Using Data from the American Community Survey to Strengthen State Policies*, Winter 2006. Author: Kerri L. Rivers

*Strengthening State Policies to Increase the Education and Skills of Low-Wage Workers*, Spring 2007. Authors: Adair Crosley and Brandon Roberts

*Strengthening State Adult Education Policies for Low-Skilled Workers*, Summer 2007. Authors: Amy-Ellen Duke and Evelyn Ganzglass

*Strengthening State Financial Aid Policies for Low-Income Working Adults*, Fall 2007. Authors: Derek V. Price and Brandon Roberts

*Securing State Commitments to Family Economic Prosperity*, Winter 2007. Author: Annette Case

*Using the Workforce Investment Act to Develop and Foster Innovative State Workforce Policies and Programs*, Spring 2008. Author: David Fischer

*Strengthening State Policies: The Process for Change*, Summer 2008. Author: Deborah Povich

*Preparing Low-Skilled Workers for the Jobs of Tomorrow*, Fall 2008. Author: Kenneth E. Poole

*Improving Student Success by Strengthening Developmental Education in Community Colleges: The Role of State Policy*, Winter 2008-09. Authors: Derek V. Price and Brandon Roberts

*Economics and Politics of Work-Family Policy: The Case for a State Family Leave Insurance Program*, Spring 2009. Authors: Karen White and Eileen Appelbaum

*Strengthening Correctional Education for Adults*, Summer 2009, Author: Anne Roder



*The Working Poor  
Families Project*

*c/o Brandon Roberts + Associates  
4818 Drummond Avenue,  
Chevy Chase, Maryland 20815  
Phone: (301) 657-1480  
Email: Robert3@starpower.net  
[www.workingpoorfamilies.org](http://www.workingpoorfamilies.org)*