

Promoting Jobs & Family Economic Success

“If America believes in work, we must honor it.”
Beth Shulman, *The Betrayal of Work*

The Data

- **Millions of workers earn poverty-level wages.** One in four U.S. workers — thirty million — earns \$8.70 an hour or less, which keeps them at poverty level for full-time year-round work. These jobs typically lack health care, child care, pension, and vacation benefits. (B. Shulman, *Four Myths about Low Wage Work*, August 29, 2003, www.alternet.org/story/16686)
- **The poor pay more for necessities.** Low-income people living in high-poverty neighborhoods pay more for buying and owning a car, health care, child care, and groceries. They pay a higher proportion of their incomes for housing and utilities. And they face barriers to saving because of government benefit restrictions. (*The High Cost of Being Poor*, KIDS COUNT 2003 Essay, www.aecf.org)
- **Retailers exploit low-income consumers.** Rent-to-own outlets, retail merchant-issued credit cards, check-cashing outlets, payday lenders, refund anticipation loan providers, and subprime lenders charge extreme interest rates and extract over \$5 billion a year from low-income families. (*The High Cost of Being Poor*, above)

The Issues

- **The percentage of low-wage jobs is growing.** The growing sectors of the economy are the labor-intensive industries. The two lowest paid categories, retail and service, represent about 50% of the job market. Low wage workers have few career ladders. (B. Shulman, above)
- **A “spatial mismatch” exists between where jobs and workers are located.** Because of persistent race and class residential segregation and incentives for suburban job growth, poor and low-income African Americans in central city neighborhoods remain geographically isolated from work opportunities. (S. Raphael & M. A. Stoll, *Modest Progress*, The Brookings Institution, 2002, www.brookings.edu) The challenge is to turn high poverty areas into high opportunity areas. (*“Community Initiatives,”* www.mdrc.org)
- **Workers with low wages are significantly helped by the EITC and other income supports.** The Earned Income Tax Credit (EITC) now lifts more children out of poverty than any other government program while at the same time rewarding work. In 2002 4.9 million people, including 2.7 million children, were removed from poverty as a result of the federal EITC. (*A Hand Up*, Center on Budget & Policy Priorities, 2004)
- **Wealth creation is a struggle for working class families.** Home ownership is the central asset families have, but low-wage working families have difficulty saving for a down payment, finding affordable housing, securing a home loan and insurance at market rates, and sustaining home ownership. Even when families own their own homes, they do not escape burden. Over 30 million low income people who own their homes report housing cost problems. (*America’s Neighbors*, National Low Income Housing Coalition, 2004)

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Options for Philanthropy

- **Investing in capacity building for potential employers.** Experience has proven that with accurate information and additional skills, employers can be open to employing less experienced, lower-income workers. The Welfare to Work Partnership's *Smart Solutions* series offers guidance for employers to manage new issues that arise around such hiring decisions. (www.welfaretowork.org)
- **Replicating successful programs.** Earned Income Tax Credit campaigns utilizing tax preparation volunteers annually return millions of dollars to eligible lower-income working families who otherwise would not be aware of their eligibility or would use predatory tax preparation services that prey on poor neighborhoods. (A. Berube et.al, *The Price of Paying Taxes*, Brookings Institution, 2002) When coupled with Individual Development Accounts (IDAs), EITC refunds become an opportunity for meaningful asset-building. (www.nga.org/cda/files/013197ASSETS.pdf)
- **Supporting innovative solutions.** Considerable opportunity exists for improving the range of financial products and services for distressed communities, coupled with expanded consumer outreach, education, and awareness. The innovations being tested by community development credit unions and community development financial institutions should be studied carefully. (J.H. Carr & J. Schuetz, *Financial Services in Distressed Communities: Framing the Issue, Finding Solutions*. Fannie Mae Foundation, 2001, www.fanniemaefoundation.org)

Key Resources

- **"Welfare Reform and the Work Support System."** Summarizes the major federal policies and programs that provide assistance to poor and low-income working families. An excellent primer for policy advocacy. (The Brookings Institutions, Policy Brief 17, March, 2002, by I. Sawhill and R. Haskins. www.brookings.edu)
- **Welfare to Work Partnership.** Helps business identify and capitalize on hiring, retention, and career advancement strategies for new workers. Website contains a Welfare to Work Human Resource Library. (www.welfaretowork.org)
- **Family Economic Success Initiative.** An emphasis of the Annie E. Casey Foundation, provides framing materials for the family economic success perspective as well as a range of information and links that address workforce development, economic supports, asset building, and community investment. (www.aecf.org/initiatives/fes/)
- **Initiative on Financial Security.** A new Aspen Institute focus to create a leadership group from the financial services industry to solve the asset crisis in the U.S. (www.aspeninstitute.org)



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