



WORKING AND SAVING: ASSETS FOR FAMILY SUCCESS:

What matters?

Household financial stability and self-sufficiency are the cornerstone for a healthy and thriving community. Financially stable households are self-sufficient households. They enable our neighborhoods to thrive and contribute to the growth and prosperity of our region. Some of the prerequisites for household financial stability are:

- Adults with the education and skill levels necessary to compete for good jobs that pay a living wage;
- Appropriate incentives to save and accumulate assets; and
- A knowledge base for making good financial decisions.

Households with these attributes typically have access to better housing, better health services

Defining “Poverty”

According to the 2006 federal poverty guideline (published by the US Department of Health and Human Services) a family of four needs an annual income of \$20,000. But it appears to be a generally accepted fact that this guideline is unrealistic; even the federal governments uses an eligibility standard for most “poverty programs” that is much higher: usually 150 percent or 200 percent of the poverty guideline.

A highly-respected approach to measuring what it really takes to avoid poverty is the PathWays PA Self-Sufficiency Standard, a compilation of living costs, updated annually, that identifies on a county-by-county basis in Pennsylvania the cost of clothing, and sheltering a family without government supports. For each county, the standard is also separately determined based on household configuration, *i.e.*, number of adults, number and age of children, etc.

The PathWays PA calculation is very transparent and truly eye-opening. Here as an example is the table showing the underlying expenses that determine the income needs of various family configurations in Philadelphia County:

*The Self-Sufficiency Standard for Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA, 2006
 Philadelphia County*

Monthly Costs	Adult + Infant / Adult + Schoolage / Adult + Teenager / Adult + Infant / 2 Adults + Schoolage							
	Adult	Adult + infant	Adult + preschooler	Adult + preschooler schoolage	Adult + schoolage	Adult + teenager	Adult + preschooler schoolage	2 Adults + preschooler schoolage
Housing	669	800	800	800	800	800	979	800
Child Care	0	593	619	1211	1053	434	1645	1053
Food	223	325	337	437	503	580	589	692
Transportation	70	70	70	70	70	70	70	140
Health Care	102	274	273	282	290	319	299	335
Miscellaneous	106	206	210	280	272	220	358	302
Taxes	322	621	640	869	826	577	1152	844
Earned Income								
Tax Credit (-)	0	0	0	0	0	-45	0	0
Child Care Tax Credit (-)	0	-65	-63	-100	-105	-65	-100	-100

and better educational opportunities for their children, equipping the next generation to become productive and self-sufficient citizens.

Unfortunately, this is not the reality for many working families in Southeastern Pennsylvania. Too many families in our region are continually struggling to survive and afford basic necessities like healthcare and housing. They lack the resources to improve their employment skills, leaving their families vulnerable in an economy that increasingly favors more educated workers. As a result, they lack the continuity of income needed to weather temporary setbacks such as an emergency repair, an illness

or loss of a job; they lack the earning power to achieve long-term financial stability.

What does it take to be financially stable in our region? First, it takes an income that is about two-to-three times as high as the federal poverty guideline income. In our region, the income needed to feed, clothe and shelter a family, without government assistance, ranges from a low of \$46,800 in Philadelphia to a high of \$57,288 in Montgomery County – all for the same family of four consisting of two working adults, one school-age child and one preschooler. That same family would need an income of \$47,296 in Delaware County and \$56,671 in Chester County.³⁷ For a young single mother with a preschooler, the self-sufficiency income need is equally daunting: she would need an annual income of \$33,635. Yet, based on Philadelphia data, the ten highest growing occupations in the region pay annual wages ranging only from \$15,000 to \$26,000. About 28 percent of the households in United Way’s four counties market area – more than 340,000 households – have annual incomes of less than \$25,000.

Education: The single most important key to moving out of what has been termed the “working poor” and into the American middle-class is a college degree³⁸. Middle-income careers that require only a high school diploma have all but disappeared. Post secondary training has become a prerequisite for a family-sustaining job. However, the skills and education levels of the labor supply in this region do not currently reflect these workforce demands. A significant proportion of adults in our region have literacy levels below what is required to enter and thrive in today’s knowledge-based economy. Many are *functionally* illiterate, unable to properly complete a job application or help young children with homework; many more are *workforce* illiterate, lacking essential soft and hard skills such as the ability to read a map, interpret complex directions, solve problems, or think critically. Of those adults in our region who started college, more than half never completed a degree. And, despite the fact that the southeastern Pennsylvania region (the five-county area) is one of the densest postsecondary education centers in the country (home to over 80 colleges and universities and numerous trade schools), only 32.6 percent of the region’s adults (persons over age 18) have a four-year college degree and – even worse – fully 14.4 percent of the region’s adults do not have high school diploma (22 percent in Philadelphia).³⁹ Over half of the students who graduate from Philadelphia’s public high schools don’t go on to college or other postsecondary education program. The educational outcomes for students from low-income households are dramatically worse.

Metropolitan Region	Population 25+ with Bachelors or higher (2002)	Population 25-34 with Bachelors or higher (2000)
Washington D.C.	48.9%	44.4%
San Francisco, CA	45.1%	53.4%
Boston, MA	41.1%	51.2%
Baltimore, MD	33.9%	34.5%
Dallas, TX	33.5%	30.7%
Chicago, IL	32.3%	36.2%
San Diego, CA	32.0%	28.7%
Philadelphia, PA	31.2%	34.4%
New York, NY	30.8%	36.5%
Pittsburgh, PA	30.6%	34.1%
Houston, TX	30.0%	25.5%
Phoenix, AZ	28.2%	24.6%
Detroit, MI	24.3%	27.5%

When compared with other competing metropolitan regions across the nation, the Philadelphia region does not fare well. In the Boston metropolitan region (Suffolk, Norfolk and Middlesex

Counties), for example, 40.6 percent of the adult population has at least a four year degree and only 10.5 percent of the adult population has not finished high school.⁴⁰

The Pennsylvania Economy League recently reported that:

- **Philadelphia has a declining base of young people.** The region's share of young people ages 18 to 24 dropped from 11.6 percent in 1990 to 11.1 percent in 2000, a percentage decline of 4.3 percent. In a comparison of 13 competitor regions, Philadelphia's decline between 1990 and 2000 in the share of young people ages 18-24 years old ranked 7th. Most of the regions in this comparison experienced a decline in young people during this time period, in part due to the difference in size between today's young person generation and the Baby Boomer generation that preceded it.
- **The Philadelphia metropolitan area's overall educational attainment rate is uncompetitive.** The percentage of the population in the Philadelphia region age 25 and older with at least a bachelor's degree in 2002 was 31.2 percent. This education attainment rate was the 8th highest among 13 competitor regions, the highest ranking of which were Washington, DC (48.9%), San Francisco (45.1%), and Boston (41.1%). (See [scorecard](#).) The Philadelphia region does not fare much better in the educational attainment rate of young people - 34.4% of young people ages 25 to 34 in the region in the year 2000 had at least a bachelor's degree, the 7th highest rate among the 13 competitor regions. Again, Washington, DC, San Francisco, and Boston were top ranking regions in this measure.⁴¹

Unfortunately, if a college degree is the keystone to upward economic mobility, without significant changes, most poor people have very little chance of ever attaining the middle class. Studies have shown that socioeconomic status is the strongest indicator of both college access and degree completion. Poverty and low postsecondary educational attainment levels are a chicken-and egg problem: poor people are less likely to attend college and to graduate, and in turn, people without a college degree tend to be poorer. This has resulted in our current, highly stratified society where economic success is beyond the reach of many of our neighbors.

One factor that further exacerbates this situation is the particularly unmanageable cost of a college education in our region. In 2004, Pennsylvania received an “F” grade for college affordability from the National Center on Public Policy and Education.⁴² The Center concluded that Pennsylvania “colleges and universities, even community colleges, are simply too expensive for many of our residents.”

Moreover, conventional sources of subsidy have not kept pace with advancing tuition costs. A report of The College Board, *Trends in College Pricing 2003*, found that over a 10-year period ending in 2003-04, average tuition and fees rose 47 percent at public 4-year colleges and universities and 42 percent at private colleges. Public two-year colleges saw slightly lower tuition hikes, but Community College of Philadelphia is still more expensive than community colleges in most other states. The current maximum for Pell grants, \$4,050, covers only a third of average tuition at a public institution, compared to nearly 85 percent of tuition when the program was initiated three decades ago. The net effect is an educational system that is becoming increasingly inaccessible to lower- and moderate-income students.

Consequently, just half of lower-income high school graduates in Philadelphia enroll in college, and only one-fifth graduate. This means that only 7 of every 100 lower income college-ready students will get a degree (compared to 40 out of 100 higher income students). In southeastern Pennsylvania and other major urban centers, another cause for concern is that minorities are underrepresented in postsecondary educational institutions, and subsequently their

postsecondary attainment levels are low. Given that minorities represent about half of the city’s population these low levels of representation are particularly problematic.

Low-income Philadelphians who do manage to enter college often do not graduate. In fact, one in six Philadelphians has some college credit but no degree, leaving Philadelphia as one of the few cities with more partial-completers than actual graduates. On average, over 40 percent of students who enroll in southeastern Pennsylvania-area colleges don’t get a degree within 6 years.

In today’s more fluid, mobile, technology-driven knowledge economy, jobs move to people more than in any period in history. The region’s ability to prosper in that context, to attract the potential jobs and investment in growth sectors such as biotechnology will be largely dependent on the quality of the workforce.

In Philadelphia’s manufacturing past, the skills obtained through a high-school education plus on-the-job training were good enough. A postsecondary education was typically considered a middle-class luxury rather than a necessity for getting a family-sustaining job. Not any more: 70% of all occupations, especially those paying better wages and providing benefits such as health insurance and retirement plans, now require a postsecondary credential.

Businesses, too, place a premium on college credentials in potential hires. They view a degree as a proxy for communications, math, science, and problem-solving skills as evidence of trainability. *Projections to the end of this decade show a 31% increase in demand for workers with associate’s degrees and a 22% increase in demand for workers with bachelor’s degrees while the demand for workers with less than either will be virtually insignificant.*

Studies have shown that socioeconomic status is the strongest indicator of both college access and degree completion. While 60 percent of college eligible higher-income students attend college, and two-thirds graduate, only 21 percent of college-eligible lower-income students attend college, and only one-third graduate.⁴³ In fact, it is most often not academic failure that prevented completion of a degree but barriers such as inadequate finances, conflicting demands on time, and lack of childcare or transportation. This clearly suggests the need for high quality opportunities to increase skill levels that are compatible with the demands of full time work and family, and are accessible, affordable, adult-friendly, and accelerated to bridge the gap between the skills required for gainful employment and the literacy and education levels of residents.

A Snapshot of the Region’s Major Industries and Employment Levels

2005 Average Employment

Industry	Entire Five-County Region		Philadelphia Only		Suburban Counties Only	
	Employment	Percentage	Employment	Percentage	Employment	Percentage
Natural Resources, Mining and Construction	80,200	4.2%	12,000	1.8%	68,200	5.5%
Manufacturing	159,800	8.5%	31,200	4.7%	128,600	10.5%
Trade, Transportation, and Utilities	346,100	18.3%	91,200	13.8%	254,900	20.7%
Information	41,100	2.2%	13,300	2.0%	27,800	2.3%
Financial Activities	145,200	7.7%	48,300	7.3%	96,900	7.9%
Professional and Business Services	280,700	14.9%	82,100	12.4%	198,600	16.2%
Educational and Health Services	384,100	20.3%	186,000	28.2%	198,100	16.1%
Leisure and Hospitality	147,200	7.8%	56,300	8.5%	90,900	7.4%
Other Services	86,400	4.6%	28,600	4.3%	57,800	4.7%
Government	219,300	11.6%	111,700	16.9%	107,600	8.8%
Total Non-farm Employment	1,890,100	100.0%	660,700	100.0%	1,229,400	100.0%

Source: U.S. Bureau of Labor Statistics

Employment: As described in the earlier section devoted to preparing young people for work, there is a huge cohort of young people, 16 to 24 years old, who are neither in school nor employed. In our region, about 73,000 people fall under this description. Leaving aside for a moment the desirability of reconnecting these young people to educational and vocational training opportunities, the reality is that many of them have responsibilities for supporting young families. The economic cost – both to individuals and to society – presented by the large unemployment number is, of course, staggering. In the most simplistic terms – the hypothetical lost income of this group of young people (at only the current minimum wage) – their disconnection from the economy represents a loss to them and to the region’s economy of about three-quarters of a *billion* dollars per year. But that hardly begins to describe the long-term toll on these individuals, their current or future families, the communities in which they live and on society.

Further exacerbating the barrier to family sustaining employment posed by low educational attainment and skill levels is the spatial mismatch between job opportunities and the appropriate pool of workers. Growth in the regional economy is geographically wide ranging, while the population is concentrated in urban and county cores. The design of the public transit system is several generations behind the patterns of commuting and job growth, and fares are among the highest in the nation. The number of reverse commuters is actually greater than those who follow the traditional suburb to city routes. The fierce competition at the low end of the labor market fuels this reverse commute that does not bring higher earnings to those who land the jobs (the economic driver for extended travel to work). Geographic isolation from employment opportunities also results in disconnection from the social networks that are a key link to the labor market. Relationships are the main mechanism to learn about and link to employment.

Ill equipped for and challenged to access good jobs, many adults work two and three jobs to keep their families afloat economically. Earnings from low wage jobs do not pay for the combined expenses of housing, daycare, and transportation, which often exhaust or even extend beyond household budgets. Individuals and families without the skills, transportation, or networks to connect to work are unemployed, underemployed or, too often, disconnected from the labor force altogether. More and more individuals and families rely on credit cards for basic living expenses – 1 in 3 households according to some studies, and others, mainly the working poor without access to mainstream banking services, seek out “payday loans,” pawnbrokers and other high-cost sources of immediate cash.

The reality is stark, but there are opportunities for targeted investments of financial and human capital that, coupled with the exercise of leadership, influence, partnership and good governance, can realize substantial gains for families on their journeys toward economic self-sufficiency and enhance regional quality of life.

Housing: While the booming real estate market has put home ownership out of reach for many individuals, owning a home can still be less expensive than renting. Survey data from the American Housing Survey finds that renters in the region paid a median of 28 percent of their income towards rental housing costs in 1999 (compared to 18 percent for owners). Poor renters are most severely burdened paying a median of over 75 percent of their income towards rental housing costs.

Despite rising housing prices, the Philadelphia region remains one of the more affordable major cities in which to purchase a home. In Philadelphia County the median home price was \$126,075

in the first half of 2005,⁴⁴ below the national median of \$170,800 and well below the northeastern regional median of \$212,000.

Moreover, in the past year, housing prices have begun to stabilize.⁴⁵ In neighborhoods throughout the City, the housing stock is predominantly that of row homes of brick construction, built before 1950. Because of a declining population (4.3 percent down from the 1990 Census), there are some 36,000 homes currently on the market in the City⁴⁶.

Yet, for poor families, there are significant barriers to homeownership: the lump sum required as a down payment, settlement costs and, in many cases, unresolved credit problems. According to The Reinvestment Fund, “Financing for homeowners in low income and low home value areas to purchase, maintain or improve their home is largely provided by institutions operating within the sub-prime mortgage market. These lenders make loans that carry high interest rates and fees.”⁴⁷

In recent years, downtown revitalization efforts have focused on encouraging new investment in physical buildings, converting warehouses to lofts and other urban housing for middle- and upper-income families, and creating entertainment and professional enclaves. Meanwhile, neighborhoods have languished outside most downtown areas. Current inner-city residents tend to be poorer and less well educated than residents of the broader metropolitan area. Thus, even if growth policies successfully stimulate middle-income gentrification, or encourage investment by major corporations, many inner-city residents will still face dim employment prospects or may be forced out of housing because their incomes can not compete with higher income households in a higher-cost housing market.⁴⁸

Future earnings and employment prospects outside of downtown are even dimmer given current economic trends: manufacturing jobs continue to decentralize to suburban and rural areas of the nation as firms locate close to skilled and educated work forces. Additionally, many current inner-city residents have trouble competing in an increasingly skill-based economy.

What works?

Working poor households can be helped toward financial stability by providing them with educational and training tools needed to obtain higher paying jobs, the incentives and other opportunities to generate savings, and the financial literacy training needed to acquire, preserve and protect long-term assets. Primary among the opportunities for high-impact investment is the arena of education and training. Education is *the* ticket to family economic stability. Increased educational attainment levels are directly proportionate to increased income. Increasing the skill, education, and income level of adults in the region would generate substantial gains for families along the trajectory of self-sufficiency. There are key levels of educational attainment that yield the greatest return on investment and reflect concentrations of adults along the educational spectrum.

Increasing Literacy levels and Basic Skills

Strong foundation skills and high workforce literacy levels are critical to success in our labor market and to gaining access to jobs that enable families to be economically self-sufficient. Workforce literacy is broader than the traditionally thought of literacy skills such as reading, writing, and English language proficiency. Rather, it encompasses skills such as problem solving, math, the use of information technologies, good communication, understanding the specialized vocabulary of a trade, interpersonal skills, and other workplace success skills. More generally, it is the combination of skills and education needed to secure, maintain, and advance one’s career and fully participate in the economy.

A sizable portion of working-age adults in the region, and particularly in Philadelphia, have low workforce literacy levels. At the individual level, low literacy correlates with lower workforce attachment potential, lower wage potential, fewer opportunities for advancement, and overall reduced career control. By increasing adult workforce literacy levels, more workers will be empowered to achieve professional and economic success, and increase the overall economic growth and vitality of our region.

The adult literacy programs that have the greatest immediate payoff are those that are sponsored by employers and delivered in places of employment, primarily because they are less abstract and have value for both the employer and the employee. Some of the commonly agreed-upon best practices include:

- **Functional Context Education.** The most effective workplace literacy programs use the workplace as the context for instruction, and take account of workers' skills, knowledge, and interests in training design and delivery. This "functional context" approach has benefits for both companies and employees, by (1) increasing participants motivation because they can see the value and applicability of the training, (2) improving learning outcomes because the concepts are less abstract, (3) and increasing the value to the companies involved in the training because it is easier for individuals to transfer the skills that they have learned back to their jobs.
- **Additional Components.** In addition, programs should offer customized assessment and training, and include career planning and learner support components.
- **Balancing Learning and Working.** Offering training sessions at times and locations that are convenient to participants, and partnering with employers to offer paid release time and other incentives can improve program retention rates.
- **Allow for different learning styles.** Training programs should also be structured to allow participants to learn at their own pace, and they should incorporate a variety of instructional methods and media, allowing for differences in learning styles and ethnic, linguistic, and cultural backgrounds of program participants.
- **High quality staff.** Highly skilled staff members who are well trained and integrally involved in the development of workforce literacy programs are also an essential component of successful programs. Staff should have a clear understanding of adult learning, adult education principles, and literacy instruction.

Increasing Access to and Completion Rates for Post Secondary Training

The single most important key to moving out of what has been termed the “working poor” and into the American middle-class is a college degree⁴⁹. The “tipping point,” beyond which investment in education provides a significant rate of economic return is one year of college PLUS a credential.⁵⁰

Post-secondary training has become a necessary prerequisite for family sustaining jobs over the last 25 years. As the country shifted from a manufacturing to a knowledge-based service economy, the demand of key industry sectors for high skilled workers increased exponentially, and will likely continue to grow. Knowledge based workers now form the cornerstone of the labor pool. While growing technical occupations that offer competitive wages do not require a traditional liberal arts degree, post secondary training specific to the respective sector is required, and college certificates and diplomas are keys to advancement and to the ability to navigate the job market. In fact, the level of educational attainment is predictive not just of wages earned but of hours worked, labor force attachment and time spent unemployed.

Despite the clear benefit that educational attainment brings to the individual, the family, and the economy, and despite the plethora of educational institutions in our region, there are serious impediments to obtaining this necessary training. The largest impediments for adults seeking postsecondary education are both internal (fear of competing with 18-year olds fresh out of high school, weak academic preparation) and external: time, money, logistics, the overwhelming amount of information one needs to collect and process in order to find a good college fit, and availability of- and access to supports that increase retention rates for working adult students, both at work and in school. A parent's educational attainment level, especially the mother's, is also a predictor of educational attainment of the children – yet another compelling reason to address the educational attainment level of adults. Because so many children in the region, especially low-income children, have parents with low educational attainment levels, many children in the region are at elevated risk of not continuing their education beyond high school.

Over 80,000 adults between the ages of 25-45, prime working- and family-growing years, have attempted college and never completed a degree, placing Philadelphia 92nd out of the 100 largest US cities in rates of college-educated residents – and this in a region that boasts the second highest concentration of postsecondary institutions in the country. Figures for the region are higher, but only slightly above State levels.

Investing in college degree completion for working adults that will create human capital from resources already present in the region is important for numerous reasons related to the well-being of the region, area businesses, families and individuals both today and for generations to come. Consider the following.

- Philadelphians are three times more likely to stay here after college graduation as those who come from other places. Philadelphia is currently investing resources in encouraging recent college graduates to “select Philadelphia” when there are local adults with roots here who will most likely stay upon college completion.
- A college degree today is worth \$1 million more in lifetime earnings than is a high-school diploma and is the single most critical key to moving out of what has been termed the “working poor” and into the American middle class. Over 80,000 adult Philadelphians have at least one year's worth of college credits but no degree. Creating pathways to a college degree for these individuals is a powerful wealth creation strategy for families,
- Creating structures and practices for non-completers can also support current students to help them stay in school, as well as offer pathways to college for adults who have no prior college experience.
- Investing in Philadelphia's working adults will pay dividends for generations: one of the strongest indicators for success in college is having parents who are college graduates.
- Investing in adults will have a lasting impact on the educational outcomes of their children.
- Raising the number and proportion of college graduates will enhance our economic strength thereby attracting businesses, encouraging investments in city-building and education, and enhancing Philadelphia's marketability to a diverse range of individuals and groups.

Linking Job Training to Real Workforce Needs

Individuals completing job training programs may find that the training they receive is too general to qualify them for specific skilled jobs in industries that need workers. Industry-specific strategies have come to be regarded as effective mechanisms for fostering the development of programs that train individuals for existing and predicted workforce needs. Such strategies build partnerships among multiple employers in an industry or cluster of industries, job training providers, worker representatives, and other stakeholders. The partnerships work to identify the training needs of businesses, align training curricula to industry workforce requirements, increase the confidence that employers have in training program graduates, and promote the development and dissemination of best practices in hiring and retention, as well as in workforce development.

Getting Workers on Career Paths

The achievement of sufficient education and skill level that prepares adults to compete for family-sustaining jobs is not the end of the road to family economic self-sufficiency. Workers and workplaces must be prepared also to stake out career paths. Learning and advancement opportunities contribute to retention of employment. Movement up the organizational ladder yields higher salaries and continual growth for workers who need to be flexible lifelong learners in order to continue participating in today's dynamic and demanding knowledge economy.

Increasing Access to Good Jobs

In addition to becoming eligible to compete for higher paying jobs, families need information and connection to those job opportunities. The spatial mismatch and social isolation of poor families from work opportunities is a significant barrier to entering and staying in the labor market to pursue economic self-sufficiency. Bridging geographic distances, establishing employment networks, and addressing criminal backgrounds are key components to moving families into the labor market for the long term.

For several decades, the location of job growth and the residence of workers have been disconnected. Job growth in the outer lying areas of the region has continued, while population remains concentrated in urban and county cores. Employment opportunities exist where highways come together, areas most easily accessed by car and not public transportation. This challenge is the landscape of the economy across the country and various strategies have been implemented to address it over time.

Approximately 50 percent of workers get their jobs through employment networks. This number is even higher for low-income persons – 67 percent. However, those networks often do not cross class or racial boundaries. Therefore, persons of similar socio-economic levels serve as

Financial Mainstreaming . . .

WHAT IS *BANK ON SAN FRANCISCO*?

Bank on San Francisco is a collaborative effort to bring 10,000 of the city's estimated 50,000 un-banked households into the financial mainstream. The Mayor's Office and the Treasurer's Office of the City and County of San Francisco, the Federal Reserve Bank of San Francisco, a local nonprofit EARN (Earned Assets Resource Network), and the city's financial institutions worked together to:

1. Increase the supply of starter account products that work for the low-income un-banked market by developing baseline product criteria that must be offered by all participating financial institutions.
2. Raise awareness amongst un-banked consumers about the benefits of account ownership and spur them to open accounts.
3. Make quality money management education more easily available to low-income San Franciscans.
4. Clamp down on the proliferation of check cashers and payday lenders.
5. Raise city-wide awareness of the un-banked problem and potential solutions.

<http://www.cfed.org/focus.m?parentid=31&siteid=2389&id=2394>

one another's employment networks. A low-wage worker is likely to share information about job prospects and job content with other low-income workers or unemployed persons. An employment network of the un- or underemployed is unlikely to move families to the next level. They are likely to learn only of other low-wage positions, cannot use their peers as references for employability, and their network overall is probably small. Moreover, the "hidden" job market is not revealed to them and they are disconnected from the informal system by which many higher paying jobs are filled.

To move up the wage scale, people need to be connected with those who have authority over hiring decisions, are industry leaders, and can leverage their social capital on a low wage worker's behalf. Furthermore, networking facilitates exposure to, initiation, and continuation of career paths.

Employment programs available to job seekers tend not to focus on teaching persons the importance of networking, how to use their existing network, nor how to bridge to other more powerful networks to gain employment. Job developers maintain relationships with individual employers, but do not transition that relationship or their expertise to their clients.

Networking is key to employment retention. Performance based employment programs are measured in part by the employment retention of those they serve. Equipping clients to become networkers can empower them to find their own new job upon losing an initial placement and solidify their long term attachment to the labor market as most workers in today's economy shift jobs from five to ten times.⁵¹

Supporting Households in Building Financial Assets

While families work to increase their education and training levels to move up the earnings ladder, there remains the immediate need to increase their household income. Overall household income needs to increase to stabilize families during their transition toward self-sufficiency and encourage the steps they are taking to get there, such as work and school. Families also need to be connected to mainstream financial institutions and practices in order to have access to capital and mechanisms to manage their money. Ironically, poor people tend to pay more for goods and services than their wealthier counterparts due to isolation from the economic mainstream. A recent Annie Casey Foundation study, *The High Cost of Being Poor*, outlined the disproportionate premium poorer citizens pay for everything from household supplies to loans to insurance. Income supplements, money management, and alternative financial mechanisms are necessary, especially for those on a survival budget, so that all economic decisions and unexpected expenses do not send families into a pattern of repeat crisis.

Work Supports. The category of initiatives that generally aim to *amplify* the finances of working families are referred to as Work Supports. Work supports include public benefits available to those with earned income, such as food stamps, adult basic and children's health insurance programs, and childcare subsidies plus tax credits targeted to low wage workers that enable families to keep more of the money they earn such as the Earned Income Tax Credit, the Child Tax Credit and the Childcare Tax Credit. These work supports can bridge the gap between earnings and income sufficient to pay for household expenses. The current food stamp enrollment campaigns seek to increase the number of families receiving this benefit and simplify the process of application. The Children's Health Insurance Program in Pennsylvania has reduced the number of uninsured children in the state by 29 percent. Daycare subsidies have enabled 112,000 more families to pay for what has become the most substantial household budget item. On the tax credit side, the Campaign for Working Families (CWF) markets the EIC and provides

volunteer tax preparation assistance. The Campaign has returned \$65 million dollars into household budgets over the course of its four years of operation with support from a broad array of community organizations.

Asset Building. For low-wage workers, strategies that increase their assets to help them achieve financial stability include approaches such as the federal Assets for Independence program and efforts to assure that these working families take maximum advantage of tax credits and other benefits available to them. Under the Assets for Independence program and a similar state initiative, individuals who save for their first home, to pursue post-secondary education, or to start a microbusiness have those savings matched with additional funds to help them realize their goals. Another recognized strategy for addressing poverty, unemployment and community deterioration is support of micro-enterprise (small business) development. According to the Association for Enterprise Learning in Chicago, micro-businesses have added more than 2.5 million jobs to the U.S. economy. Micro-businesses are often started out of the home, and the owners of these enterprises offer a wide variety of goods and services. By supporting micro-enterprise, we give people a hand in building their own way out of poverty, rather than handing them money and keeping them dependent on support from others.

National asset building programs include the Individual Development Account or IDA program. United Way's version is *The C.A.S.H. Initiative: Creating Assets, Savings, and Hope*. A critical component of this strategy is increasing access to "individual development accounts," an approach that matches with public and philanthropic dollars the savings of working poor individuals and families to help them achieve a concrete financial goal aimed at helping them purchase a home, pursue postsecondary education, or start a small business.

United Way's C.A.S.H. Initiative helps low-income and low-wealth individuals to establish a pattern of regular saving, provides an incentive for saving in the form of match money, and offers financial literacy training. Participants in the IDA programs can use match savings towards the first-time purchase of a home or towards costs related to higher education or postsecondary vocational education.⁵²

United Way administers its IDA program by contracting with and overseeing the work of local service providers that provide direct case management, financial literacy, and asset training, and monitoring of savings. The program now offers a 2:1 match for families who save up to \$2000 towards the purchase of their first homes, and a higher match for those saving for college or other postsecondary education. In addition to tuition costs, these savings can also be used for books, transportation, housing, and other costs that often make it difficult for low-income people to seek higher education or stay in school to get their degrees. These "educational IDAs" target a number of high-priority populations in our region, including:

- High school students and adult participants in workforce development programs;
- Participants in the Graduate! Philadelphia and CorePhilly programs, both of which assist area students to enter or stay in college; and
- Students re-entering high school after having dropped out to enroll in college or training programs.

Efforts such as the local Campaign for Working Families, which United Way supports, both financially and through the recruitment and training of hundreds of skilled volunteers, have also proven effective in increasing cash assets for working families. In 2006, for example, about 12,000 families were able to obtain tax refunds totaling over \$20 million because of the work of a broad coalition of agencies assisting them in preparing their tax returns.

Financial Literacy: Financial literacy education is a key component of asset-building strategies. It provides individuals and families with practical money-management skills that help them to manage their debt and create positive banking relationships.

Access to Mainstream Banking Services: Higher income levels alone are not sufficient to create long-term financial stability and economic opportunity for many families. Millions of people in America – and tens of thousands in our region – have little or no relationship with mainstream financial institutions. Inadequate financial knowledge often leads these families into making financial choices that do not promote their long-term interests and financial stability. Knowledge and training can help households make financial decisions that increase their long-term economic opportunities.

Improving Access to Affordable Housing

Family financial stability also depends on having a safe, stable, and affordable place to call home. A steady roof over the heads of household members provides the physical and mental space people need to manage their lives. Cycling in and out of uncomfortable, expensive, short-term housing arrangements disrupts any forward movement a family may be making toward economic self-sufficiency whether that is maintenance of employment, enrollment in school, or the accumulation of savings. It costs an average of three months rent or \$2,400 to move into a new place, interrupts communication as phone service is disconnected or changed, often requires absence from work that may result in the termination of employment, and is likely to negatively affect credit as unpaid bills have accumulated while the family tries to hold onto its housing. Additional activities, such as education, that may have been initiated are abandoned as the stress of relocation consumes full attention and energy. The educational achievement of children is compromised as absences accumulate and/or children must start a new school where they must catch up to the class, reorient themselves to different teachers and expectations, and often encounter challenges from peer groups. Furthermore, for the whole family, any connections to local institutions or residents are severed removing families in crisis from nascent support networks that will need to be rebuilt in a new area.

The mobility of Philadelphia families due to housing crises is significant. The average low-income family moves two or more times every year, requiring children to start new schools, exhausting family savings, and often incurring new debt to pay for first and last month's rent. Substandard housing may often be the only affordable option. Some solutions include:

Funding for Affordable Housing. To increase the supply of affordable housing in Philadelphia, housing advocates recently achieved passage of the Low Income Housing Trust Fund that deposits a portion of real estate transfer taxes into a fund dedicated to the building of affordable housing in the city.

Homeownership programs. Many community organizations offer homeownership classes. A broad range of community development corporations builds low-cost housing in the city available to graduates.

Rent to Own programs. Public housing experiments around the country facilitate the transition of families from renters to owners by holding a portion of monthly rent in escrow that families can apply to a down payment and settlement costs.

Property Research. The Neighborhood Transformation Initiative, The Reinvestment Fund, and the University of Pennsylvania have mapped out the housing stock in the City, providing online access to property tax information and condition to facilitate the transfer of abandoned properties to new owners.

Regionalizing Planning and Governance

Providing an indirect impact on family economic success is the lack of a regional identity and functionality among public systems in southeastern Pennsylvania. This portion of the state has one of the highest numbers of municipalities in the country, institutionalizing barriers to regional cooperation for everything from transportation to housing to workforce development and business expansion. The economy operates on a regional basis and business decisions are made in a metropolitan context, but public functions and planning activities behave within the boundaries of their respective municipalities. Regional coordination affects working families' journey toward economic self-sufficiency by:

- Improving the overall quality of life in the region,
- Enhancing family mobility and improving access to building blocks for self-sufficiency such as new employment opportunities and housing.
- Taking into account on a systems level the full context of an adult's life, something currently not fostered by the existence and practices of multiple systems and organizations "working" on a family's well-being.
- Defeating the "us-them" mentality that contributes to, for example, hiring discrimination by suburban businesses, suburban resistance to the building of public housing, disparate funding for public schools due to property tax baselines.
- Freeing public resources for direct investment in working families by elimination of duplicate offices and services.
- Fostering regional conversation about shared resources, following the examples of the Delaware Valley Regional Planning Commission, the collaboration among the Southeastern Pennsylvania Workforce Investment Boards, the Alliance for Regional Stewardship and the Metropolitan Indicators Project.

What's missing?

Much needs to be done if our region is to address the threat to our regional economy and growth that an increasingly unprepared workforce represents.

The economic vitality of our region and our prospects for growth are severely undermined by our failure to create the opportunities for all of our residents to achieve self-reliance through employment and asset development.

Current funding levels for workforce literacy and basic skills programs are inadequate to address the need for workforce literacy programs. Federal funding cuts in domestic entitlement programs and regulations stemming from the 2006 reauthorization of TANF severely restrict opportunities for education and training. There is a clear need to engage a greater number of literacy providers in offering workplace and workforce literacy services, rather than general literacy services, and to improve linkages between the literacy provider community and the business community. A service that clearly articulates, groups, and depicts workforce literacy programs and provides an outreach liaison, so that employer partners can easily understand the spectrum of services available to them and contact a person to initiate services, would be beneficial.

The region would also benefit from the development and implementation of a social marketing campaign aimed at convincing both employers and individuals that literacy services are essential to their combined futures and achieving a subsequent increase of both employer and individual investment and participation in literacy services.

Our region also faces a postsecondary education crisis. While we invest in strategies to attract college-educated professionals from around the world to our regional economy, our efforts to increase access and completion rates to postsecondary education and training for our own residents are falling short. There are an inadequate number of bridge programs for adults to help them earn their high school diploma and while earning college credit. Graduation rates for community colleges are dramatically low, in the single digits or low teens. Our region offers few programs to assist adults in navigating the college research, selection, application and financial aid processes. Few colleges offer adults credit for prior learning and experience.

Similarly, much needs to be done to help workers get established on career paths that will enable them to support themselves, their families and their communities. There needs to be an expansion of community college programs that serve industry and entry-level workers. Community colleges are key partners in workforce development and have a mission to serve employers and industry needs.

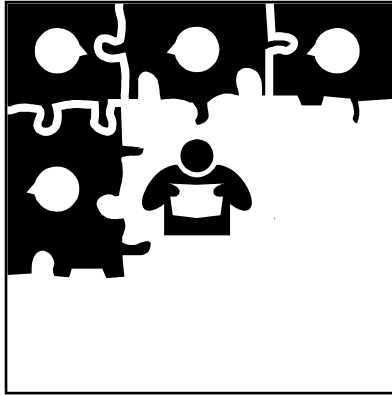
The dramatic increases over the past ten years in government funding for services designed to move individuals “from welfare to work” have come at the expense of workforce development efforts serving other low-income individuals. This has contributed to a relative lack of industry-specific training opportunities, a promising workforce development strategy that would help such individuals to qualify for better paying jobs. Also lacking in the region are the types of partnerships between industry and training providers that could create effective and realistic training programs.

Programs to help low-wage workers obtain driver’s licenses and low-cost vehicles have been successful in other communities, as have van pool and other transportation initiatives, but are severely limited in our region. Structured networking opportunities and discharge planning and job training programs for ex-offenders are similarly scarce, as are targeted asset-building initiatives such as those offered by United Way on a limited scale.

Efforts to ease access to public benefits are also not widely accessible. These include “benefit calculators” such as The Benefit Bank, a project of Solutions for Progress that offers easy electronic access to many public benefits. While some “benefit calculator” projects such as The Benefit Bank offer electronic access to public benefits, such services are still not widely accessible, and poor and low-wage workers rarely have access to sound financial advice or information on leveraged savings opportunities..

What kind of impact can United Way have?

United Way has a long history of support for efforts to help adults and families achieve self-sufficiency. Our long-time support for employment and training programs, efforts to increase the availability of affordable housing, and a wealth of other initiatives to reduce poverty and lack of opportunity make this a critical need that our toolbox of experience, expertise and influence makes us uniquely qualified to address. The overarching strategy that is needed to address these needs is clear: increase incomes, create savings and protect assets:



The Priority Agenda: Working and Saving

- ***The priority objective:*** – Individuals are prepared for successful employment, are able to obtain and/or advance to living-wage jobs, and are able to increase their savings and preserve their assets.

- ***The priority strategies:***

These are the broad approaches that we believe will help the community advance toward the priority objective *and in which United Way can play a significant role*, in partnership with other community institutions:

- Foster and support industry-specific job training in high-demand fields, that also integrates the development of workforce literacy skills (e.g. basic math, written and verbal communication, problem solving, and teamwork).;
- Develop and sustain workplace mentoring programs;
- Support and improve the quality of adult literacy programs;
- Develop new resources to assist adults with some college credits who have not obtained a postsecondary degree to return to school and graduate;
- Provide and promote incentives for increased savings and preservation of assets;
- Expand access to high quality financial literacy programs; and
- Expand, enhance and improve access to “portals” providing comprehensive assistance in accessing tax benefits and other entitlements as well as referrals to financial literacy and savings incentive programs.

- ***Implementation actions:***

To implement the priority strategy of fostering and supporting industry-specific job training, we will:

- Coordinate partnerships between employers and job training programs to help connect employers with prospective job candidates and to develop innovative career ladder approaches for low-wage workers

- Provide targeted and general operating support for providers of industry-specific job training and workforce literacy services
- Convene providers for peer learning, networking and other quality improvement opportunities.
- Advocate for public policy changes to support and expand jobs programs, and provide financial and networking support to organizations that are effective in advocating desired public policy changes.

To implement the priority strategy of developing workplace mentoring programs, we will:

- Establish a project fund to support mentor recruitment (including marketing effort to promote need for such mentors), and training/technical assistance supports and incentives for workplace mentors.
- Provide general operating support to agencies that operate workplace mentor programs
- Convene providers of such programs on a periodic basis for peer learning and networking opportunities.
- Convene employers that utilize on-site, workplace mentors or seek to launch a workplace mentor program for peer learning and networking opportunities.

To implement the priority strategy of supporting and improving adult literacy programs, we will:

- Provide targeted funding for technical assistance and training to providers of literacy services;
- Provide general operating support to agencies based on alignment with this priority; and
- Convene providers for peer learning, networking and other quality improvement opportunities.

To implement the priority strategy of assisting adults with some postsecondary education credits to return to school and graduate, we will:

- Through Graduate! Philadelphia, create broad-based understanding among multiple stakeholders that college degree completion is central to the region's prosperity, so that it becomes part of the individual, civic, educational, and business consciousness in the region, such that they are motivated and informed to take concerted action to increase the number of graduates.
- Facilitate the development and adoption of postsecondary institutional practices that support successful and timely degree completion for all adult students (first-time students and returning students.)
- Promote local, regional, state and federal policies and practices that recognize college degree completion as essential to economic growth and prosperity.

To implement the priority strategy of promoting opportunities for savings and preservation of assets, we will:

- Raise funds for and support programs offering Individual Development Accounts (IDAs) for education, home ownership and purchases necessary to maintain employment;
- Provide financial and networking support to organizations that are effective in advocating for public policy changes that enhance savings possibilities;
- Provide financial and networking support to organizations that are effective in advocating public policy changes that promote mainstream banking options for low income households.

To implement the priority strategy of expanding, enhancing and improving access to high quality financial literacy programs, we will:

- Provide targeted funding for technical assistance to financial literacy training providers;
- Provide general operating support to agencies based on alignment with this priority; and
- Convene providers for peer learning, networking and other quality improvement opportunities.

To implement the priority strategy of expanding access to “portals” providing comprehensive assistance in accessing tax benefits and other entitlements, we will:

- Provide targeted funding to launch additional programs that provide low wage workers with free tax assistance and information on benefits to which they may be entitled;
- Provide general operating support to agencies based on alignment with this priority;
- Convene providers for peer learning, networking and other quality improvement opportunities; and
- Support and coordinate volunteer recruitment and training to provide the working poor with free tax assistance.

- ***Implementation goals***

We will set specific goals to be accomplished through the implementation actions outlined above as we develop further information about the capacity of our program partners and other collaborators.

Other Strategies and Actions:

United Way will advance public and private sector policies and investments that will promote adult self-sufficiency as well as mobilize volunteers and educate the community on these and related issues. In addition to the priority activities outlined above, United Way will also support related programs, strategies and approaches that are linked to achieving our other outcome goals but which may not fit the more detailed outline above. Other activities appropriately supported by United Way include programs using evidence-based approaches to assist adults

and families in overcoming the behavioral, social and economic barriers that interfere with their ability to return to school and succeed in the regional workforce.