

Strengthening State Policies for Working Families

THE WORKING POOR
FAMILIES PROJECT

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STRENGTHENING STATE POLICIES FOR WORKING FAMILIES

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Chapter 1

INTRODUCTION TO THE WORKING POOR FAMILIES PROJECT

America's working families are challenged by an ever-changing economy that increasingly fails to reward hard work. Compounding the problem are public policies that do not adequately prepare workers to advance to higher-skilled, higher-paying jobs or promote the creation of quality jobs. America's working families deserve better.

In short, the nation's public policies must work for, rather than ignore, working families. This is the right thing to do. It also is in our national economic self-interest. More effective policies will help ensure that employers have the high-skilled employees they need to remain competitive and that the economy provides opportunities for all workers to succeed.

The need for action is enormous. Across the country, more than one out of four working families are low-income*, earning too little to achieve economic security. These nine million families are either in poverty or close to it; the goal of self-sufficiency remains an elusive dream for many. In recent years, the situation has worsened: the number of low-income working families increased by almost 300,000 from 2000 to 2004, despite a general improvement in the national economy.

Opportunities to gain firmer economic footing are scarce for these working families. For example, one-third has a parent who did not complete high school, limiting their job prospects. They and many other workers face a variety of challenges obtaining the skills they need to earn more and advance in the evolving economy. Children receive a great deal of the fallout: more than 20 million children live in these families, representing more than 30 percent of all children of working families. Current policies make it difficult for parents in these families to provide their children with the education and skills they eventually will need to be productive, successful participants in the labor force of the future.

The Working Poor Families Project (WFPF) was launched in 2002 by national philanthropic leaders who saw the need to strengthen state policies affecting these working families. The national initiative is now supported by the Annie E. Casey, Ford, Joyce and Mott foundations. The WFPF focuses on the states because many of their policies and investments critically affect the lives of working families. The WFPF began work in five states and after five years is now active in 20. In each state the WFPF partners with one or more nonprofit organizations to support their efforts to improve state policies. (See page 3 for an overview of this national initiative and a list of participating state nonprofit groups.)

* For this report, the term "low-income working families" refers to families earning up to 200 percent of the federal poverty level. Studies have shown that these families, although not in official poverty status, have trouble providing a basic quality of life for themselves. For a family of four, a family could earn up to \$38,000 and be considered low-income.

WFPF state partners systematically analyze the conditions of working families and state performance in key policy areas related to workforce development. This data-driven and objective assessment identifies policy issues that warrant attention, if state policies are to effectively serve working adults and families.

For example, these analyses often find that states do not make it a priority to provide need-based college financial aid, nor do they invest effectively in basic education and literacy instruction for working adults. Too few adults receive job training, and states often do not collect sufficient data to assess the progress of workers after they leave training programs or college. States also fail to use their economic development investments to create quality jobs and benefit low-wage workers; in fact, most states do not know who actually benefits from economic development expenditures. And too few states have tax, work support and family leave policies that honor employment as well as encourage and facilitate economic advancement.

This report summarizes and highlights some of the public policy issues that have been addressed by the state groups in the first five years of the WFPF. These state efforts, which are discussed in the next chapter, strengthened policies involving community colleges and adult education systems, skills training programs, economic development investments, and income and work supports. In **Arkansas**, for example, work by the WFPF-supported Southern Good Faith Fund helped lead to the creation of a \$16 million community college career pathway initiative. In **Colorado**, the state increased its commitment to need-based financial aid by \$10 million as a result of efforts by The Bell Policy Center and others.

The WFPF state partner organizations vary widely in their work and use different strategies to achieve their missions. Some focus on research or organizing, while others focus on advocacy or providing direct services. But all of them are committed to informing policy decisions through the use of data and objective analysis.

The organizations also vary in size; some have only a handful of employees while others have more than 20. Groups such as the Job Opportunities Task Force in Maryland have been in existence for less than 10 years, while others, such as The Women's Union in Massachusetts and Schuyler Center for Analysis and Advocacy in New York, date back more than a century. Despite these differences, all state partner organizations share a commitment to assisting low-income working families achieve economic security.

The WFPF and its state partners are not alone in this work. A number of initiatives are underway around the country either to strengthen state policies that affect working families or to expand and improve broader workforce development efforts. These initiatives are generating innovative thinking, producing new research and focusing critically needed attention on a major national issue.

Working Poor Families Project: Affiliated State Organizations and Approach

2002

Arkansas	Southern Good Faith Fund
Michigan	Michigan League for Human Services
Texas	Center for Public Policy Priorities
Wisconsin	Center on Wisconsin Strategy

2003

Colorado	The Bell Policy Center
Illinois	Chicago Jobs Council and Women Employed
Maryland	Job Opportunities Task Force
Massachusetts	The Women's Union

2004

California	California Budget Project
Maine	Maine Center for Economic Policy
New York	Center for an Urban Future Schuyler Center for Analysis and Advocacy
Ohio	Community Research Partners, The John Glenn Institute at The Ohio State University, The Center for Community Solutions
Washington	Seattle Jobs Initiative and Statewide Poverty Action Network

2005

Connecticut	Connecticut Association for Human Services
New Mexico	New Mexico Voices for Children
North Carolina	North Carolina Budget and Tax Center

2006

Arizona	Children's Action Alliance
Indiana	Institute for Working Families
Mississippi	Enterprise Corporation of the Delta
Pennsylvania	PathWaysPA

The Working Poor Families Project began in 2002 by providing data, technical assistance and financial support to nonprofit organizations in five states. The project has added states each year and now is working with groups in 20 states. The project focuses on state workforce development policies, defined broadly, that affect the ability of working adults to achieve economic security for their families. Within each state, the project focuses on three policy areas related to workforce development: education and skills training for adults, economic development, and income and work supports. WFPF groups engage in a two-step process:

Step One is the **State Policy Assessment Initiative**. Each of the WFPF's state groups begins its work by undertaking an in-depth assessment of the conditions of working families within a state and an analysis of the state policies and program operations that can help workers advance and achieve economic security. Each group makes this assessment by using a framework of indicators, provided by the WFPF. Some indicators are based on data, such as Census information, while others measure policy or program performance. An analysis of all the data is conducted and a State Policy Assessment Report is prepared and released to the public. The report points out where a state's investments and policies stand in relation to other states and the nation. Most importantly, these reports make recommendations for strengthening state policies and program operations.

Step Two is the **Strengthening State Policy Initiative**. This step follows the release of the policy assessment report and involves an effort to educate and inform key stakeholders, focusing on opportunities to strengthen state workforce development policies. Each state group develops a policy agenda for action and then works to implement the agenda, often in collaboration with other stakeholders such as community-based organizations, issue-oriented think tanks, associations of education providers, local businesses and their respective associations, and state agencies. The priorities of state organizations vary, as do the political and economic climates for change. Nonetheless, all states seek to improve policies and generate more attention on a nexus of issues facing low-income working families.

Among these efforts are state-focused initiatives supported by national foundations, including the Annie E. Casey’s Kids Count, the Ford Foundation’s Community College Bridges to Opportunity Initiative, the Charles Stewart Mott Foundation’s Accelerating State Adoption of Sector Strategies, the Joyce Foundation’s Shifting Gears Initiative and the Lumina Foundation’s Achieving the Dream. National organizations such as the National Governors Association, the Center for Law and Social Policy, The Workforce Alliance, ACORN, and the MultiState Working Families Consortium are working to strengthen state policies in a number of areas. And groups within states are coming together to undertake comprehensive policy reform efforts such as the work being done in Massachusetts under the SkillsWorks initiative.

The state groups that are part of the WFPF often work collaboratively with these initiatives and others, sometimes spearheading efforts or working in a supporting role. In many cases, state policy reform efforts rely on data and analyses generated by the Project. WFPF-supported state groups recognize the importance of working hand-in-hand with a variety of stakeholders on the complex and sometimes slow task of strengthening state policies. As outlined in Chapter 3, participation in the WFPF has helped these state groups increase their capacity, build critical relationships with other key groups and policy makers, and focus attention on urgent issues.

Through the work of the WFPF and other initiatives, state policies are being strengthened. More state policymakers understand the importance of supporting low-income working families. In many instances, states are undertaking new approaches and making deeper investments in key program areas. There is every reason to think that continued attention to these issues – from the WFPF and other initiatives – will lead to additional progress and greater opportunity for economic security and mobility for low-income working families.

STRENGTHENING STATE POLICIES

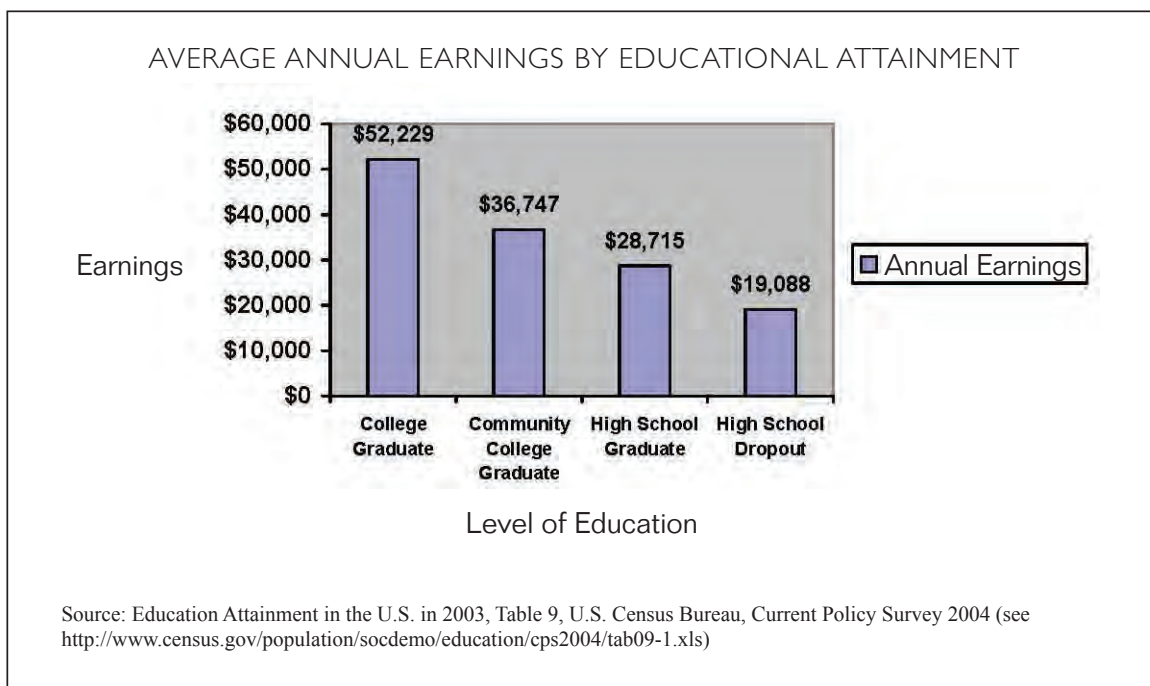
As the national economy evolves, a greater premium is placed on workers with strong literacy and workplace skills. But across the country, a significant number of adults lack these skills, leaving them ill-prepared to succeed in the labor market and to achieve economic security. For example, more than 25 millions adults do not have a high school degree, which seriously limits their chances to advance.

At the same time, there is a structural problem with the economy that falls hardest on low-wage workers. Nearly 20 percent of all jobs in America are in occupations where the median pay is less than a poverty wage for a family of four. This threatens the economic security of working families and limits their opportunities to save and move into the middle class.

States have the power and responsibility to address these interrelated issues. The Working Poor Families Project and other initiatives seek to strengthen key state policies and programs in education and skills training, economic development, and in policies affecting conditions of employment, such as the minimum wage and unemployment insurance. In all policy areas, WFPF state groups stress the critical importance of setting goals for state policies and assessing whether the goals are being met. The next four sections highlight successful efforts in these areas taken by WFPF state groups across the country.

EXPANDING EDUCATION AND TRAINING OPPORTUNITIES

We know that increased educational attainment translates into higher wages and better workplace opportunities. A worker's average annual earnings are closely tied to the worker's level of education.



However, low-income working families often face significant barriers to obtaining training and education. Sometimes the costs are out of reach. In other cases, programs are not aligned to meet the needs of workers or employers.

State policies can reduce these barriers and WFPF organizations have taken strategic actions to encourage policies that make postsecondary education more affordable, increase skills training for workers, and promote opportunities for low-wage workers to enter and advance into better-paying jobs.

Making Education and Training Affordable

Studies have found that the nation's colleges and universities have become less affordable for students and families over the past decade. States have raised tuition and fees at postsecondary institutions and channeled public resources to merit-based, rather than need-based aid. This often prices low-wage workers and their families out of the programs that offer the surest way to gain the skills they need.

The WFPF identified ways that states can make education and training more accessible by, among other things, increasing need-based aid, changing requirements for aid programs to assure part-time students are eligible, and providing support systems that allow working adults to complete programs.

Non-profit groups in **Arkansas and Illinois** are at the forefront of addressing education and training policies within their state. Each has worked to see that college is more affordable and that course offering are more accessible to working adults. Their successes are highlighted in the boxes found on pages 7 and 9.

In **Colorado**, The Bell Policy Center made the case for increasing educational funding for low-income families. As a result, the legislature allocated a total of \$10 million in additional funding for need-based aid programs in 2005 and 2006. These funds came in part from state-funded merit aid and additional money freed up under Referendum C which relaxed the TABOR limit. In addition, the legislature created the Colorado Achievement Scholarship program in 2005. This legislation set up a \$50 million trust with revenues earned from servicing student loans. An additional \$25 million was added to the trust from the proceeds generated by privatizing Colorado's student loan guarantee and servicing operations. The Colorado Achievement Scholarship program is projected to provide scholarships to 2,300 students averaging \$1,800 per year beginning with the graduating class of 2008.

In **Washington**, the Seattle Jobs Initiative and the Statewide Poverty Action Network helped secure \$4 million for a new Opportunity Grants program that will increase access to postsecondary education for low-income students in programs designed to fill specific jobs. Students can use the funds to pay for tuition, books, fees and other expenses for workforce education programs.

In **New Mexico**, the state WFPF partner, Voices for Children, noted in its State Policy Assessment Report that college had become significantly less affordable in recent years and highlighted the state's inadequate investment in need-based aid. In 2006, Voices for Children actively supported

efforts led by the New Mexico Association of Community Colleges and other educational groups to pass the College Affordability Act. This legislation provides \$49 million in state funding for need-based financial aid. This financial aid will allow more of New Mexico's low-income students to attend and complete postsecondary programs.

ARKANSAS: PUTTING THE PIECES TOGETHER

The Southern Good Faith Fund (SGFF) in Arkansas began working with the Working Poor Families Project in 2002 and released a comprehensive report on policy opportunities in 2003. That report increased attention on issues affecting Arkansas' working families and led to several changes in policy areas, ranging from TANF to innovative career-based workforce development to higher education.

In a first step, the state agreed to begin tracking workplace achievement for people leaving TANF and made it a goal to increase the percentage of former cash assistance recipients who were moving out of poverty. State officials recognized at the time that to accomplish that, the state would need to invest more in education and training to give TANF participants a better chance to succeed in the workplace.

As a result, the state TANF agency embraced and funded a career pathways initiative to assist participants to achieve higher incomes. The Southern Good Faith Fund partnered with other organizations, including the Arkansas Association of Community Colleges, to design and launch a Career Pathways Pilot Project at a local community college, as a strategy to address low college enrollment and completion rates, issues that were highlighted in the SGFF's report. In the first year the program showed promising results in helping low-income adults earn post-secondary credentials. Following the success of the pilot, the TANF agency, at the request of the Governor, provided \$16 million in state TANF funds to expand Career Pathways to 11 community colleges. In 2005 the legislature made the Career Pathways program permanent, and expanded eligibility to include people with incomes up to 250 percent of the federal poverty level.

In another area, the Southern Good Faith Fund's report highlighted the relatively low number of residents with college degrees and pointed out that the state under-invested in need-based financial aid for working adults. The report suggested ways to make it easier for these working adults to attend postsecondary education, including investing more in need-based aid. In 2003, the legislature responded, creating and funding a flexible need-based financial aid program, the Arkansas Workforce Improvement Grant. The grants are designed for non-traditional students, those who are working and over the age of 25, by paying for part-time course work and certificate programs as well as degree programs. The program's funding grew from \$500,000 to \$3.2 million in three years, in part because of the educational efforts of the Southern Good Faith Fund.

Increasing the Commitment to Low-Skilled Workers

Many states give little attention to the challenges facing low-skilled workers, preferring to invest their resources in expanding the skills of higher level workers. By addressing the needs of the low-skilled workforce, states can strengthen a segment of the labor market that is important to

the productivity and competitiveness of many businesses while also providing low-wage workers with the skills to advance into better paying jobs. Several WFPF state organizations have worked to address this problem.

In **Maryland**, a state with one of the best-educated workforces in the country, focusing attention on workers with low literacy levels has been a struggle. The 2004 Maryland WFPF State Policy Assessment Report – prepared by the Job Opportunities Task Force (JOTF) – made the case for improving adult education and literacy efforts, noting that despite being one of the wealthiest states in the country, Maryland ranked 28th in funds committed to adult education. JOTF’s first step was to persuade the Department of Labor, Licensing and Regulation to make adult education, including GED and English as a Second Language programs, eligible activities under its incumbent worker training program. JOTF and other key stakeholders followed up in 2005 and 2006 by working to increase state funding for adult basic education. Over three years, the state increased funding for adult education by \$4.5 million – to a total of \$6.8 million.

Tight fiscal times in **Texas** in 2004 jeopardized state programs intended to address the needs of low-skilled workers. The Center for Public Policy Priorities and other organizations used WFPF findings and recommendations to preserve funding for a number of key workforce programs, including the \$25 million Skills Development Fund. In 2005, with the budget situation improved, the Center successfully promoted a new funding formula for the Skills Development Fund, which increased it to \$40 million over two years. In the next two years the program will provide training to an additional 10,000 working Texans.

In 2006 the **Connecticut** legislature approved \$6.5 million for workforce education and training programs for TANF clients. This is the first increase in funding for this purpose in several years. The funds will be directed to vocational and adult educational training programs, work experience programs, and employment services for low-wage workers. These are priorities outlined in the WFPF report by the Connecticut Association for Human Services, which was released immediately prior to the legislative session.

In **New York**, the Center for an Urban Future and the Schulyer Center for Analysis and Advocacy highlighted the issue of English literacy in their WFPF State Policy Assessment Report. The report and subsequent work helped spur the New York City Council to nearly triple funding for the Immigrant Opportunities Initiative, an English for Speakers of Other Languages program, from \$2.5 million in 2002 to \$9.1 million in 2005.

A number of states successfully strengthened state skills training programs on behalf of low-income workers. In **Michigan**, the Michigan League for Human Services contributed to a significant redirection of the state’s Temporary Assistance for Needy Families (TANF) policy by moving the focus from “work first” to a state policy of investing in education and skills training for TANF participants. In **Wisconsin**, the Center on Wisconsin Strategy has been working to ensure increasing resources for training. The state’s WIA plan guidelines reflect increasing focus on training as the state will now require local boards to invest at least 35 percent of their Workforce Investment Act funds in worker training that leads to high-wage jobs.

Creating Transitions from Low Skills to High Wages

Several WFPF states have focused on creating “career ladder” systems to facilitate the transition of low-skilled workers to higher-skilled, higher-wage jobs. These efforts often include an early focus on workers with poor literacy skills. These policies seek to provide entry-level workers with career advancement opportunities, a strategy that benefits both workers and employers. Workers obtain the credentials to move into better jobs, and employers have access to a pool of better-skilled workers.

ILLINOIS: CREATING OPPORTUNITIES FOR LOW-INCOME WORKERS

The Working Poor Families Project has worked with two groups in Illinois since 2003 – the Chicago Jobs Council (CJC) and Women Employed. These partners have helped advance significant changes in such areas as postsecondary financial aid, focused workforce development initiatives and new training for low-skilled workers.

The two WFPF groups’ State Policy Assessment Report (2004) highlighted the need to improve adult education outcomes in Illinois and called for alternative adult education models. Since the report’s release, the organizations have worked with the state to create a model for “bridge programs” that can help low-skilled adults gain relevant educational and occupational skills that allow them to transition into additional training programs and postsecondary education. The state now has funded 34 such bridge programs that are targeted to high-demand employment sectors such as health care, manufacturing, and transportation, warehousing, and logistics. These programs were made possible by funding collaborations that cross agency lines, linking adult and postsecondary education, workforce, and economic development resources to meet the needs of employers and workers.

The report also documented a significant unmet demand for need-based financial aid and recommended making such aid available to more low-income workers who want to attend postsecondary education part-time. That year, as the state was constrained by a state budget shortfall, Women Employed worked to adjust the guidelines of Illinois’ need-based tuition assistance grant program to make the resources more accessible to low-income workers. The new rules made the grants available during the summer. And the program began calculating eligibility by credit hour rather than semesters, which gave low-income adults the flexibility needed to take classes while also working and caring for families. Changes in the state student assistance formula resulted in 1,000 additional grants becoming available to students. The program also gave priority to students with the greatest financial need. When the state’s fiscal situation improved in 2005, Women Employed led the effort to increase the state’s investment in the grant program by \$12 million.

In fiscal years 2004 and 2005, the Illinois Department of Commerce and Economic Opportunity dedicated \$1.45 million in state general revenue funds and, at the urging of the Council, an additional \$1.2 million in Workforce Investment Act discretionary funds and Employer Training Investment Program funds to support the Job Training and Economic Development (JTED) Program. The JTED initiative funds community-based organizations in partnership with local businesses to train unemployed and low-wage, low-skilled workers for jobs in certain high-demand sectors. An effective model in Illinois’ regional economic development strategy, CJC will continue to advocate for increased JTED funding to better meet demand.

As noted on pages 7 and 9, both **Arkansas** and **Illinois** have focused on policies that support education transitions for low-skilled workers through career pathways and “bridge programs.”

In **Massachusetts**, The Women’s Union has worked with other local groups to support and expand a statewide career ladder initiative in the health care field. The state has allocated over \$15 million for the initiative for the period of 2000-2007. These resources have funded 81 local projects that typically support bridge programs that help prepare certified nursing assistants (CNAs) to pass the licensed practical nurse (LPN) entrance exam.

FOCUSING ECONOMIC DEVELOPMENT TO BENEFIT LOW-INCOME WORKERS

State economic development investments are designed to create jobs and increase personal income and wealth within the state. The WFPF believes that such investments should generate some benefits for low-skilled and low-income workers. Often, however, states fail to direct such investments to benefit these workers. In addition, states rarely are able to show what outcomes are achieved and who does benefit from economic development expenditures.

Two WFPF state organizations have helped to strengthen their state’s economic development policies in this regard:

In **Texas**, the Center for Public Policy Priorities promoted increased accountability and reporting from the Governor’s Office of Economic Development and Tourism – the agency that administers the Texas Enterprise Fund and offers grants to employers for relocation and expansion. In 2005, the legislature required the agency to disclose in a report the number, wages and benefits of jobs attributed to Enterprise Fund contracts. These new disclosure requirements will allow policy makers and the public to better assess the efficacy of these economic development expenditures. In addition, the legislature added a “claw back” provision to recoup state funds when employers do not deliver the promised jobs.

In **New York**, the WFPF partner organizations highlighted economic development accountability in their State Policy Assessment Report. In particular, the report pointed out the failure of New York’s Empire Zone tax credit program to provide key information about its achievements. This focus on poor accountability helped lead to new state performance assessment requirements, including cost-benefit tests, for businesses receiving assistance under the Empire Zone program.

IMPROVING THE CONDITIONS OF EMPLOYMENT

Many state policies affect the conditions of employment. Some set parameters for wages and taxes; others govern benefits and worker protections such as unemployment insurance and workers compensation. These policies are particularly crucial to low-income workers. In health care, for example, low-wage workers are much less likely to receive health insurance through their employer, compared to those earning more. Nationally, 39 percent of low-income working families have at least one parent without health insurance. Forty percent of low-income working families have no paid sick leave; when illness strikes, they lose wages. States can take a number of steps to ensure that workers are treated appropriately and given a chance to receive pay and benefits adequate

for supporting families. A number of WFPF state partners successfully focused on improving conditions of employment for low-wage earners.

In 2004, the **New York** legislature voted to increase the state's minimum wage to \$7.15 an hour over a three-year period and then overrode a gubernatorial veto. The WFPF State Policy Assessment Report was released at a critical point during this debate. Albany insiders said the WFPF report – notably the finding that more than 500,000 families in New York were working yet poor – placed pressure on the state Senate to override the veto and pass the first increase in the state's minimum wage in more than three decades.

In **Michigan**, the legislature passed an increase in the state's minimum wage to \$7.40 per hour over a two-year period. The Michigan League for Human Services helped this to come about by publishing and distributing an analysis that included, among other things, important data on the workers who would benefit and on the experiences of other states that increased their minimum wages. The League's work in this area had been used by legislators, other advocacy groups and the media to press the case that Michigan workers needed the increase and that it would not create widespread job loss in the state. The legislation was signed by the Governor in March 2006 and the League's analytical work was noted during the bill signing ceremony.

In **Colorado**, The Bell Policy Center worked with a coalition to strengthen two key unemployment insurance policies. One change would have provided an alternative base period to determine eligibility; the second recognized domestic violence as a valid cause to leave a job. In 2005 the legislature approved both reforms. However, the governor vetoed the legislation creating an alternative base period for unemployment insurance eligibility (by allowing a worker's recent work efforts to count toward UI eligibility).

In 2005, the **Maine** Center for Economic Policy supported the work of nonprofit partners to increase paid leave for workers. Many low-wage workers have no access to paid leave when a family member is ill, meaning a worker loses wages, and sometimes a job, when caring for a sick family member. The Maine legislature improved conditions for some workers by passing a bill to require businesses with 25 or more employees that offer paid sick leave to allow workers the flexibility to use that leave to care for sick family members.

STRENGTHENING PERFORMANCE STANDARDS AND ACCOUNTABILITY

In all state policy areas – whether in programming or budgeting – policy makers also must insist on measurement and accountability standards. By having state agencies publicly report progress toward established goals, policy makers and the public can determine if desired objectives are being achieved.

Policy makers should know, for example, what happens to the earnings of people as they leave welfare or other cash assistance programs. It is critical to know what percentage of adult college students complete their programs and receive certificates or degrees, or how many adult education students go on to higher education and how that affects their earnings. In the economic development arena, it is vital to know what wages and benefits are being paid to workers by companies receiving state subsidies.

One program that lacks meaningful goals and outcome measures is the federal TANF program. While all states have seen their welfare rolls decline since 1996, few states track people leaving welfare to measure their progress toward economic self-sufficiency. The WFPF encourages states to establish a policy that one of TANF's goals is to increase economic security – and to measure whether that goal is being achieved.

Two WFPF state groups helped change the focus of their state TANF policies by putting accountability requirements into law. The Southern Good Faith Fund led **Arkansas** to increase TANF accountability; see page 8 for details. In **Texas**, the Center for Public Policy Priorities stimulated the state legislatures to require state agencies to collect and report data on the earnings of those leaving cash assistance programs. A key member of the Texas House Appropriations Committee used research from the state WFPF report to require the state to better track wage changes of program participants as a measurement of program success. With this information in hand, policy makers have begun focusing on how the TANF system can better prepare participants to succeed in the labor market.

In 2004, the **Colorado** General Assembly changed how it allocates funding to higher education institutions when it created the College Opportunity Fund (COF). Under the COF, students receive a stipend that is sent directly to the college they attend. This stipend replaces part of the funds that, in the past, the legislature allocated directly to the colleges and universities. In addition to funding under the COF, colleges also receive funding under a system of “fee for service” contracts. One of the arguments used by proponents of this change was that by showing students the amount of state support they receive for college, more low-income students would attend. The Bell Policy Center approached both the Colorado Commission on Higher Education and the legislature to require that the colleges and universities who receive funding under the COF track the number of Pell grant recipients that attend their institutions and that each institution be required to serve low-income students as part of their fee-for-service contract. Although the idea was embraced, it has yet to be enacted. Raising this issue, however, has helped generate significant attention to how colleges and universities can better attract and retain low-income students.

FIVE YEARS OF PROGRESS

In a relatively short period of time, and with modest resources, WFPF state organizations, in collaboration with a number of local and national partners, have helped make important state policy improvements. The successes were due to analytical, data-driven efforts that focused new and much-needed attention on critical policies and public investments. With more time and additional resources, this kind of work can produce more impressive achievements in the years ahead.

STRENGTHENING ORGANIZATIONAL CAPACITY

As noted in Chapter 2, WFPF state organizations have achieved important policy successes. They came about, in part, because these organizations were able to use WFPF resources to build their capacity to address the wide range of issues bearing on low-income working families.

As part of the initiative, the WFPF assisted these groups in moving beyond their established expertise to focus on additional policy areas, including literacy, adult education, skills training programs, postsecondary education, economic development programs, state wage policy, employment protections, health and child care policies, tax policy, unemployment insurance and workers' compensation.

After issuing a State Policy Assessment Report, each state nonprofit chose specific policy areas for attention, taking into account the status of existing state policies, the performance of state programs and the opportunities for improvement. To become effective participants in efforts to strengthen state policies, WFPF state groups also had to build strategic partnerships, focus the attention of policy makers on key areas, and conduct effective communications.

This chapter discusses specific ways that WFPF groups built their capacity and made new connections that are vital to fostering improvements in state policies.

DEVELOPING STRATEGIC RELATIONSHIPS

In the process of gathering and confirming policy information and program data for the State Policy Assessment Reports, WFPF organizations met repeatedly with key policy makers. In the process, the organizations demonstrated that they were relying on high-quality data and sound analysis of issues, which in turn increased the organizations' credibility with key policy stakeholders. That credibility led to representatives of several WFPF groups being asked to join key workforce development policy boards in their states.

Representatives of the **Michigan** League for Human Services and the Center on **Wisconsin** Strategy received appointments to their statewide Workforce Investment Boards (WIBs). As a member, the Michigan League for Human Services prompted the state WIB to develop and support strategies for helping low-wage workers advance in the workplace. The Center on Wisconsin Strategy encouraged a state focus on training that leads to high-wage jobs.

Similarly, the **Maryland** partner, the Job Opportunities Task Force (JOTF), developed strategic relationships with key state adult education officials, which led to a JOTF representative being appointed to the Maryland Department of Education's State Adult Education Committee. JOTF then helped lead the committee's effort to increase state funding for adult education.

A number of WFPF organizations developed key relationships and became part of statewide initiatives to strengthen state policies. WFPF organizations from **Arkansas, Maine, Michigan** and **Ohio** participated in the National Governors Association's Pathways to Advancement Policy

Academy. This initiative explored new ways to make postsecondary education and training more affordable and accessible to low-skilled adults.

The NGA project helped launch the statewide Career Pathways initiative in **Arkansas** led by the Southern Good Faith Fund and the Arkansas Association of Community Colleges. The project's success flowed from the initial WFPF report prepared by the Southern Good Faith Fund. "We've made lots of connections in developing the report and the work that has followed," says Mike Leach, public policy director of the Southern Good Faith Fund. "We now have good relationships with major agencies in the state."

Several state organizations developed non-traditional coalitions with businesses, industry and area associations, and regulators. To increase assets of low-income working families and combat the damaging effects of predatory lending, the **Texas** Center for Public Policy Priorities built alliances with key stakeholders, including banking and credit unions associations, community colleges, nonprofit advocacy groups, rural organizations, federal regulators and chambers of commerce. These groups were able to cap the interest rate on Refund Anticipation Loans, and they continue to promote a state Earned Income Tax Credit (EITC) and Individual Development Accounts. Upon releasing its assessment report, **New Mexico** Voices for Children partnered with the state Association of Community Colleges and other higher education organizations to obtain significant funding for need-based scholarships.

In **Colorado**, the WFPF report allowed The Bell Policy Center to become a meaningful partner in a coalition of groups working on issues involving the EITC and unemployment insurance. "We were able to bring a good research and policy background to the group," says Rich Jones, director of research and policy at the Bell center. "It was a good working relationship."

Developing Relationships at the Start

The WFPF began work in 2006 in **Arizona, Indiana, Mississippi** and **Pennsylvania**, and each state nonprofit organization was encouraged to develop strategic relationships at the beginning of the project.

In both Pennsylvania and Mississippi, the WFPF state organization convened a statewide advisory board to provide guidance and feedback on the data analysis and the opportunities for strengthening policies and program operations. The WFPF nonprofit group in Pennsylvania, PathwaysPA, also partnered with another statewide nonprofit group, Keystone Research Center, to assist in the data and policy analysis.

The early work is paying off quickly in Mississippi. "The WFPF process in just the first four months has helped us build new relationships with a number of key state entities, including the state Board for Junior and Community Colleges," says Ed Sivak, a senior program officer with the WFPF state group, Enterprise Corporation of the Delta.

FOCUSING ATTENTION ON CRITICAL ISSUES

The WFPF provides state organizations with up-to-date data and information on how effectively state policies and programs serve low-income working adults. That performance then is given full analysis in the State Policy Assessment Reports. In turn, the organizations – and others – use the

reports to generate important discussions about the efficacy of key state programs and investments. Several WFPF organizations moved beyond their initial assessments and conducted more in-depth analyses on specific topics. This work helped focus attention on critical state issues, attention that is crucial in efforts to strengthen state policies.

In **Colorado**, The Bell Policy Center conducted a comprehensive analysis on the effects of the Taxpayers' Bill of Rights (TABOR). The Center issued policy briefs, spoke at events, wrote opinion pieces, and issued electronic newsletters educating policy makers and the public about the impact of TABOR's restrictive spending limits on many state services, particularly those affecting working families. This effort highlighted that TABOR impaired the state's ability to set budgetary and programmatic priorities and respond to crises. The Center's education and outreach played an important role in the state making revisions to TABOR, which resulted in increased investments in education, training, health care and others programs.

In **California**, the California Budget Project (CBP) focused attention on how proposed budget initiatives would impact investments in important policy and program areas affecting working families, including education, training and wage policies. CBP provided thorough, fact-based research and analyses of the budgetary proposals and maintained public attention on budget issues by conducting press briefings, participating in radio interviews, holding teleconferences, giving presentations and writing reports. CBP's work helped protect funding support for several key programs in 2005.

Focusing on Postsecondary Policy Issues

Access to postsecondary education is a key issue for many working adults and is an important focus for WFPF state organizations. Because many of these organizations had little prior experience or expertise in postsecondary education, the WFPF has worked to expand and deepen their understanding of issues such as affordability, institutional funding, student support services and measuring student outcomes.

As part of that effort, the WFPF organized a June 2006 seminar devoted to state postsecondary policy issues. The seminar was conducted by the Center for Law and Social Policy in partnership with the WFPF. Representatives of 16 WFPF state organizations participated in the two-day session.

In **Arkansas**, the Southern Good Faith Fund played a key role in focusing in-depth attention on the importance of increasing the state's minimum wage, a key benefit to working families. The Fund took the lead in developing a sophisticated communication strategy that led to an increase in the minimum wage – the first time a Southern state has established a minimum wage above the federal minimum.

The **Michigan** League for Human Services has, for many years, published research on the federal earned income tax credit, and has provided materials to local service organizations to publicize and promote the credit among low-income working families. Because of this activity, the League was asked to be a partner in the Governor's initiative to do outreach around the credit. In this capacity

the League helped develop strategies to increase the number of filers who claim the credit and to encourage asset building and the use of free services that allow the filers to keep their entire refund. As a result, many of the local providers reported success in their outreach efforts in these areas during the most recent two tax seasons. The League continues to advocate for a state EITC.

CONDUCTING EFFECTIVE COMMUNICATIONS

Good communication is essential to strengthening state policies. Recognizing that, the WFPF state organizations are provided training and technical assistance in messaging and media outreach from communications experts from The Hatcher Group and Douglas Gould and Company. This led to increased contact with the media and more public awareness of issues related to working poor families. As part of their outreach efforts, several state groups successfully focused on common values such as the need to prepare workers for the future and the critical importance of strengthening pay and benefits to reward hard work. In several cases, these arguments helped build broad support for investing in such areas as education and training.

While **Connecticut** is a wealthy state, it also has seen many of its family-supporting jobs supplanted by jobs paying low wages. In an effort to strengthen supports for low-wage workers, the WFPF's partner, the Connecticut Association for Human Services (CAHS), developed a new messaging and organizing strategy and produced opinion pieces and issue action alerts to advance the creation of a state EITC. CAHS focused on key arguments, highlighting that the EITC serves to effectively reward work. These efforts secured legislative leadership backing, developed a broad coalition of supporters, and elevated the EITC to become a prominent policy issue in Connecticut.

Although **North Carolina** has undergone a remarkable economic transformation, one-third of the state's working families are considered low-income and earn too little to support themselves. The North Carolina Budget and Tax Center called for further investments in education and training and an increase in wages and benefits. Developing a message that resonated with educators, the Center released its assessment report and recommendations at a community college, reflecting its new focus on issues involving postsecondary education. Since joining the WFPF in 2005, the Center has highlighted these issues in radio interviews, articles, opinion pieces, and public forums, establishing the group as an important source of information during future legislative sessions.

BUILDING CAPACITY TO BUILD STRONGER POLICIES

Policy and programmatic change takes time. Organizations working to strengthen state policies must have the expertise and skills to be effective. The WFPF helped organizations in 20 states use comprehensive, accurate and respected research and analysis to increase their visibility and credibility on key state workforce development issues. This backing helped foster new relationships and allowed groups to develop broader, more effective communications. This essential capacity building will serve these organizations well for years to come.

In **Ohio**, Community Research Partners (CRP) used its WFPF report to draw attention to a host of issues and helped establish the relatively new organization as a leading voice on issues related to working families. Roberta F. Garber, the organization's executive director, made presentations on

the report to grant makers, state associations, local welfare agency leaders, and college officials. “It was like throwing a pebble in a pond and watching the effects ripple out,” Garber says of the report. “This project really gave us that boost to be able to interact with people at state agencies and research organizations and advocacy groups.” This interest has prompted CRP to hold a statewide conference (Fall 2006) to further address issues in the report. The conference, entitled “Investing in Workers: Strategies to Grow Ohio’s Economy,” will help focus attention on new ways state economic development policies can build a more productive and economically secure workforce.

CONTINUING THE WORK

The Working Poor Families Project, through the work of the state non-profit organizations it supports, is contributing to the strengthening of an array of state policies on behalf of low-income working families. This work is grounded in facts and objective analyses of the conditions confronting low-wage workers and the effectiveness of public policies and programs. WFPF-affiliated state organizations use this information to foster increased investments in job training and educational programs, improved wages and benefits for low-wage workers, and improved accountability of state economic development funds.

Strengthening state policies is neither easy nor quick. It requires a systematic effort that relies on factual analysis and makes a compelling case for change with both the public and policy makers. Recognizing the importance of reliable and timely data, several WFPF state organizations – particularly those in **Colorado** and **New York** – have taken advantage of the annual availability of WFPF data to update their initial state assessment reports. This helped keep key stakeholders focused on the issues and the ongoing need for policy and program improvements.

Successful campaigns require the participation of many stakeholders and rely on input from leaders in government, business, labor and the community. And they require the concentrated effort and dedication of many organizations, including WFPF non-profit groups and others focused on any number of issues affecting low-income working families. The Working Poor Families Project has provided the support to allow that to occur.

Such efforts must continue over many years, evolving and adapting in response to conditions and the policy climate in each state. It is encouraging that these efforts prompted some states to grapple with critical questions about the quality of their workforces and the kind of economy they aspire to have in the decades ahead. Underlying those discussions should be a basic question: Will the economy work for everyone? If so, that means states (or policy makers) must take steps to create an economy in which hard work is rewarded adequately and workers have the opportunity and skills to compete and advance in the changing labor market.

Instituting better policies to support low-income working families is the immediate goal, but not the ultimate measure of success. Over time, states and stakeholders must continue to measure and assess the impact of state policies on working families and their children. That means setting goals, identifying outcome measures, developing tracking systems, and continuing to analyze the findings and report them to the public. When needed, course corrections must be made.

This is the work that the WFPF has supported over its first five years. Looking ahead, the goals remain the same: state policies that lead to better jobs, a better-prepared workforce, and working families that are both financially secure and able to advance economically. Achieving these ambitious goals will require a sustained commitment from the states, and a renewed effort by the WFPF, its affiliated state groups and many other organizations committed to improving the opportunities for working families.

Acknowledgments

This report and the accomplishments it documents grow out of the work of 20 state non-profit organizations that strive to strengthen state policies on behalf of low-income working families. The authors acknowledge with admiration the dedicated commitment of these groups. They also offer their sincere appreciation to Robert Giloth of the Annie E. Casey Foundation, Helen Neuborne of the Ford Foundation, Jennifer Phillips and Whitney Smith of the Joyce Foundation, and Jack Litzenberg of the Mott Foundation for supporting this report and the overall efforts of the Working Poor Families Project. The Hatcher Group of Bethesda, MD, edited and disseminated this report.

To learn about specific state efforts or the Working Poor Families Project, consult the WFPF website at www.workingpoorfamilies.org.