

CENTER FOR FAMILY ECONOMIC SUCCESS

THE ANNIE E. CASEY FOUNDATION

In the United States, the wealthiest country in the world, more than 43 million people live in poverty. Millions more are barely holding on as they struggle to meet the rising costs of food, gas, utilities and healthcare. They are disconnected from the opportunities and supports they need to succeed, and they lack a financial cushion to weather even the smallest of setbacks.

The ranks of Americans living in poverty include more than 15 million children. Addressing their situation is a moral imperative but it is also vital to our nation's well-being. Children who grow up poor too often become adults who cannot contribute effectively to our economic productivity, become a burden on the public health system or enter the criminal justice system. Economists estimate that child poverty costs the nation \$500 billion a year.

Building brighter futures for vulnerable children requires improving the circumstances of their parents, helping them to reach and sustain self-sufficiency and improving the communities where they live. In the current weak economy, it is more important than ever to strengthen low-income families and their communities as more people struggle to maintain a tenuous grip on financial security. While the economic conditions are extremely challenging, federal policymakers are now actively working across agencies and engaging philanthropy to reduce poverty. This presents the Casey Foundation and its partners with an important opportunity to highlight and promote effective and innovative strategies for helping working families get ahead.

■ **THE *FAMILY ECONOMIC SUCCESS* APPROACH**

Casey is investing in a comprehensive, two-generation approach through its *Center for Family Economic Success (CFES)* to help lift families and children out of poverty and move them toward economic stability and opportunity in supportive communities. The center deploys strategies to help families find and keep good jobs, reach and sustain self-sufficiency and build assets for the future. Parents with more resources can better invest in their children's education, emotional development and future success. That's easier to do in communities with access to jobs, transit, affordable housing and a supportive network of services. Research shows that economic opportunity increases the resources and positive role models available to children, creating more stable environments in which they can grow up to be healthy and successful.

Armed with experience showing that a single strategy won't work for strengthening most families, the *Family Economic Success (FES)* approach sequences and bundles strategies to meet the needs of each family; the strategies can be changed over time as circumstances change. This approach addresses the racial disparities in income, education, asset-building and homeownership, and it promotes "cultural competence" to increase the effectiveness of strategies in increasingly diverse communities.

Beyond strengthening families, the center strengthens communities. Safe neighborhoods, affordable transportation and child care, fairly priced goods and services and affordable financial services are all vital to a family's long-term economic success. The approach works in urban and rural areas, and in both regional and neighborhood settings, pulling together practitioners, advocates, policymakers and others who work with vulnerable families, children and communities.

Following Casey's lead, stakeholders across the country are now embracing and investing in this approach. Along with grant-making and strategic investments, CFES works to influence federal, state and local policy with the lessons, hard evidence and experience we've gleaned.

■ WHAT DOES ECONOMIC SUCCESS MEAN TO FAMILIES?

A family has attained economic success when it has sufficient and predictable resources to:

- Meet basic family needs and provide for emergencies
- Qualify for, secure and keep a good job with opportunities for advancement
- Make ongoing investments in lifelong learning
- Effectively and confidently manage family finances
- Build and keep assets such as a home and retirement savings that grow over time.
- Live in safe, affordable and opportunity-rich communities

Reducing financial pressures on vulnerable families provides them with more security, a sense of control and growing confidence that their children can aspire to a better life.

■ KEY STRATEGIES FOR FAMILIES

The FES approach employs three broad, complementary strands of strategies. Each relies on a variety of sometimes overlapping tactics, which may be bundled together or used individually, depending on the needs of a family. The strands help low-income parents to:

- Earn It—succeed in the workforce
- Keep It—increase and protect their income
- Grow It—acquire, keep and increase assets

Earn It: Jobs, Education, Work Supports

The “Earn It” strand recognizes the crucial importance of a job and earnings, as well as acquiring the education and skills needed to become employed and advance in the workplace. “Earn It” workforce strategies focus on job training; readiness, placement, retention and advancement; and the importance of post-secondary credentials. Career pipelines help provide trained workers to meet the needs of regional industries, creating career pathways in fields with advancement opportunities and fostering opportunities for self-employment. A key goal is increasing access to work supports such as Food Stamps and other benefits, the Earned Income Tax Credit (EITC) and other tax credits and supportive policies such as unemployment insurance, living wages, paid sick days and family leave.

Keep It: Income and Financial Management

“Keep It” strategies help workers to make ends meet, protect their earnings and stretch their dollars. Accessing mainstream banking and low-priced financial products can help a family save money and stabilize finances. Financial education can provide guidance for avoiding unnecessary expenses, making sound decisions, and dealing with challenges. “Keep It” also addresses the high cost of goods and services in some communities, asset protection, credit counseling and repair, and predatory lending.

Grow It: Asset and Wealth Creation

Savings and assets provide a cushion against unexpected

CHILDREN AND POVERTY

- In the United States today, more than 43 million people, including 15 million children, live below the official poverty level (\$21,203 for a family of four).
- Nearly a third of children live in families where no parent has full-time, year-round employment, resulting in higher poverty rates and less access to healthcare and family benefits.
- One fourth of children in immigrant families live in poverty.
- Overall, three times as many African American children live in poverty compared to white children.
- Childhood poverty is not primarily an inner-city problem—more than one in five rural children are poor.
- Among 21 developed nations, American children fare the worst on health, safety and relative poverty measures.

expenses, and provide the foundation for a family's long-term financial security. "Grow It" includes strategies to foster savings and build assets to allow families to pay off debt, establish credit, secure a fair-priced mortgage, car loan or insurance, contribute to their children's education and save for retirement. A key component of "Grow It" is one-on-one coaching to help families learn to manage their money.

■ KEY STRATEGIES FOR COMMUNITIES

Earning and saving money becomes harder when low-wage workers are spending nearly a third of their incomes just getting to work, or when the lack of affordable grocery stores means spending more money on food. That's what often happens to families isolated in neighborhoods with high poverty and high crime rates. CFES realizes that improving the lives of children living in these disadvantaged communities means improving the communities, too. That involves:

- Using responsible development practices that give voice to residents' needs
- Developing both the physical infrastructure and the skills of people living there
- Encouraging neighborhood economic development and new financing strategies for building sustainable communities
- Connecting families and communities to economic engines, anchor institutions, and regional opportunities.

Casey is developing a next generation of investments to combine this place-based approach with the FES wealth and work strategies. That will mean bringing the FES approach to more vulnerable families, scaling up the most promising FES practices and innovations, building more compelling evidence for the approach and creating affordable and sustainable communities. For instance, supportive housing could provide a way to bring FES services to the most fragile families where they live. A campaign exploring the effect of foreclosures on communities of color could draw public attention to the racial and ethnic disparities.

■ HOW WE DO OUR WORK

CFES is investing in innovative demonstration projects in specific locations and tightening our focus on vulnerable populations, such as new immigrants, single parents, individuals who were formerly incarcerated, and families living in communities of concentrated poverty. The Center works closely with the private sector, promoting approaches to meet the needs of employers as well as workers, and collaborating with financial institutions on new approaches to asset building and reducing the cost of living in low-income communities. We also work with anchor institutions, such as hospitals and universities, to invest in and improve the communities around them.

CFES is advocating for reforms in state and federal service-delivery systems to improve social and economic security for disadvantaged families and communities. And we are increasingly identifying key partners, policymakers and implementers who can promote family-supporting public policies and expand the reach of the FES approach. Much of the work requires collaboration among grantees, nonprofit partners, government agencies and other philanthropic organizations. The center provides direct funding through grants and investments, support peer learning and data collection, and provide benchmarking and technical assistance.

■ THE GROWTH AND INFLUENCE OF THE FES APPROACH

The FES approach has garnered significant attention from practitioners, advocates and policymakers across the country, and has been adopted by many local and national investors. The center has created, supported or partnered in groundbreaking national initiatives, including:

- The National Tax Assistance for Working Families Campaign. Launched in 2003, this campaign helped to spark the national free tax assistance movement to raise awareness of the EITC and other

tax credits and combat the widespread usage of predatory refund anticipation loans. Now led by the National Community Tax Coalition at the Center for Economic Progress, community-based campaigns across the country are helping 258,000 families annually and delivering more than \$400 million in federal EITC money.

- The National Fund for Workforce Solutions. This five-year, \$30-million effort by regional and national funders is strengthening and expanding high-impact workforce development partnerships across the country. Now active in 22 regions, the Fund is helping low-skilled workers advance in the workplace and employers meet their needs for skilled workers.
- The Center for Working Families® (CWF). This approach helps low-income families reach financial stability and move up the economic ladder. Pioneered by Casey and now supported by other major funders, CWFs provide customized, bundled services and strategies to help families increase earnings and income, reduce their financial transaction costs, and build wealth. The model serves more than 20,000 people in local sites and community colleges across the country.
- The Working Poor Families Project (WFPF). This national initiative seeks to strengthen state workforce development policies for adult education and skills training, economic development, and income and work supports. The WFPF partners with nonprofits in 25 states and the District of Columbia.
- Financial Coaching and the Asset Platform. FES's one-on-one coaching model has been adopted by others, including Bank of America and the Social Security Administration. Our asset-building efforts are reaching more families through the launch of the Asset Platform, an online tool allowing organizations to offer a wide range of financial products and services.
- Responsible Redevelopment. This approach to transforming neighborhoods ensures that the voices of residents are heard and their needs addressed during catalytic redevelopment projects. It builds upon Casey's work in Baltimore and Atlanta and is applying these principles in Camden, N.J., New Orleans and San Diego.
- Policy Influence. CFES invests in a wide range of initiatives to strengthen policy at the local, state and federal levels. Through grants to such national organizations as the National Skills Coalition, New America Foundation, CFED and Consumer Federation of America, Casey has helped shape policy that affects low-income children and families.
- Documentaries. CFES has created and nationally disseminated award-winning documentaries on low-income workers, affordable transportation and predatory financial practices, including: *Waging a Living*, *The Money Trap*, *Avoiding the Money Trap*, *Pursuit of the Dream – Cars & Jobs in America* and *Pursuit of the Dream – Building Credit for Life*.

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit the Foundation's website at www.aecf.org.