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Asset Development for Low-Income Women
A Framework for Success

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Asset Policies to Aid Getting a Job

Entering the workforce for the first time, or re-entering the workforce after a prolonged absence, is challenging. The skills and education that equip women for labor market success, including marketable job skills, work experience and interpersonal skills, are all assets. Today's workers need a continuum of formal and informal life-long learning opportunities to establish and maintain career pathways for advancing in the workplace. Statistics demonstrate the direct relationship between education, skill levels and income over a lifetime.

POLICY EXAMPLE: *Transitional Jobs Programs*

Brief Description: Transitional Jobs Programs (TJP) make it possible for people with little or no recent work experience, limited education, and other barriers to employment to become wage earners, helping them build the capabilities and resources they need to succeed in the workplace. Participants hold short-term, wage-paying jobs that enable them to establish a record of success at work in the public, non-profit, or private sectors. The programs typically combine work and training for a total of 30-40 hours of engagement a week, with training occurring in occupational skills development, GED preparation, and/or participation in ESL classes. Jobs include positions such as teachers' aides, computer technicians, bus drivers, nursing aids, data entry clerks, carpenters, library assistants, childcare workers, food preparation/servers, distribution/warehouse center workers, and office assistants.

Specific Program: ***Washington's Community Jobs*** operates in cities and rural areas across the state. Since 1998, it has served approximately 9,700 hard-to-employ individuals on TANF. Community Jobs workers spend 20 hours per week in paid employment at public and non-profit agencies. They are provided mentoring and training, as well as access to educational opportunities for another 20 hours per week.

Outcomes:
- In 2002, as a result of wages and EITC eligibility, average annual income of program participants was $12,962, as compared to their prior welfare check of $6,552.
- 72% of all program graduates secure unsubsidized employment.
- Two years after graduating from the program, average income was almost 250% of their previous TANF grants.

Funding: TANF dollars are administered by Washington's Office of Trade and Economic Development. In other states, TJP is funded through TANF, Welfare-to-Work grants, Office of Refugee Resettlement grants and/or WIA.

POLICY EXAMPLE: *Post-secondary Education for TANF Recipients*

Brief Description: Several states have opted to allow TANF cash assistance recipients to fully meet state work participation requirement by continuing in post-secondary education activities beyond 12 months. In addition to receiving their full cash assistance grant, participants are eligible for food stamps and Medicaid and can access childcare and transportation support. Generally, participants are required to combine education and work activities after completing 24 months of post-secondary education, or during periods when not attending classes, such as summer vacation.

Specific Program: ***Maine's Parents as Scholars (PaS)*** program provides a package of supports that enable qualifying parents to gain a post-secondary degree so that they can acquire economically self-sustaining employment. Students must engage in a combination of class attendance, study, and work which averages at least 20 hours per week for the first 24 months of the program. Aid continues beyond 24 months if the participant remains in the education program and either works 15 hours per week, or engages in a combination of work and education activities for a total of 40 hours per week while maintaining a minimum 2.0 grade point average. In addition to typical assistance associated with TANF, participants are eligible for grants to cover books and educational supplies, car repairs and auto insurance, work-related expenses and tuition assistance in limited circumstances.

Outcomes:

- Median grade point average for PaS graduates is 3.4.
- Graduates earn a median wage of $11.71 per hour compared to $7.50 per hour for Maine welfare leavers who have not obtained a post-secondary degree.
- 71% of graduates are able to take advantage of employer-sponsored health insurance compared to 56% of other welfare leavers.

Funding: TANF MOE funds and other federal assistance programs

Asset Policies to Make Work Pay

Many working women and their families are still "poor" by official standards. And even more realistic measures of well-being indicate that significant numbers of families fall short of meeting their expenses for the basics of housing, health, food, child care and transportation. Entering the economic mainstream requires earnings and related benefits that allow families to make ends meet and have something left over to save. During periods when the ability or opportunity to work is limited, employment income can be bolstered or replaced through such sources as food stamps, unemployment compensation, TANF or SSI.

POLICY EXAMPLE: *State Earned Income Tax Credits*

Brief Description: Federal and state EITC provide low-income households with a supplement to earned income in the form of a tax credit. The federal EITC and 12 out of the 17 state EITC's are refundable. That is, if the credit exceeds a filer's tax liability, the rest is paid as a refund. Most states calculate their EITC as a flat percentage of the federal EITC, ranging from 5 to 35%.

Specific Program: ***Minnesota's Working Family Credit (WFC)*** is formulated to allow those making the transition from welfare to work to maximize the net benefit from increased earnings, rather than using a flat percentage of the federal ETIC. Decoupling the WFC from the federal EITC for families with dependent children made it possible to take into account reduction in the receipt of Minnesota's TANF cash assistance. This results in low-income families receiving a Minnesota tax credit of approximately 20% to 42% of the federal EITC. (The credit for workers without children is set at a flat percentage of 15% of the federal EITC.)

Outcomes:
- In 2004, the phase out threshold for unmarried claimants with two children, for example, is $14,040 for federal EITC, and $19,800 for WFC.
- Maximum credit is $4,300 for federal EITC and $1,506 for WFC. Last year, average federal EITC was $1,472 and WFC was $505 for Minnesota residents.

Funding: State general revenue

POLICY EXAMPLE: *Paid Family Leave*

Brief Description: The need for family temporary insurance benefits has intensified as both parent's participation in the workforce has increased, and the number of single parents in the workforce has grown. The federal Family and Medical Leave Act (FMLA) entitles eligible employees to take unpaid leave of up to 12 weeks in a 12 month period. While two-thirds of those taking leave under FMLA received some pay, either sick leave or vacation pay, less than half receive pay for the entire leave. Lower-income workers in general, and women, African American, and never married workers in particular, are the least likely to receive pay while on leave.

Specific Program: ***California's Paid Family Leave Insurance*** is designed as a temporary disability insurance program. Beginning in July, 2004 workers will receive up to 6 weeks of paid leave per year to care for a new child or seriously ill family member (parent, child, spouse, or domestic partners). Workers who pay into the existing State Disability Insurance System will be eligible for paid family leave. A minimum wage earner will pay an additional $11.23 a year; the average worker's payment will be $27 per year. Benefits will replace up to 55% of wages, up to a maximum of $728 per week, and will increase automatically each year according to the state's average weekly wage. Employers can require a worker to use a maximum of two weeks vacation pay before receiving the first paid week. Businesses with fewer than 50 employees are not required to hold a job for a worker who goes on paid family leave.

Funding: Employee contributions

POLICY EXAMPLE: *Unemployment Insurance*

Brief Description: Eligibility for Unemployment Insurance (UI) allows many workers to bridge periods of employment. But women and minority workers have an especially difficult time qualifying for UI benefits because of outdated eligibility rules that fail to take into account the realities of today's working families. Almost all states require a minimum income eligibility standard in order to receive UI benefits. Since women and minorities make up a higher percentage of low-wage workers, they are less likely than white men to meet the eligibility requirements. Women also comprise 70 percent of part-time workers as they are still primary family caregivers. In 33 states workers are not eligible for UI unless they are able to look for full time jobs.

Specific Policy Alternatives:

- **Low-Wage Worker Eligibility Reforms**: Adopt the "alternative base period", a policy that expands eligibility for those workers who need their most recent earnings to qualify for UI (19 states)
- **Part-Time Worker Protections**: Allow part-time workers to benefits while seeking part-time work (17 states).
- **Domestic violence provision**: Adopt provisions covering domestic violence as "good cause" for leaving work and collecting unemployment benefits (24 states).
- **Sensitive to family size:** Adopt a "dependant allowance" so unemployment benefits are based on the number of children being cared for (14 states).

Outcomes:

- In 2002, Massachusetts and Connecticut had the highest UI participation rates for those who were unemployed, at 74%. In Massachusetts, 70% of men and 79% of women who were unemployed received benefits.
- This compared to national averages of 43% total, 46% of men, 40% of women.
- New Hampshire has the lowest participation rate at 24%.

Funding Source: Tax on business

Asset Policies for Security and Mobility

Many Americans, especially women and minorities, have few financial assets – cash in savings and checking accounts, stocks and bonds, and equity in property. But these are resources that play a crucial role in economic well-being over the long term. They enable an individual to survive crises or emergencies, to save for retirement, to make a down-payment on a home, pay for education to move up the job ladder, or start or grow a business. Key to building and preserving financial assets is access to sufficient and reasonably priced credit, and the capacity and means to manage one's financial resources.

POLICY EXAMPLE: *Individual Development Accounts (IDAs)*

Brief Description: Individual Development Accounts are innovative policy tools that enable low-income families to build assets and achieve economic well-being. IDAs combine financial literacy with savings accounts established with earned income and matched up to a ratio of three to one. Matches come from state, federal, foundation, business, and other sources. Financial literacy is a critical component because it can enable families with moderate and low incomes to better manage their money to make ends meet and set aside something for savings.

Specific Program: ***Financial Links for Low-Income People (FLLIP)*** offers Financial Education and IDA programs at three sites in Illinois. Working families with incomes up to 200% of poverty are eligible to participate. Participants receive 10 hours of financial education through a curriculum focused on many practical aspects of money management including information on where to go for free assistance with tax preparation. In addition, there are six hours of asset-specific training related to their asset goals. For example, persons saving toward purchase of a car visit a mechanic to learn basic maintenance and how to research and buy a used car. Hours spent in FLLIP classes count toward TANF "work activity". Savings can be used for home ownership or improvement, starting or expanding a small business, or post-secondary education for themselves or a family member or for car purchase or repair. Savings from earned income or EITC refunds of up to $1,000 are matched on two to one basis. The typical participant is an African-American single women, age 30-39, with two or three children, and some college education.

Outcomes:

- 125 individuals have graduated, saving an average of $40 per month.
- Total savings amounted to $116,395, matched by $232,790 in public and private funds.
- 153 major asset purchases were made including home purchase or improvement (49%), car purchase (39%) and post-secondary education or training (9%).

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Funding: Family contributions to IDAs are matched equally with TANF MOE funds and donated private funds. Local financial institutions provide in-kind support. In other states, IDAs may also be supported by federal programs such as Assets for Independence Act, Office of Refugee Resettlement, CRA and CDBG funds.

POLICY EXAMPLE: *Anti-predatory Lending Policies*

Brief Description: Building and preserving financial assets requires being able to have an easy and safe means to access cash, pay bills, and save. The "unbanked" – including many low-income women – have no checking and savings accounts or connections with mainstream financial institutions. They may pay exorbitant fees to check cashers and need to buy money orders to pay bills. Without savings accounts, they lack the means by which to easily and regularly build small amounts of savings.

Specific Policies:
Regulate non-mainstream financial lenders to limit or make their loans more fair and reasonable, and end predatory practices for payday loans, rent-to-own credit, car-title loans, pawnshop loans, reverse mortgages and EITC refund-anticipation loans.

- Illinois and New York are examples of states with strong check cashing legislation.

Regulate or create incentives for mainstream financial institutions to provide credit and services:

- Support efforts to implement, enforce, and strengthen the federal Community Reinvestment Act (CRA)
- Establish a state CRA for financial institutions where not pre-empted by federal law → For example, Massachusetts' insurance industry reinvestment law
- Mandate lifeline accounts → Illinois, Massachusetts, Maryland, Minnesota, New Jersey, and Vermont require banks to offer customers low-cost accounts to permit a small number of monthly transactions (checks or debits) for a small monthly fee, often just $3/month.
- Mandate alternatives to check-cashers → Require banks to cash their own checks at their face value.
- Enact tax incentives to create "banking development districts" in low- and moderate-income neighborhoods
- Link deposits of state monies as leverage → For example, Illinois allows the State Treasurer to consider a bank's CRA rating and other factors in order for banks to receive state deposits.

POLICY EXAMPLE: *Family Self-Sufficiency Program (FSS)*

Brief Description: The Family Self-Sufficiency Program is a federal program that assist families in public housing and Section 8 programs achieve self-sufficiency and end dependency on public assistance. For participants in the program that portion of their increased earnings which they would otherwise have to pay as increased rent is diverted into an interest-bearing escrow account which they are free to use upon their successful completion of the program. Program participation is for 5 to 7 years and individuals graduate from FSS when their reliance on public assistance is greatly reduced or eliminated.

Specific Program: ***Montgomery County, MD's FSS*** program participants benefit from more extensive case management services and training opportunities than many other FSS programs can provide. The program has paid and volunteer case managers, recruited from the community. The program has recruited local businesses, community schools, and colleges to provide access to computer training rooms, training manuals, and employment opportunities. Day and evening classes offer GED, ESL, writing communication skills and one to one tutoring as needed, and a job readiness skills programs. 90% of the participants are women; 95% are single parents.

Outcomes:

- Nearly three-quarters of FSS's successful participants graduated on time, within the 5-year term, free from public benefits – cash assistance, food stamps, child care subsidy, and medical assistance – and employed at a livable wage.
- A total of 347 FSS families have successfully graduated and completed their career goals, 25% purchased homes at the time of graduation with the help of the escrow accounts.
- Graduates savings averaged $8,000 at graduation.
- Average earned income of FSS graduates increased from $9,180 to $27,130 (now earning an average of $13.00 per hour) or 196%
- 80% took college, job skills, technical training or GED while enrolled in FSS.

Funding: HUD funds cover the loss in increased rent payment to the Public Housing Authority and some of the administrative costs. Montgomery County expends over $75,000 in general revenues to supplement this. Volunteers donate more than 2,500 hours a year, and local businesses donate space, equipment, computers, and money for professional clothing.