
STRATEGIES TO BUILD ECONOMIC SECURITY AND REDUCE POVERTY: A TOOL KIT FOR STATES

By Annette Case

It is time for a new vision for achieving decent standards of living, promoting economic mobility and addressing the root causes of poverty. The national measure of poverty is now so low and disconnected from any reasonable cost of living that operating above it does not necessarily guarantee a sufficient standard of living. States are well positioned to narrow this gap and increase economic prosperity. Many are now seizing this opportunity and enacting goals to achieve economic security and end poverty and taking policy action to ensure these goals are met. Their work, along with similar efforts at the national level, helps set the direction for policymakers, generates momentum and reinforces the belief over time that such a new vision can indeed become a reality. Together government, its people, and business can do better to tap the talents of everyone, strengthening our communities and increasing our productivity and economic security.

A weak state of economic security

American prosperity rests solidly on the strength of American workers. Over the last several years the economy and productivity have grown and yet the wages and prosperity of the majority of the workforce have not. This situation should have signaled a warning about the most serious economic crisis to confront our nation since the Great Depression.

People are working, but not sharing in the economic gains they've produced. Anywhere from a quarter up to a third of works are employed in low-wage jobs, which often do not provide benefits that are available in higher-wage jobs, such as paid time off, health care or retirement security. Yet these jobs, including child care, home care, and restaurant and hotel service-sector jobs, are essential in the economy.

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It's no accident

The poor state of economic security is not an accident of the recent economic downturn; public policies have contributed to this situation. The system of public support has become disconnected and outdated. Rather than forming one cohesive vision for a decent standard of living, in too many cases these state and local programs form a complex, haphazard arrangement of supports with varied eligibility levels, rules, and funding streams.

- Many of these supports such as unemployment insurance, Medicaid, Medicare, food stamps and public housing, developed independently at the federal level over a number of years.
- Consequently, programs can be difficult to access.
- People may have a hard time knowing what services are available to them.
- If people do find out about services, they may earn just enough income that they are not eligible.
- And, even when they are eligible, funding may be so limited that they are refused assistance.
- Even if people receive all the supports for which they are eligible, the total still may not be enough to reach a basic standard of living.

What can we do?

Just as policies have contributed to this uneven playing field, so can a bold and far-reaching policy approach restore American ideals of fairness, reduce inequality, and promote economic mobility. Success in these efforts will help set the stage for a stronger economy and, with it, a vibrant democracy.

An Outdated Measurement System

Though once based on a reasonable standard of living, the Federal Poverty Level (FPL), the measure on which most programs' eligibility is determined, has not kept pace with changes in living standards or geographic differences in the cost of living.

Individual states have discretionary power to broaden access to these programs for people who don't earn enough to make ends meet. Some states have taken advantage of these opportunities more than others. As a result, where a family or individual lives determines the types of public supports available to them and plays a strong role in their well-being and that of the communities in which they live.

A Tool Kit for States

This Tool Kit aims to support eight Northwest states in their efforts to improve well-being by offering information, policy objectives, concrete tools and strategies. This project is sponsored by Strategies to Eliminate Poverty, a grantmaking initiative of The Seattle Foundation made possible by a grant from the Northwest Area Foundation. Though the information focuses on the Northwest-area states—Idaho, Iowa, Minnesota, Montana, North Dakota, Oregon, South Dakota, and Washington—the resources and models apply broadly to other state and national efforts.

How to use this Tool Kit

The first section of this Tool Kit describes the **current measurement and policy infrastructure to address poverty**. It includes information about what issues surround the FPL and existing policies in the Northwest states, as well as the system of federal policies intended to support well-being. The information highlights limitations of the current system to support people achieving decent standards of living.

The second section responds to weaknesses and questions about the current approach to addressing poverty outlined in Section I. It focuses on **four policy objectives** and their respective strategies to improve economic security and prosperity. While each objective can stand on its own, the first objective also serves as an overarching and organizing framework for each of the others.

These policy objectives are:

1. Secure State Commitments to Economic Security
2. Use Measures Focused on Living Standards
3. Implement State Policies that Build Economic Security
4. Make Sure an Increase in Earnings Leads to an Increase in Economic Security

The third section includes **specific policy overviews** for each of the eight states in the project.

Categories of Well-Being Addressed in the Tool Kit for States

- Health
- Education
- Child Care
- Workforce Development
- Housing
- Food Security
- Asset Building
- Taxes

SECTION I: CURRENT STRUCTURES FOR ADDRESSING POVERTY

The system for addressing poverty in America today includes how poverty is defined and measured, as well as the web of federal public support programs and how they are implemented from state to state. While a number of important and well-intentioned policies are in place, they have not necessarily been implemented as a system, they are inadequately funded, and their implementation varies widely from state to state. In addition, these systems for the most part have not caught up with significant changes in the global economy, the make-up of the country's labor force, or how families must balance work and life. Examining these issues informs strategies for improving the state of economic security.

The Federal Poverty Level (FPL)

An inadequate measure of poverty

The Federal Poverty Level (FPL)¹ measures official poverty in America and, in many cases, directs resources to public supports. As the eligibility standard for numerous public supports, the FPL influences federal and state implementation of public supports. However, the FPL is an inadequate measure of poverty and detracts from a broader vision of achieving economic security for all:

- ***The thresholds are too low and represent only economic deprivation rather than any level of basic needs.*** The original FPL calculation provided a minimally adequate standard of living. However, because the thresholds are adjusted for inflation based on 1969 prices of food, and do not account for tax or other expenditures such as health care and child care, the thresholds cannot reflect the costs of current standards of living.
- ***The FPL is an absolute calculation that does not change with the ups and downs of the economy and overall living standards.*** This absolute measure draws a line above which families are no longer considered “officially” poor regardless of whether they are \$5, \$500, or \$50,000 over the line. Falling behind generally accepted living standards, people classified as poor become further isolated from the ability to participate in mainstream society creating hardships which cannot be measured through a static income assessment.

“It is not too strong a statement to say that, 43 years after they were developed, the poverty thresholds are nonsensical numbers.”

**—Rebecca M. Blank,
University of Michigan
and Brookings Institution²**

- ***The FPL does not capture other important concepts that describe well-being or economic security.*** These include inequality, how well or not specific basic needs might be met (such as health insurance, child care, housing, or food assistance) and the total resources/assets of families separate from income. There is no mechanism to measure personal savings or the ability to afford education, not to mention how income is spent, and what factors influence how income is spent. Families with similar incomes may have different needs. A single measure of income is not necessarily the best proxy for family or societal well-being.
- ***The FPL does not reflect the impact of certain policies.*** The FPL does not count the effects of tax policy such as the Earned Income Tax Credit (EITC) or federal benefits such as food stamps. Nor are particular work expenses such as the cost of child care counted. Because policy solutions, such as the EITC which increase family resources, have no affect on the rate of poverty, the FPL cannot account for certain policy successes or failures and is not as informative as it might be about family circumstances.

The Census Bureau determines poverty thresholds by calculating pre-tax money income—which includes earnings, unemployment compensation, workers’ compensation, Social Security, Supplemental Security Income, public assistance, veterans’ payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources. Noncash benefits (such as food stamps and housing subsidies) do not count. Income excludes capital gains or losses. The incomes of all related family members living in a home are added to determine household income. Thresholds vary according to the number of people in a family and the age of family members. **For a family of 4 in 2007, the federal poverty threshold is \$21,100.**

Northwest States' Policies

Uneven opportunities to achieve a decent standard of living

The opportunity for people to prosper depends on the state where those people live. A number of factors affect the ability of a family to achieve economic security such as the cost of living and the availability of good jobs and public supports. The Northwest-area states show stark differences in policy investments and indicators of well-being.

Table 1 shows the differences in income-eligibility limits for public health and child care subsidies among eight Northwest states. Both of these supports are critical factors in a family's ability to make ends meet. While the loss of health care can mean the loss of resources as families may pay more for private insurance or risk having no care, the loss of child care can immediately impact a parent's ability to work and earn income as well as earn enough to afford care in the private market.

Data Table 1: State implementation of public supports varies widely.

ELIGIBILITY INCOME LIMITS AS A PERCENTAGE OF THE FEDERAL POVERTY GUIDELINES FOR PUBLICLY SUBSIDIZED HEALTH CARE AND CHILD CARE								
	ID	IA	MN	MT	ND	OR	SD	WA
Health Care (parents)	25%	84%	275%	37%	36%	100%	46%	200%
Child Care	135%	145%	175%	150%	170%	185%	200%	200%

These eligibility standards do not describe the variable additional costs of copays or premiums which compound the inaccessibility and unaffordable nature of health care and child care. The haphazard availability of supports means the state where someone lives determines if they will have access to these basic needs and thus closer, or not, to meeting a family budget. States that tend to invest more in public supports also tend to show overall improved indicators of well-being compared to states that invest less.

Reviewing outcomes of well-being in each of these states (see Table 2) shows more can be done to improve how families are faring in every state. Though outcomes vary, significant portions of people in each state experience food insecurity, lack health insurance, and pay more than 30 percent of their income for housing. Public supports are far below the level needed to insure all residents can achieve a basic standard of living necessary to promote economic mobility and community and civic participation.

Data Table 2: Numerous indicators show a more complete picture of economic security which, though it varies in each state, could improve in all eight states.

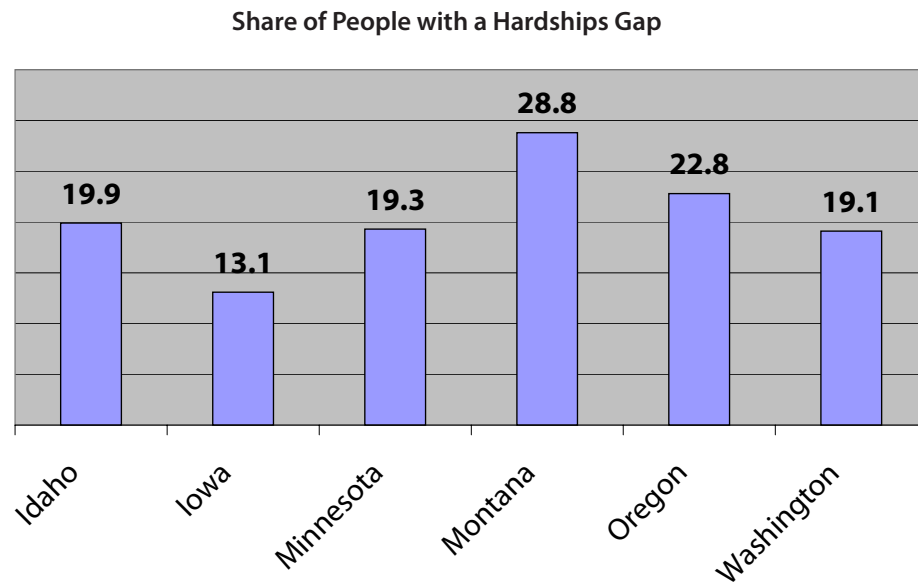
INDICATORS OF WELL-BEING IN EACH NORTHWEST STATE												
	2008 FPL (family of 4)	Families below 100% FPL	Families below 200% FPL	2004 NAS Measure of Poverty	State median income (family of 4)	Family budget (2 adults, 2 children) (2005)	People in families below budget (2005)	Uninsured adults 18-64	Uninsured children under 18	Paying more than 30% towards housing (owners/renters)	Experiencing Food Insecurity	Households with net worth of zero
United States	\$21,200	15.0%	36%	14.2%	\$67,019	---	---	20.0%	11.7%	36.9%/46%	11.4%	---
NORTHWEST STATES												
Idaho	\$21,200	12%	38%	7.3%	\$52,470	\$40,728	37.5%	19.5%	13.0%	33.9%/38.7%	13%	17.4%
Iowa		13%	32%	9.6%	\$65,575	\$41,580	20.5%	14.4%	6.3%	25.1%/40.3%	11%	11.1%
Minnesota		9%	23%	7.6%	\$77,395	\$54,948	18.3%	11.2%	8.3%	33.9%/44.6%	8%	10.3%
Montana		17%	40%	13.0%	\$55,641	\$37,896	40.3%	20.9%	14.5%	34.7%/40.0%	10%	20.0%
North Dakota		14%	33%	6.2%	\$59,926	\$36,600	26.2%	15.1%	10.3%	23.0%/36.0%	6%	18.6%
Oregon		15%	38%	11.9%	\$61,945	\$43,416	29.9%	22.9%	13.1%	39.1%/47.0%	12%	14.8%
South Dakota		15%	35%	11.6%	\$61,309	\$34,692	14.9%	15.5%	9.2%	26.8%/34.0%	10%	18.6%
Washington		13%	32%	12.9%	\$72,103	\$45,516	26.9%	15.5%	6.9%	39.8%/44.9%	10%	13.7%

The measures in the table above may also suggest that public supports play an important role in the wealth and well-being of families. Minnesota provides substantial public support, such as health care, to its families at higher income levels, compared to other states, in a number of areas. In Minnesota, a make-ends-meet budget for a family of four is \$54,948 and in Montana it is \$37,896. Family budgets account for the geographic cost of living differences for child care, health care, transportation, housing, food, taxes, and other necessities but do not include savings or extras such as eating out in restaurants. However, in Minnesota, 18 percent of families are living below a family budget, while 40 percent of families are below a family budget in Montana.³ Even though the cost of living is higher in Minnesota a greater percentage of the population is making ends meet and has more income.

Hardships gap

Graph 1⁴ shows the share of families, combining incomes and public supports, still living below a basic family budget (the Hardships Gap). (For more about this please see www.bridgingthegaps.org.) Families living below a basic budget cannot adequately make ends meet. While the numbers vary across the states, large numbers of working families in each state are not reaching a very basic standard of living.

Graph 1: Even with public supports, too many families cannot make ends meet.



Federal and state policy choices have contributed to this situation. These gaps relate to the wide variation in the availability of food, housing, health and child care and the level at which different supports phase out. Even if families receive all the supports for which they are eligible, and they often do not, as families work to improve their economic security, earning more can leave them in the gap between receiving support and not making ends meet. The gap can be larger in states when eligibility for one or more public supports ends well before it is affordable in the private market. At the federal level, employer-sponsored health insurance declined 4.3 percent between 2000–06. Without public solutions to counter the loss in coverage more working families and hospitals must shoulder the cost of necessary care. The federal minimum wage, recently increased without being indexed to inflation, cannot keep pace with rising costs. Federal policy choices such as these, in combination with the state policy choices, have significant consequences in the day-to-day lives of families. Inadequate public supports for affordable child care, health care, and education, in addition to wage stagnation for many workers, undercut the ability to strive for the American Dream.

Federal Policies and Public Support Programs

Federal policy and funding plays an important role in equalizing opportunity in America. The system of federal public supports reflects deeply held American values about and provides the foundation to help families achieve a basic standard of living.

Federal public supports

The federal government provides substantial funding to states and outlines minimum standards of operation. Policies and programs vary widely in their eligibility and funding rules which influences the level of discretion states have to ease access to and better connect public supports. The vast web of complex rules is beyond the scope of this tool kit. The following program details show the relationship of federal to state policy, highlighting state opportunities to improve policies. Data Table 3 summarizes eligibility for these programs.

HEALTH CARE

It is a national goal is to reduce the number of uninsured people. The following programs have made great strides in that direction, often filling the gap, especially for children as the availability of affordable employer sponsored health coverage decreases. As the number of uninsured continues to rise, improving access to health care is a key component of well-being at the state and national level.

Medicaid An entitlement program serving any eligible person, Medicaid accounts for one in every five health care dollars spent in the United States and covered nine percent of Americans in 2002.⁵ Funding for Medicaid is shared between the federal and state governments with the federal government paying the majority of the cost. The matching rate for states varies depending on per capita income in each state. The minimum matching rate is 50 percent and the maximum is 83 percent though no state currently receives the maximum rate.⁶ Eligibility minimums required to receive federal funds are:

- Pregnant women and children 0–5: 133% FPL
- Children 6–18: 100% FPL
- Parent eligibility: tied to the state 1996 welfare-eligibility level
- Elderly and people with disabilities: 74% FPL

State Children's Health Insurance Program SCHIP provides health care to children above the Medicaid income eligibility limit, typically between 100–200% FPL, though some states have expanded care to children and

STATE OPTION

States have wide discretion to increase these eligibility levels and the number of covered services.⁷ Because of the open-ended matching system, states that increase spending for improved eligibility, access, and services automatically receive the federal match dollars at the state rate. Additionally, states that invest more dollars not counting toward the federal match can expand access to groups otherwise ineligible under federal rules, such as certain immigrant populations or single adults.

STATE OPTION

States can use SCHIP funds to expand their Medicaid program or as a separate program. As a Medicaid expansion SCHIP funds are subject to Medicaid minimums and the entitlement structure of Medicaid.

parents beyond 200 percent. Funding for SCHIP is similar to Medicaid as a matching program in which states and federal government share costs. The federal match for SCHIP is higher than the federal match for Medicaid, ranging from 65–84 percent. However, SCHIP funding to states is a capped amount, so once states have exhausted federal funds for the state program, state either have to fully fund the program or cut program costs.

EDUCATION

Education is a central component of income mobility. The more education an adult has, the more likely that person will earn a higher income. Though there are a number of federal support programs, states fund the majority of education systems, particularly Kindergarten through Higher Education. State dollars often expand federal programs either through increased eligibility or availability. States also fully fund programs that complement federal programs. This section focuses on federal support for early education (pre-kindergarten) and post-secondary education.

Head Start and Early Head Start Started in 1965 to improve learning outcomes for low-income children, Head Start served over 900,000 children in Fiscal Year 2007. Combined Head Start and Early Head Start serve children birth to five and pregnant women with incomes below 100% FPL. The federal government invested 6.8 billion while state governments invested well over one billion dollars to enhance and expand these programs. Head Start programs provide early learning, as well as health, nutrition, and family support to enrolled children and their parents. The federal government provides 80 percent of the cost to operate the program while local agencies must provide 20 percent of the direct or in-kind funds. Funds are distributed according to a complex hybrid formula including base year funding and the share of children under five in poverty as well as state formulas.⁸ Funds are distributed directly from the federal agency to local organizations providing services.

Adult Basic Education⁹ The Adult Education and Family Literacy Act (AEFLA) started in 1966 and more recently was incorporated as Title II in the Workforce Investment Act in 1998. The federal government invests approximately \$579 million in formula grants to the states according to the number of adults 16 and older not enrolled in school and without a secondary degree. The AEFLA provides basic reading and math education, assisting adults with obtaining a high school or equivalent degree, and literacy assistance for individuals with limited English proficiency. No income eligibility exists to enroll, only that individuals be 16 or older, not currently enrolled in school, and without a secondary degree. The majority of individuals enrolled are either unemployed or receiving public assistance. States are required to provide a 25 percent matching requirement as well as Maintenance of Effort funding. Programs are also subject to certain performance measures related to increases in literacy and math proficiency, and placement into and completion of secondary or post-secondary education and employment.

Perkins Funding¹¹ The Carl D. Perkins Career and Technical Education Improvement Act provides support for secondary and post-secondary vocational education. The federal government invests \$1.182 billion in state basic grants (FY'06) representing about two percent of post-secondary vocational education funding. Dollars have a certain emphasis on serving non traditional students such as economically disadvantaged or single parents though no dollars are set aside for this purpose. Funds support a variety of activities such as integrating vocational and academic coursework, restructuring course offerings to support non traditional students as well as high demand,

STATE OPTION

Demand for education programs far outstrips supply. States can use state dollars to expand federal support and use the wide discretion available to provide classes in a manner that best encourages the success of students and meets state workforce and economic development needs.

THE WASHINGTON MODEL

Washington state combines Adult Basic Education or English as a Second Language with workforce training in its Integrated Basic Education and Workforce Training (I-BEST) to help students move more efficiently through education and training in order to access higher-wage jobs. Typically adult education occurs before students enter credentialed training. This model achieves both types of needed education at once. Research found students earned five more credits than traditional ESL students and were 15 times more likely to complete workforce training.¹⁰

high-wage careers and entrepreneurship education and training. Post-secondary institutions could use these funds creatively to enhance state and local innovations and further stretch state dollars.

Pell Grant¹² The Pell Grant is the largest source of federal financial aid to low-income students. Though the program is an entitlement, funds are appropriated annually. A little over \$13 billion was appropriated in FY'06. Funds provide about nine percent of total aid to students. Student eligibility is based on a formula which calculates a student's ability to pay which includes income and assets. The expected contribution is determined as well as the costs of attendance which can include dependent care along with tuition, fees, books and other expenses such as board and room for certain students. Independent students with dependents other than a spouse or dependent students eligible for a means tested program prior to seeking Pell who also have an income of less than \$20,000 will automatically have an expected family contribution of zero. Other important points for states about Pell:

- Individuals already eligible for TANF, Food Stamps, free and reduced-price lunch, WIC, and SSI are automatically eligible for Pell Grants.
- Pell cannot count as income in calculating eligibility or the level of assistance for a public support in any program funded in whole or in part by federal dollars.

NUTRITION

Combating hunger is one of the most basic components of achieving decent standards of living and has been a national goal since 1977. With rising costs of living, anemic wage growth, and too many low-wage jobs, public support for food helps families maintain some minimal level of a nutritious diet. Even with great strides in overcoming hunger and food insecurity just over half of eligible families receive this public support.

Food Stamp Program The Food Stamp program is the largest federal nutrition program and provides assistance to over 25 million people. The federal government invests almost \$28.5 billion in funding to the states. Food Stamps are an entitlement to eligible households with the federal government paying the majority of costs. States pay 50 percent of administrative costs. States have the least discretion in administering the Food Stamp program, though recent legislative changes have loosened a number of important rules. Eligibility rules are quite complex. In general households must meet gross and net income tests of 130% FPL and 100% FPL respectively. Additional rules determine how income and assets are calculated. The net income test includes a number of deductions for items such as housing costs and child care. *(Please see page 12 for State Options.)*

HOUSING

The cost of housing rose steeply over the last several years. When the Federal Poverty Level was created, food costs represented 30 percent of a family budget. Now, housing represents more than 30 percent of a budget for a majority of low-income working families.¹³ It is also a component of household budgets that varies widely from state to state, according to the relative cost of living. FPL can't accommodate these changes in local costs. Public housing supports use median income as the eligibility measure to better reflect fair market costs.

STATE OPTION

Categorical Eligibility Categorical Eligibility is an option that provides automatic eligibility based on one broad category rather than meeting each specific eligibility rule. It is a very important option for states looking to expand access to Food Stamps. States may use categorical eligibility to provide food stamps to individuals up to 200% FPL (gross income). States can also confer categorical eligibility for individuals already participating in other public support programs such as SSI, TANF and subsidized child care programs. **Categorically eligible households are not required to meet gross income and asset tests.** Because food stamps are an entitlement program, federal dollars fund any increase in the number of individuals served.

Determining Income What does not count in calculating income is as important as what does count toward income for the Food Stamp Program. The federal list of income which does not count includes: under age 18 student income; assets listed below; housing subsidies, child care vouchers, irregular income up to \$30 every 3 months; educational assistance; assistance from private charities (up to \$300 every 3 months); fuel assistance; disaster relief; Medicare drug benefits; EITC; child support payments. Income counted in eligibility determination includes: wages and salaries; self-employment income; SSI, TANF; Social Security, pensions, annuities, and retirement benefits; unemployment, workers' compensation; veterans' benefits; disability payments; trust fund withdrawals and dividends; foster care payments; rental income; strike benefits; severance. In addition, the net income calculation includes a number of deductions for dependent care, housing, and earned income. Expanding the allowable gross income eligibility level will help families keep more earnings while receiving food stamps.

Calculating Assets States can choose to expand asset limits for the purposes of determining eligibility. Assets that do not count under federal law are: home; up to \$4,650 of vehicles; personal belongings; life insurance; pension plans other than IRAs and Keoghs (e.g., 401K); income-producing property. Expansions have occurred in a number of states. For example, Texas has an asset limit of \$5,000. In Texas the primary vehicle is exempt up to \$15,000 (other vehicles exempt up to \$4,650). In Iowa, Households with children under age 19; Households consisting solely of a pregnant woman and, Households where all members are getting TANF, or SSI do not have asset limits.

Immigration Status Generally only legal immigrants and qualified citizens are eligible though there is no citizenship test for children under age 18; Armed Forces veterans and their spouses; those who, in 1996, were 65 and older and lawful residents of the U.S. and disabled persons. State dollars not used for the federal match can be used to serve immigrants otherwise ineligible under federal rules.

THE OREGON MODEL

At one point, Oregon had one of the highest hunger rates in the nation. Through its use of Categorical Eligibility, households with gross incomes at 185% FPL or lower are considered eligible for food stamps. Because they are categorically eligible, they are also not subject to the asset test. This means working families, living in a high cost of living state, will be allowed to keep vehicles or retirement savings. They will be able to keep a certain amount of earnings and receive an important support that will help expand family income to meet other basic needs such as housing and health care. As a result of this important tool accompanied by outreach, Oregon is now in the top 10 states that increased the number of families receiving food stamps. Increased participation in the program also resulted in an addition \$450 million dollars in the Oregon economy.

A number of federal funding streams exist which are directed to state and local housing agencies. Certain funding sources encourage the creation and preservation of affordable housing or offer homeownership assistance. Local Public Housing Authorities have a fair amount of discretion using federal funds to provide rental assistance. The two most direct funding streams are described below.

Public Housing Public Housing units are available to eligible individuals. Eligibility is based on net income between 30 percent and 80 percent of area median income. Households need to pay a minimum of \$25 in rent though they may be asked to pay up to 30 percent of their adjusted monthly income. Local Housing Authorities may decide priorities about who will be served first according to community need. Because the stock of publicly operated housing is much less than the need, long waiting lists exist in most cities.

Section 8 Vouchers Section 8 vouchers are provided to eligible families with incomes between 30 percent and 50 percent of area median income. At least 75 percent of vouchers must go to families at or below 30 percent of area median income. Families that receive a voucher may choose a place to live which must subsequently be approved by the local housing authority. Families pay 30 percent of their adjusted monthly income in rent as well as any difference between the housing subsidy and the rent charged by the landlord. Demand far exceeds supply and families are likely to be placed on a waiting list to receive a voucher.

No asset test exists for the above programs. Income which does not count toward the limit is: earned income from children under age 18; earned income over \$480 for over-18 students; sporadic or irregular income (but charity income is countable); housing subsidies; child care vouchers; educational assistance; fuel assistance; disaster relief; Medicare drug benefits; foster care payments.

In addition, net income is calculated using deductions for dependents, elderly and disabled family members as well as certain unreimbursed medical and child care expenses.

Such limited federal support has encouraged a number of stand alone state investments to expand the supply of affordable housing.

WORKFORCE DEVELOPMENT

Workforce Development policy and funding, along with education, is another key to promoting economic mobility and security. Broad changes in the labor market calling for higher levels of education or a more technical, specialized set of skills requires many adults upgrade skills or obtain more skills. A decent wage and steady job, particularly a job that provides affordable health care, retirement benefits, and paid time off is one of the best routes to economic security. The federal government funds workforce development through different federal agencies despite efforts to streamline services through the Workforce Investment Act. The following describes key federal workforce development policy and funding streams.

Workforce Investment Act WIA is the largest sole source of federal workforce development funds. Created in 1998 WIA reorganized funds and services intending to establish a universal access employment system for any person, working or unemployed, looking for a new job or to upgrade skills. The federal government invests three billion dollars in formula grants distributed to states relative to different unemployment rates as well as the num-

STATE OPTION

The state workforce board has a fair amount of discretion to set direction and encourage workforce priorities. Each state develops a plan to determine service priorities and WIA implementation. Public agencies and service providers as well as other interested parties can work with local boards and the state workforce board. Examples of policies states can consider include:

1. Require a certain percentage of dollars directed toward training to improve access to training.
2. Use the 15% state discretionary funds to set a priority of funding for low-income, low-skill adults.
3. Coordinate with other programs, such as TANF and FSET, to leverage as many services as possible.
4. Request a state waiver for more flexible use of WIA funds and coordination with other workforce and education funds.

Local boards have broad discretion to function as best meets local economic needs. Because the majority of funds go to local boards, WIA is one example where substantial opportunity to coordinate and improve policy exists at the local level.

ber of disadvantaged youth, adults, and individuals unemployed for 15 weeks or longer. Funds are distributed in three primary streams for disadvantaged youth, adults, and dislocated workers. The states then distribute most of the funds to local Workforce Investment Boards. Because WIA is a universal access system there are no firm eligibility requirements for adults. However, because funds are so limited, training services are often prioritized for dislocated workers and adults receiving public assistance or economically disadvantaged adults.

States and localities are also subject to a substantial number of federal performance measures which can influence how and to whom services are provided. Federal rules also emphasize a service hierarchy in order from the least intensive to be offered first, such as job search, to most intensive, i.e. training/education, to be offered last for those otherwise unable to find employment.

Food Stamp Employment and Training Funds¹⁴ FSET are training funds available to food stamp eligible individuals. FSET is a flexible and yet largely underused training funding stream. FSET funds are appropriated and distributed according to a formula based on the number of those registered for work and those required to work or prepare for work in order to receive food stamps. A number of funding streams exist within FSET. States receive 100 percent federal funds to operate an FSET plan as well as 100 percent federal funding to serve all those required to train and look for work. In addition, states can invest state dollars or in-kind funds to draw down additional 50 percent federal match dollars to expand the state FSET program. Federal funds automatically provided to every state totaled \$90 million (FY'05) and \$183.3 million including all federal and state match dollars. A variety of resources will count toward federal match dollars, however, states may not use dollars that already count as Maintenance of Effort funds or as a match towards other federal programs.

Work Requirements

Due to the large number of exemptions, only a small number of individuals are required to look for or obtain work in order to receive food stamps. Exemptions include:

1. Receiving TANF, Refugee Cash Assistance, or General Assistance, in states where it is available;
2. Under age 16, 16–17 and in school or not head of a household or in a training program at least half-time, or age 60 or older;
3. Ill, injured, or incapacitated and certified unable to work;
4. Required in the home to care for a child under 6 or someone disabled;
5. Receiving or having applied for unemployment compensation;
6. Student enrolled at least half-time.

Temporary Assistance to Needy Families TANF provides slightly over \$16 billion dollars in block grants to states for cash assistance along with job search and training activities and supports to help extremely poor families move in to and stay in work as well as promote family stability. About 35 percent of funds provide cash assistance, 19 percent for child care, and 8.3 percent for work related activities. In the work related activities category a little over \$400 million was spent for education and training.¹⁶ States must also provide a certain level of maintenance of effort funds in addition to the federal funds. Other than a number of performance measures, the TANF block

STATE OPTION

Since only a small number of individuals are required to meet work-participation rules, states may expand FSET to serve food-stamp-eligible individuals exempt from work requirements. States can leverage dollars already expended, such as community college funds, to create programs that serve food-stamp-eligible individuals already enrolled in college, or to enroll more students in the college. (A community college in Milwaukee created such a program.¹⁵) FSET funds can also be leveraged with other funding streams such as WIA to provide services not allowable under FSET, such as employment assessments. Also, WIA state-discretionary funds can be coordinated with FSET funds to provide greater services to low-income individuals or to enhance service priorities such as ex-offender-re-entry programs.

STATE OPTION

States may tailor TANF programs that may not fit within the scope of federal guidelines. For example, Washington uses state dollars to serve immigrants who would otherwise be ineligible. While the federal government imposes certain work participation rates on states, states can maximize access to education and training

continued

grant provides substantial discretion to states on how dollars are spent. TANF assistance also imposes a lifetime limit of 60 months on support.

CHILD CARE

The cost of child care comprises a significant portion of a family budget. Yet, a large number of two parent families, in addition to single parent families, require child care to work and earn enough income to make ends meet.

The Child Care Development Fund¹⁸ CCDF provides about five billion dollars in full federal and matching funds in formula grants to states to operate child care subsidies and support child care quality. States must pay a certain level of maintenance of effort funds as well as a match at the state Medicaid rate. States have wide discretion to develop subsidized child care programs including the level of income eligibility, what counts as income, the level of family copayments, and other eligibility rules. Under federal rules states can allow income eligibility up to 85 percent of state median income.

To sum it up: A word about eligibility rules

Most public supports use an income and asset test to determine eligibility, as well as require some level of participation in work or a work activity. Within these rules, it is important to know where flexibility exists. States can use these federal flexibility tools to expand the number of people eligible as well as better coordinate between programs so that as earnings increase families may maintain certain needed supports even as others phase out, and continue to improve their economic security.

for TANF participants. In addition to investing state dollars, state can coordinate with WIA funds or FSET funds to support education for TANF participants. States can enroll individuals for up to 12 months in vocational training or education toward a BA or advanced degree. Individuals can also be enrolled in these activities without the 12 month limit as long as they also participate in 20 hours of a core activity such as work study.¹⁷

STATE OPTION

The many options available to states when implementing child care subsidies allows states to better coordinate this valuable public support with other public supports so that as families earn additional income they may still receive subsidized care. This is particularly true if states implement an option to use either median income or FPL as the eligibility standard, to maximize income eligibility and ensure no harm based on economic fluctuations. Eligibility automatically adjusts as median income adjusts when other public supports that use FPL decrease in purchasing value. In years when median income declines, using the FPL instead will maintain the higher income eligibility. In addition, states have the option to exempt families below 100% FPL from copayments.

Data Table 3: Federal policies set minimum standards for state implementation.

FEDERAL ELIGIBILITY STANDARDS FOR FEDERAL PUBLIC PROGRAMS	
HEALTH	
Medicaid—Adult Parents	Tied to AFDC limits
Medicaid—Children	Children ages 0–5: 133% FPL; ages 6–19: entitlement dollars with varying match rate
SCHIP	Children only, up to 200% FPL; formula grants to state at higher matching rate than Medicaid
EDUCATION	
Early Learning: Head Start	100% FPL; formula grants to states
Post-secondary: Pell Grants	Formula, but independent students with children or dependent students with incomes of \$20,000 or lower have no expected contribution
Adult Basic Education	Formula grants to states providing basic education, ESL and GED courses
Perkins	Supplements for secondary vocational education
HOUSING	
Public Housing	30%–80% AMI net income
Section 8	Limited number of vouchers for housing; 30%–50% AMI net income
Community Development Block Grant	Up to 80% SMI to supplement housing and other economic development initiatives
LIHEAP	150% FPL
FOOD	
Food Stamps	130% FPL gross income, 100% FPL net income—entitlement dollars
Women, Infant and Children (WIC)	185% FPL
School Lunch Program	130% FPL free, 185% FPL reduced
CHILD CARE	
Child Care Development Fund	Matching funds to states up to 85% SMI
WORKFORCE DEVELOPMENT	
Workforce Investment Act	Prioritizes low-income individuals, but no targeted funding
TANF	Formula grants that focus on job search and limited education and training; policies are at state discretion within certain federal limits or additional state funding
Food Stamp Employment and Training	Education and training supports for food-stamp-eligible individuals; formula grants to states, along with uncapped 50-50 federal match
Trade Adjustment Act	Income supplements and education and training dollars for specially certified displaced workers
Community Services Block Grant	100% FPL; can be used to supplement employment initiatives; CDBG can also be used for employment initiatives
ASSET BUILDING	
Assets for Independence	Competitive grants to states, localities and community-based organizations for IDA programs; up to 200% FPL or 80% SMI

SECTION II: STRATEGIES TO IMPROVE WELL-BEING

States can use the discretion offered by federal rules and funds as well as state funds to smooth out inconsistencies between programs and to augment services. These actions will improve the circumstances of families and workers. Though these approaches are important, they represent more of a duct-tape approach to a poorly built system. It would be far more desirable for the federal government to even out the playing field for states by acting as a stronger partner in the funding and coordination of the public support system. The following four objectives are intended to simultaneously devise a more bold and coherent strategy for states that want to improve economic prosperity and also prompt a similar response at the federal level. Each objective has key points and specific strategies.

1. **Secure State Commitments to Economic Security**
2. **Use Measures Focused on Living Standards**
3. **Implement State Policies that Build Economic Security**
4. **Make Sure an Increase in Earnings Leads to an Increase in Economic Security**

1. Secure State Commitments to Economic Security

In order to effectively improve well-being a public goal should be returning to achieving acceptable standards of living and moving beyond merely preventing economic deprivation. Policy investments play a strong role in equalizing opportunities to achieve economic security and promote economic mobility. Setting a state prosperity goal is one tool to devise a coherent policy strategy while measuring progress to reach decent standards of living for all. An active movement is growing at the state and national levels to set goals that cut poverty in half, end poverty, or ensure families achieve decent standards of living in 10 years.

Key Points

- ▶ **Focus advocacy, communications, and policy efforts to increase the number of people reaching basic standards of living.**
- ▶ **Advocate for a state-legislated goal to measurably improve well-being.**

National and state efforts

National groups are working to set measurable targets to insure policies and policy-makers stay on track to close gaps between earnings and family economic security. For example, the **Center for American Progress** and **Catholic Charities U.S.A.** promote a national goal to cut poverty in half in ten years or by 2020, respectively, along with a set of policy solutions that will achieve this goal.¹⁹ Inspired by these efforts, the House of Representatives passed a resolution on January 22, 2008 endorsing a national goal to cut poverty in half in ten years.²⁰ National foundations are also contributing to the public debate and encouraging action by tracking these initiatives at the local, state, and international levels through their **Spotlight on Poverty and Opportunity** initiative.

States are part of the trend to set measurable targets. **Connecticut** was the first to act in 2004, with a goal to cut child poverty in half by 2014. The majority of comparable efforts started in 2006 and 2007.

These efforts reinforce the notion that poverty is not intractable but rather government, its people, and business working together can improve well-being and promote economic mobility.

Strategies for Policy Objective 1

► **To improve economic security, focus on achieving decent standards of living.**

Ending poverty or cutting poverty by half is an ambitious and worthwhile goal. Yet a grand canyon exists that separates families from moving out of official poverty and covering everyday expenses. Poverty can be understood and addressed within a vision for moving toward decent standards of living for all.

The National Center for Children in Poverty demonstrates this through its **Family Resource Simulator**²¹. Using the federal poverty measure, a single parent of two children in Washington state earning over \$17,600 is no longer officially poor. Yet, in order for this family to meet health care, child care, food, housing, tax, and transportation expenses they must earn \$48,000, nearly three times the official poverty level and 79 percent of median income. A focus on achieving basic standards of living will direct public debate and policy making toward this outcome rather than lowering official poverty numbers without addressing economic insecurity.

► **Set a measurable goal(s) as an important tool to secure a state-wide commitment to policy changes and improvements.**

The commitment to improve well-being relies on policy solutions which can update and coordinate the public support system. Working under the umbrella of one goal helps organize state work to implement policies known to increase the number of people reaching decent standards of living and which promote economic mobility. A goal can also help identify policy and budget priorities necessary to achieve the goal. Focused in this way, states can also aim to redirect budget activities to generate the revenues adequate to fund priorities rather than squeezing priorities to fit within the current budget.

Examples of goals:

- Increase by 50 percent the share of families reaching a family budget in ten years.
- Increase by 50 percent the share of families reaching 80 percent of median income in ten years.

▶ **Consider early lessons learned to more effectively implement a goal.**

- **Work to build political will.** Goals are only meaningful if strong leadership compels policy change and achieves progress toward the goal. The diligent involvement of both the community and policy-makers is necessary to keep the process active, credible, and effective.
- **Choose and define the goal(s) that will engage the public, track progress, sustain momentum, and reflect the vision a state hopes to achieve.** Goals create space for a new public dialogue on decent standards of living, improving well-being and promoting economic mobility. The goals and measures that track progress on the goal can help tell this story. To sustain public support the public should be able to draw a direct line from policy changes and new investments to progress on these goals. The Federal Poverty Level will NOT allow states to track progress or aptly describe well-being. States should consider goals that focus on achieving both decent living standards and poverty reduction. Please see policy objective two for more about measures other than the FPL.
- **Include mechanisms to help insure implementation and progress toward the goal.** **The National Alliance to End Homelessness** embarked on a initiative to end homelessness in ten years, rather than just manage it. Once an idea, now over 200 communities are engaged in planning to end homelessness. Their report offers important elements to consider in developing a plan. These include, identify clear goals and performance measures, set a timeline—short and long term—for each strategy to achieve the goal, and identify specific funding sources and bodies responsible for the implementation of each strategy.²²
- **Ensure a voice for the community, particularly low-income individuals.** Targets create an opportunity to move outside of the traditional legislative process. Policy-makers going out to and hearing from the community will both learn more about the reality of families struggling to make ends meet in their state and also create a strong interest in the community about this work. The more public the effort, the more people may engage in the process.
- **Work for an open approach to understanding well-being and promoting progress.** Working to really understand the circumstances of making ends meet in states seems to be an important hallmark of these efforts. Most state legislative committee and task forces include the full spectrum of government branches and community organizations and represent diverse perspectives. Recognizing there is more to learn about the face of poverty will move the process beyond the ideology box and encourage bold and more effective policy solutions.

▶ **To achieve real policy changes, keep a simple and focused approach.**

The complicated and numerous set of factors that contribute to poverty can overwhelm planning processes and policy action to achieve a goal. A focused approach can help the work stay on track. States can consider focusing

on three to five significant areas identified to have the greatest impact on their state or those policies proven to substantially improve well-being. Working for a few substantive and well-coordinated policies and investments may provide more success than numerous small technical program fixes. For example, Connecticut enlisted a panel of experts to prioritize its policy recommendations. Out of 67, the panel recommended 13 evidence based policies in four primary policy areas.²³

- ▶ **Implement and expand policies—such as income supports that reduce taxes and other costs such as child care and health care, and offer greater access to education—to measurably reduce poverty and improve well-being.**

Concerted national and state efforts to improve economic security show similar policy prescriptions that help families keep more of their earnings and support access to education that opens the door to higher-wage jobs. Please see policy objective three for more discussion of specific policy recommendations.

Ultimately, if these efforts prove successful—government invests and takes policy action and measures show an improvement in well-being—state targets can also help restore trust in public solutions.

Online resources

For more information about state legislation and executive orders to implement targets please see:

spotlightonpoverty.org

For information about national poverty targets and policy prescriptions please see:

americanprogress.org
catholiccharitiesusa.org

For an overview about state poverty targets please see:

clasp.org
workingpoorfamilies.org

2. Use Measures That Focus on Standards of Living

Measures which help direct public resources to our support system should both more accurately describe well-being and show a direct tie from policy change to improvements in well-being. State targets to improve economic security can be defined using measures that describe and track components of a basic standard of living. Whether or not a state will or has enacted a goal to improve economic security, states can set eligibility standards for public support programs that respond to changes in living standards. Advocates and community based organizations can also use alternative measures to better illustrate the state of economic security which can be improved through public solutions.

Why states should use alternatives to the Federal Poverty Level

The use of the FPL disconnects the public support system from any basic standard of living and hinders coordination among supports meant to assist families to maintain or improve standards of living as earnings increase. Multiple measures are available that draw a more complete picture, than the FPL can alone, of how well people are fairing. The overview of outcomes uses a number of indicators to describe the picture of well-being in the eight Northwest-area states. For example, significant numbers of families experience food insecurity, pay more than 30 percent of their budget for housing, and go without health insurance. Together these measures describe more about economic security than the FPL.

Federal Precedents Exist—Federal precedent for measures that better reflect changes in living standards already exist. Child care and public housing programs use a percentage of median income, because market rates change over time and reflect the area cost of living. The Department of Housing and Urban Development defines 50 percent of area median income as very low income and 80 percent of median as low income, definitions that recognize the high cost of basic needs in the private market. Even though 50 percent of median income is considered very low income it is higher than 100 percent of official poverty in all Northwest-area states.

Current Momentum is Building—Momentum to change the federal poverty level or use an alternative measure is building. For example, members of the Center for American Progress Task Force on Poverty recommended adopting the National Academy of Sciences (NAS) measure to better account for the benefits and expenses experienced by poor and low-income families to assess well-being. The House of Representatives recently held a hearing about redefining poverty. States are considering employing alternative measures in their efforts to address poverty. For example, a panel of experts across the ideology spectrum, enlisted by Connecticut, in its effort to cut child poverty in half in ten years recommended the state replace its current FPL benchmarks with the NAS recommendations. Vermont is also in the process of defining poverty for the purpose of its state target to cut child poverty in half.

States Have the Power to Act—States are ideal laboratories for employing alternative measures to better understand the circumstances of state residents and to gauge the success or failure of policy change. States are

Key Points

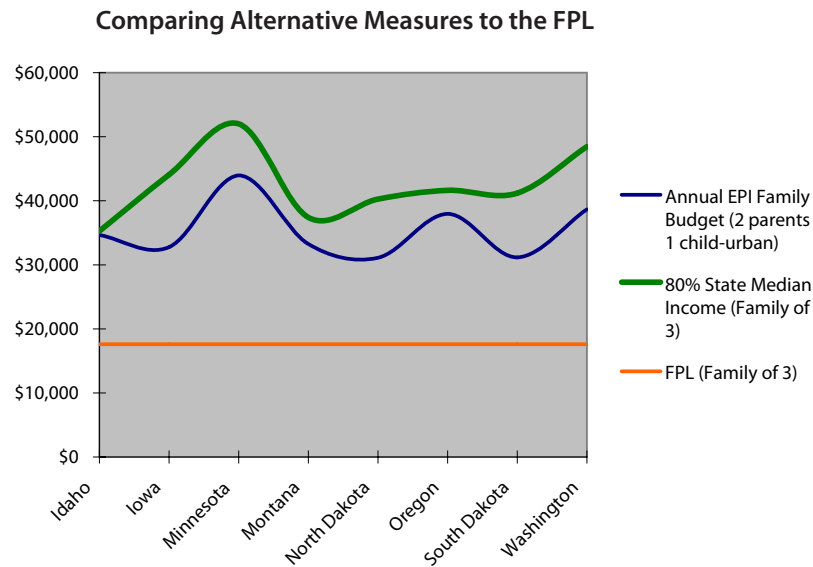
- ▶ Promote and implement a state prosperity goal using measures focused on standards of living.
- ▶ Advocate for public support eligibility standards using alternatives to the FPL.
- ▶ Use alternative measures to tell the story of economic security in the state.

not solely restricted to using the FPL. In fact a number of states, such as Washington and Oregon, already use alternative measures for state funded programs such as financial aid. They are well positioned to negotiate federal rules and funding streams while proving the benefit of alternative approaches to measuring family well-being. In addition, in numerous surveys the public shows a common understanding about the level of income necessary for an adequate standard of living and supports policies that promote economic security. State advocates and policy-makers can use these advantages to employ measurement in a manner that raises the number of people reaching acceptable living standards and promotes economic mobility, and which demonstrates the value of these measures to better define well-being.

Other measures show the value of public investments—In the short term the FPL cannot show the effect of policies that improve family economic security. Other measures, such as the number of people without health insurance, will be more directly responsive to public investments such as subsidizing health care. The effect of investments to improve well-being should be easily transparent to the public. Doing so will help build trust in public solutions.

Graph 2 demonstrates the differences in income when using measures that include the geographic differences in the cost of living (family budgets and median income) as well as specific costs for basic needs such as health care, food, housing, child care, transportation, and taxes (family budgets) compared to the FPL. Note that the FPL is a low, static line unrelated to the needs and costs of everyday living. Alternate measurements show the real costs of making ends meet and vary from state to state.

Graph 2: Alternative measures, more responsive to state economies, better describe economic security in a state and illustrate the shortcomings of the FPL.



Measures that focus on standards of living

The bottom line—a measure of poverty or well-being is an important component of any commitment to improve economic security and promote economic mobility. While no perfect measure(s) exist, almost any change would be a worthwhile improvement over the FPL. Though the number of options might seem overwhelming, choices are available without doing the hard work of creating a new measure.

These include:

- The 1995 National Academy of Sciences proposed measure. This measure accounts for geographic variations in the cost of living and includes other forms of income and public support such as food stamps and the EITC, as well work expenses such as child care and taxes that reduce total resources. Using actual expenditure data this measure would adjust each year according to changes in the cost of basic needs such as food, clothing, shelter, utilities, and a small amount for other expenses.
- A percentage of median income, such as 60 percent of Area or State Median income, which will move up or down according to changes in overall living standards relative to the incomes of everyone else. Median income will also account for geographic variations in the cost of living.
- Tracking the share of the population living below a family budget. Family budgets account for geographic variations in cost of living and include the components of a basic standard of living. A number of family budgets exist which use different methodologies. The JOBS NOW Coalition has developed budgets for every Northwest-area state. *Please contact them (www.jobsnowcoalition.org) for data.*
- Define economic security through indicators in addition to income. Multiple measures better represent the whole picture of well-being. Measures could include an income standard, a health standard, and an education standard (i.e. share of families below a percentage of median income, the number of uninsured, the number of adults without a high school degree, the number children entering kindergarten ready to learn). Examples of other measures and data are those shown in the indicators and outcomes matrix as well as those regularly used by other national and state public agencies and community organizations. *(Please see the Resources section for links to a selection of indicators.)*

Strategies For Policy Objective 2

- ▶ **Develop a communications strategy using a measure, such as a family budget or health, education, and income indicators, to tell a story of how well families are faring and to advocate for a goal to measure progress and policies to improve well-being.**

The Minnesota JOBS NOW Coalition uses its **Family Wage and Budget Calculator**, which defines a basic family budget, to communicate to policy-makers the number of Minnesota families able to make ends meet and the number of jobs available with wages adequate to support families. The calculator has been successful in educating policy-makers and the public about what it takes to make ends meet and to what extent that opportunity exists.

Because not enough jobs with adequate wages exist, the JOBS NOW Coalition and others can advocate for policies that create opportunities for families to achieve decent living standards.

► **Use measures connected to standards of living to help drive public demand for adequate public supports.**

Policy-makers use the FPL to set eligibility according to available funds rather than the number of people able to benefit from a particular support. For example, in Minnesota, during a state budget shortfall the child care eligibility rules were changed from 80 percent of median income to 175 percent of FPL to manage costs rather than adequately fund the support. A change in the measure won't immediately change the level of state resources available to address unmet need. However, a new measure tied to living standards and the cost of living is a first step in more accurately describing need and helps keep policy-makers accountable for unmet needs and increasing necessary investments in economic security.

In states already making policy improvements on multiple fronts, such as improved access to health care, publicly supported early learning, and affordable post-secondary education, measures can show the effect of these policies over time. Tracking improvements on numerous fronts regularly and publicly provides evidence on the effectiveness of these public supports and can help shore up funding in times of budget shortfalls.

► **Pick one or a few measures which best describe the state of economic security and help inform and gauge the effect of policy changes.**

Alternative measures can more accurately capture the share of families struggling to make ends meet and maintain public support by more aptly drawing a direct line from policy change to reductions in poverty and improvements in economic security. Any number of indicators can describe some aspect of individual, family, and societal well-being. Each of them can offer some benefit but no one measure captures the whole concept, or the depth of an issue. Furthermore, it could be difficult to sustain momentum and public support to achieve a goal if states are unable to show investments have made a difference. Measures, such as a relative income measure and those in the areas of health and education, might be more responsive to state policy changes and better describe economic security. States have the autonomy to choose a goal and definition that will best reflect and address state needs.

3. Implement State Policies That Build Economic Security

National and state organizations and policy-makers recognize the need to pursue strategies that will support working families to increase income and access basic needs in order to maintain living standards and promote economic mobility and ultimately economic growth.

Through state commitments to improve economic security state policy-makers often work with national and state experts and reach out to the community through public forums to learn about the causes and effects of poverty in their area. These efforts demonstrate how different issues interact to create poverty and show the necessity of moving multiple issues forward at once to improve economic security. This learning informs the policy route to improved well-being by underscoring the importance of certain policy solutions. Whether or not a state enacts a goal to measurably improve economic security implementing certain policies and investing in public supports will promote greater shared prosperity in a state.

What we know: Public investments benefit families, communities, and the economy

The federal government woefully under-funds many supports such as access to affordable housing and child care. In many cases, because federal funds are the primary funding sources for these supports, only when states are willing to enhance federal investments, will they make measurable progress in improving well-being. While budget shortfalls may foster policy-maker caution, analysis shows that these investments can reduce the costs of poverty and provide a return to the economy in terms of increased earnings, health, and taxes paid.

The Center for American Progress, in their 2007 report *Poverty to Prosperity, a National Strategy to Cut Poverty in Half*, shows that federal investments in an expanded EITC and Child Tax Credit, increasing child care subsidies to reach families up to 200 percent of FPL and raising the minimum wage to 50 percent of the average non-supervisory wage could cut poverty by 26 percent.²⁴ Each proposal alone also reduces poverty as would increasing housing vouchers, raising food stamp participation, and eliminating the legal immigrant restrictions on public benefits participation. Reducing poverty costs money. The cost of poverty is also high. Another recent analysis shows children growing up in poverty tend to experience poor health and lower productivity, a cost to the economy estimated at \$500 billion per year.²⁵ Unlike states, even though the federal government does not need to balance its budget, the report shows that a more fair tax system can cover the costs of commitments to reduce poverty.

Similarly, quality education, particularly pre-kindergarten, is an essential factor for children to increase skills, education and earnings later in life thus reducing the costs of poverty. The program pays for itself. A recent study estimated a ratio of annual benefits to costs of 12:1 for a pre-kindergarten program targeted to the poorest 25 percent of 3- and 4-year-olds.²⁶ A universal pre-kindergarten shows even higher returns, with every child benefit-

Key Points

- ▶ **Advocate for implementing a set of policies collectively that are proven to measurably improve well-being.**
- ▶ **In an economic downturn, first expand supports primarily funded through federal dollars and implement policies that do not consume state general funds.**

ing from this type of program. Even if states, must more fully fund these programs they will begin to see net state budget savings within 10 years.²⁷

States have many options for expanding and coordinating their public support systems. In addition to taking advantage of federal policy tools, states can create programs to address needs left unmet by the federal government.

Policies that support economic well-being

National and state efforts and research to reduce poverty and improve well-being share a common set of policies. While each of these can increase economic security, working to improve a number of them at the same time could multiply their benefit. In addition, working to implement a set of policies helps show how each contributes to overall well-being and bridges what can be distinct advocacy communities and their budget priorities. The table below provides a snapshot of policies currently available in eight Northwest-area states. The policy overview and state snapshots provide more detail about the extent to which each policy has been implemented.

Data Table 4: The current policy direction in each Northwest state to address economic security highlights areas that might benefit from policy action.

AVAILABILITY OF KEY POLICIES THAT SUPPORT ECONOMIC SECURITY IN NORTHWEST STATES								
	ID	IA	MN	MT	ND	OR	SD	WA
State-refundable EITC	—	✓	✓	—	—	✓	—	✓
Minimum wage above federal minimum wage and indexed to inflation	—	—	—	✓	—	✓	—	✓
Minimum paid time off	—	—	—	—	—	—	—	—
Paid family leave	—	—	—	—	—	—	—	✓
Subsidized child care up to federal maximum (80% median income)	—	—	—	—	—	—	—	—
Subsidized health care up to 200% FPL	—	—	✓	—	—	—	—	✓
State Housing Trust Fund	—	✓	✓	—	—	✓	—	✓
Asset policy (i.e., IDA, anti-predatory-lending regulations)	—	✓	✓	✓	—	✓	—	✓
State-funded early education	—	✓	✓	—	—	✓	✓	✓
State-funded post-secondary financial aid	✓	✓	✓	✓	✓	✓	—	✓

Strategies for Policy Objective 3

INCREASE INCOME

► **Improve receipt of Federal Earned Income Tax Credit.**

The Federal EITC is one of the most widely used and effective strategies for raising the income of families. However, even with the success of the EITC anywhere from 15 to 25 percent of eligible tax payers do not claim the credit, leaving an estimated \$4.9 billion out of low-income families hands and out of their communities.²⁸ Receipt of the EITC provides an important infusion of income to families and their communities. A study in San Antonio estimated \$1.59 of economic activity for every \$1 of EITC claimed.²⁹

► **Implement refundable state Earned Income Credit.**

Currently 23 states offer EIC and twenty of these are refundable. Similar to the federal EITC, research consistently shows that state earned income credits encourage greater work participation and improve well-being of low-income families.³⁰ These credits can also be made available in states without personal income taxes. For example, Washington state recently passed a working families credit which provides a refund of five percent of the federal EITC to eligible families.

► **Increase minimum wage and index it to inflation.**

Recognizing the importance of the minimum wage to boost income, a majority of states (33) had increased their minimum wage prior to the federal increase. By 2009, the federal minimum wage will be \$7.25 an hour. Only two northwest states have indexed their minimum wage to inflation. By 2009, Oregon and Washington will have minimum wages close to a dollar an hour more than the federal. These wage increases only keep pace with rising costs. Making sure full-time minimum-wage workers earn enough to keep up with the cost of living is essential to achieving a decent standard of living, though not adequate on its own. Note too, this policy, while immediately benefiting all low-wage workers, does not take a bite out state general funds, nor general revenues.³¹

► **Promote accumulation of assets.**

Research shows that low-income neighborhoods experience higher costs of basic services such as gas, food, and even auto insurance as well as high concentrations of service providers such as pay day lenders that charge exorbitant interest rates for short-term loans.³² A number of policies can help combat this high cost of poverty. State investments in Individual Development Accounts provide a mechanism for low-income individuals to save dollars with a 2-to-1 or 3-to-1 match for every dollar saved towards buying an asset such as a house down payment or college tuition. Other policy strategies include capping the interest payday and other predatory lenders are allowed to charge, as well as encouraging mainstream banking institutions to offer services to individuals not currently engaged in the traditional financial system.

EITC Outreach Kit

Washington State Budget and
Policy Center's Working Families
Credit Report

Economic Policy Institute
Minimum Wage Guide

Corporation for Enterprise
Development

PROMOTE WORK-LIFE BALANCE

► **Implement minimum paid time off.**

Much like the minimum wage, minimum paid time sets a standard of job quality that all workers should be allowed some level of flexibility and time to take care of themselves and their families. Currently 48 percent of workers have no access to any paid sick time.³³ San Francisco has implemented an initiative guaranteeing nine days of paid sick time to employees. Again, while this standard would improve employee health and productivity and protect employees from losing income while they or their family are sick, such legislation would not require state general funds.

► **Implement paid family leave.**

Only two states, Washington and California, have enacted paid family leave allowing workers extended protected job leave to care for a new baby or ill family member. The National Partnership for Women and Families cites 78 percent of workers that needed to take leave could not afford to take unpaid leave. This type of policy prevents families from sliding down the income scale when major life events occur.

National Partnership Time Off

National Partnership Paid Leave

IMPROVE CHILD CARE ACCESS

► **Increase availability of and accessed to subsidized child care.**

Quality early learning and care has shown long-term payoffs in the health and well-being of children, particularly as both parents have moved into the workforce. Yet, child care costs consume significant portions of family budgets. Though federal funds are capped for the Child Care Development Block Grant program, states have many options available to them to improve child care subsidies. Wide federal discretion allows states maximum program design flexibility with any increased state investments. Also, federal rules encourage states to better coordinate this valuable public support with other public supports so that as families earn additional income they may still receive subsidized care. This is particularly true if states use median income as the eligibility standard rather than FPL because eligibility will automatically adjust as median income adjusts when other public supports that use FPL decrease in purchasing value. In addition, states have the option to exempt families below 100% FPL from paying any copayment. Currently nine states take advantage of this option.

Center for Law and Social Policy—
Child Care

IMPROVE HEALTH CARE ACCESS

► **Increase availability of and access to affordable health care.**

The country faces a health care crisis with 19 percent of all workers between the ages of 18 and 64 without health insurance. Though rates vary, at least one in ten workers has no health insurance in all Northwest-area states. Lower-income workers disproportionately have no health insurance. This is particularly a problem as employer provided insurance continues to decline because access to care is fundamental to decent living standards. States have wide discretion to increase federal minimum eligibility levels for publicly supported health coverage and increase the number of covered services.³⁴ Because of the open-ended matching funding system, states that increase spending for improved eligibility, access, and services will automatically receive the federal match dollars at the

Kaiser Family Foundation

state rate. Additionally, states that invest more dollars that do not count toward the federal match can expand access to groups otherwise ineligible under federal rules such as certain immigrant populations or single adults.

ADDRESS HOUSING ISSUES

▶ **Create a Housing Trust Fund.**

Very limited federal funds have prompted states to develop Housing Trust Funds which grow over time and provide assistance to create and preserve affordable housing stock as well as increase rental subsidies to low-income families. Given that the cost of housing is one of the highest factors of a family budget, state investments in this area is a critical component in helping families achieve decent standards of living. Thirty-eight states have some type of housing trust fund.³⁵ Four Northwest-area states, Washington, Oregon, Iowa, and Minnesota have Trusts with dedicated funding. Idaho and Montana have trusts without dedicated funding.

Housing Trust Fund Project

PROVIDE BETTER ACCESS TO EDUCATION

▶ **Increase availability of affordable early-learning programs.**

Early learning has proven to be one of the most important strategies to improve long-term well-being for children.³⁶ Some states, such as Oregon, invest more in expanding the number of children able to participate in Head Start, while Washington has expanded eligibility for Head Start through a state funded program. Others, such as Iowa, created a universal pre-K program. While there are a number of approaches, and quality programs are expensive, enhanced investments in early learning is one of the most important policies states can enact to reduce poverty and improve long term, generational well-being.

Center for Law and Social Policy—
Early Learning

▶ **Increase post-secondary financial aid.**

Education is a central component of income mobility. The more education an adult has, the more likely that person will earn a higher income. For example, real hourly wages for college-level workers were \$24.67 (2005 dollars) compared to \$14.14 for high-school-educated workers.³⁷ Significant numbers of low-income and poor families have at least one parent without a high school diploma or the equivalent. The financial aid system trends toward undergraduate students entering directly from high school. However, more recent analysis shows a growing number of students work, are parents, and attend part-time requiring changes in how financial aid is distributed as well as the levels of aid available. Investing in post-secondary financial aid, particularly aid geared toward the “non-traditional” student is a critical component of providing access to higher-wage jobs and helping families meet basic budgets. For example, one such program in Washington, are the Opportunity Grants. Created in 2007, the state initially invested \$15 million in grants to pay tuition and fees and up to \$1,000 for additional expenses such as child care. Colleges will receive an additional \$1,500 for each Opportunity Grant student to provide support services that help keep students in school. Opportunity Grants are targeted to high demand “Opportunity Grant” degree or certificate programs. Eligibility is up to 200% FPL.

Center for Law and Social Policy—
Post Secondary

► **Coordinate workforce and economic development through customized job training investments.**

While many states invest in job training to encourage economic development very often these investments are not provided to low-wage workers. Targeted investments can shrink skills gaps providing workers with skills employers need and in turn employers, benefiting from the public investment can improve job quality with wage increases and other benefits such as paid time off and health care.

Working Poor Families Project Brief

4. Make Sure an Increase in Earnings Leads to an Increase in Economic Security

Increases in family income should always increase family well-being. One important goal of improving state policy is a well coordinated set of services so that increasing family income increases well-being.

Many families must walk a line between earning too little to afford a basic need, such as health care or day care in the private market, and earning too much to receive needed public support. This situation is a particular artifact of the Federal Poverty Level (FPL) because it creates absolute eligibility levels. Limits, such as the food stamp income cut off, are often so low families do not need to earn much additional income before they are no longer eligible. The loss of certain supports, such as subsidized child care, have real daily effects on a family's ability to keep working while insuring their children are well cared for. Eligibility levels vary across states and rarely are coordinated which means family well-being and net resources may actually decrease as earnings increase. The loss of a public support and subsequent decline in well-being due to an earnings gain is commonly called the cliff effect. The cliff effect can also be described and quantified as a marginal tax rate. The marginal tax rate is the amount of money a family loses on each additional dollar earned. For example a tax rate of 50 percent means a family loses fifty cents for each additional dollar earned. The National Center for Children in Poverty illustrates this effect through its [Family Resource Simulator](#).

Strategies for Policy Objective 4

► Maximize available flexibility, especially within eligibility rules to package public supports

States can use tools to maximize the state-federal partnership and expand the number of people eligible as well as better coordinate between programs so that as earnings increase families may maintain needed supports even as others phase out, and continue to improve their economic security. A review of the state options from Section I:

HEALTH CARE

- Invest state dollars into Medicaid to receive federal match dollars.
- Invest state dollars to serve individuals otherwise ineligible.

FOOD STAMPS

- Use Categorical Eligibility to expand access to food stamps (up to 200% FPL gross income and waive asset test).
- Expand assets excluded from determining income.
- Invest state dollars to serve individuals otherwise ineligible.

Key Points

- Coordinate how public supports phase out to insure families are always better off as they earn more income.
- Adjust state tax system to offset the loss of supports.
- Coordinate public supports with state and federal taxes to ensure families are always better off as they earn more income.

EDUCATION

- Pell does not count as income in determining eligibility for federally funded programs and Individuals already eligible for TANF, Food Stamps, free and reduced price lunch, WIC, and SSI are automatically eligible for Pell.
- Wide discretion in using federal dollars to provide adult education.

WORKFORCE TRAINING

- TANF—Individuals participating in 12 months of vocational education will count for state work rates.
- TANF—Individuals can participate in vocational education while in a work activity (including work study) for 20 hours/week.
- WIA—Wide flexibility to invest more or coordinate funds with other programs to expand range of services provided to individuals.
- WIA—Use state discretionary funds to serve disadvantaged populations.
- WIA—State can provide guidance to insure more funds are spent on providing education and training.
- FSET—Expand services to food stamp–eligible individuals to receive federal match dollars.
- FSET—Use expanded services coordinated with WIA and TANF and other programs to maximize available services.

CHILD CARE

- Wide discretion to use percentage of median income as eligibility measure when that percentage of median income is higher than the FPL.
- Exempt individuals below 100% FPL from copays.
- Extend eligibility and reduce copays as earnings increase to help insure family economic security.

Most public supports use an income and asset test as well as work participation requirements or income status to determine eligibility. Within these rules, it is important to know where flexibility exists.

To calculate income, certain types of assets are included or excluded and a number of deductions, such as the cost of housing, the number of dependents, and dependent care, are often allowed. These rules vary from program to program though the food stamp program provides the most restrictive eligibility standards with discretion increasing for other programs. Categorical eligibility and freedom from asset tests provide a high level of flexibility to increase the number of people qualifying for food stamps.

States can also expand deductions to inject more cost of living adjustments into programs. With supports such as Medicaid or child care subsidies, states have greater discretion to determine what counts as income or assets and can expand these levels or limit who must meet income or asset tests in order to allow a greater access to these important supports. For example, Minnesota health care programs allows up to \$20,000 in assets for households of two or more and up to \$10,000 for single adults.

States can invest dollars to expand access to other populations not entitled to supports under federal rules such as immigrants or single adults. In addition, food stamps and most public support programs exclude most public supports as a form of income including the EITC, child care and housing subsidies, and education assistance. This is a key component in allowing a family or household to keep supports even as incomes rise. A state exploring the greatest level of flexibility by employing categorical eligibility, reducing or ignoring asset tests, and reducing countable income and expanding deductions where possible will help a household maintain access to a number of supports. For example, an individual could be eligible for food stamps and receive education support simultaneously from Pell, FSET, WIA, and TANF. Even if earnings increase and an individual no longer receives TANF they will likely still be eligible for the other education supports in addition to housing, health care and child care support. Entitlement programs such as Food Stamps and Medicaid insure federal funds will help offset program expansions.

Investing state dollars or expanding eligibility through higher income limits or more flexible asset and deduction rules can be challenging because states must balance budgets, especially in non entitlement programs with capped funding such as SCHIP or Child Care. Though, the route to greater flexibility should not be so complex, exploring these avenues will help families make the best use of supports for which they are eligible in achieving a decent standard of living while making progress toward economic security.

► **Reduce marginal tax rates.**

In addition to making the most of federal funds and programs, states can structure public supports and implement policies that help families continue to improve their well-being as their earnings increase.

▪ **Pay attention to how families phase out of public supports.**

States may consider staggering eligibility limits or setting limits with median income rather than FPL. Program eligibility limits at the same level can create a steeper cliff for families that lose important supports all at once without a comparable increase in income. For example, families in Washington are no longer eligible for both child care and adult health care subsidies once their income exceeds 200% FPL (children can receive health care subsidies up to 250% FPL).³⁸ In this example, if the child care eligibility limit was 80 percent of median income, families would be better able to afford health care while the eligibility limit for child care would adjust according to changes in statewide income levels.

▪ **Increase level of state refundable EITCs.**

Refundable EITCs, which encourage greater work effort, also help offset the loss of public supports when taxes increase as earnings increase. Nearly half of states now offer state EITC and a majority of these are refundable.

The more families receive from a state EITC the more support they provide in reducing marginal tax rates. In the Northwest area EITC refunds range from five percent of the federal EITC to 42 percent.

- **Increase state EITC or access to public supports as the federal EITC begins to phase out.**

In addition to increasing the level of the state EITC, states can also increase the amount of the refund as the federal EITC begins to phase out. The loss of the federal EITC, along with other public supports, creates a steep cliff for families. An increase in the state EITC during the federal EITC phase-out helps to mitigate this loss. States can consider a similar approach for public support programs. For example, in addition to increasing and staggering eligibility limits for health care or child care, states can also freeze copays or limit the cost per family to a percentage of total income or net resources.

THE MINNESOTA MODEL

The Minnesota Working Families Credit follows eligibility for the federal EITC and starts the refund at 25% of the federal and slowly increases. At the point at which the federal EITC begins to phase out the Minnesota Working Families Credit continues to increase up to about 42% of the federal EITC. This change occurred in 1998 when it was discovered that families earning income to move off of welfare experienced no net gain in resources as they earned more, paid taxes and lost their welfare grant, the federal EITC and the state Working Families Credit. Rather than a percentage of the federal EITC, the Working Families Credit is now calculated as a percentage of earned income.

SECTION III: NORTHWEST STATES' POLICY OVERVIEW

Section III of this Tool Kit is a policy snapshot of the eight-state region. Each state snapshot includes:

1. A summary of the state's economic well-being
2. Current strategies the state is using to address poverty
3. The measures the state uses to determine eligibility
4. State policies and legislation passed

Data Table 5

ELIGIBILITY FOR IDAHO PUBLIC PROGRAMS	
HEALTH	
Medicaid—Adults	25% FPL, \$90 earned-income deduction and dependent care deduction; for pregnant women, 133% FPL
Medicaid—Children	150% FPL; premium of \$10/month per child above 133% FPL
SCHIP	Up to 185% FPL with \$15/month premium
EDUCATION	
Early Learning	None
Post-secondary: Opportunity Scholarship	Statewide need-based aid to full-time students for certificates, AA and four-year degrees; grants up to \$3,000; need determined by FAFSA (\$2 million annually)
Minority/At-risk Scholarship	Campus-based need aid; grants up to \$3,000 for first-time, full-time students; need determined by FAFSA
HOUSING	
No state funding for affordable housing	
FOOD	
Follows federal rules	
CHILD CARE	
Up to 135% of 1998 FPL with copays up to 66% of cost	
WORKFORCE DEVELOPMENT	
TANF	32% FPL, \$309 grant regardless of size of family
Workforce Development Fund	Up to \$2,000 (\$3,000 in rural areas) for training employees in a new job or to prevent layoffs; jobs must pay \$12/hour and provide health benefits
On-the-Job Training	Targeted to new and dislocated workers; reimburses employers up to 50% of trainee wages until hire
Gem Grants	Rural cities with populations less than 10,000; for capital costs to promote job creation, up to \$50,000 with 20% match
ASSET BUILDING	
None	
TAX	
Grocery Credit for tax filers	

Data Table 6

ELIGIBILITY FOR IOWA PUBLIC PROGRAMS	
HEALTH	
Medicaid—Adults	Up to 84% FPL, depending on family size
Hawk-I/SCHIP	Up to 300% FPL, intent to cover all children by 2011
Family Opportunity Act	Medicaid expansion for children with special needs; up to 300% FPL
EDUCATION	
Community Empowerment	0–5 services, including preschool and parent support, home visits and professional development; funded at \$38.4 million
Shared Vision	Early childhood education for at-risk 0–5 year olds, up to 130% FPL; \$7.5 million
Statewide Voluntary Preschool	Minimum of 10 hours/week, all 4yos eligible; \$15 million
Early Head Start	\$400,000 added in state dollars
	Subsidies to community colleges and universities to offset tuition increases, in an effort to keep tuition affordable
Iowa Tuition Grant	Up to \$4,000 for four-year degree; need determined by FAFSA
Iowa Vocational Technical Tuition	Up to \$1,200 for two-year program; need determined by FAFSA
Iowa Grant	Up to \$1,000 distributed by each campus to most financially need students; need determined by FAFSA
HOUSING	
Funds for Local Housing Trusts	\$2.3 million committed, up to \$5 million in 2010; funds for local housing trusts and 40% to preserve and create affordable housing; 50–80% SMI
Enterprise Zone	housing credit
FOOD	
	Follows federal rules
CHILD CARE	
	Up to 145% FPL with increasing copays
WORKFORCE DEVELOPMENT	
TANF	22–79% FPL, depending on earnings disregard and family size
	Numerous tax incentives for job creating and wage subsidies with no specific targets for low-income individuals
Enterprise Zone	Tax credit; 90% of county average wage job requirement with health and dental benefits
ASSET BUILDING	
	Alternative to payday lending: maximum of 10% or \$30 fee for short-term loans under \$3,000
State IDA	200% FPL with state savings refund 15–25% of individual deposits, depending on income
Microenterprise	Strides made in the 2007 and 2008 Legislative Sessions
TAX	
	Refundable EITC at 7% of the federal

Data Table 7

ELIGIBILITY FOR MINNESOTA PUBLIC PROGRAMS	
HEALTH	
Minnesota Care	Available to adults without children (will be up to 215% FPL 2009), parents 275% FPL, and children; varying copays depending on income, copayments recently reduced in legislative session
Medical Assistance	Children under 2: 280% FPL, children 2–18 :150% FPL, children 19–20: 100% FPL, parents: 100% FPL, pregnant women: 275% FPL
	Substantial investment in mental health services for all public health programs
EDUCATION	
Early Learning	Added state funds to Head Start (\$20.1 million)
Early Childhood and Family Services/ School Readiness	\$21 million in 2008, \$29 million in 2009/\$10 million; funds for programs birth–5 for all state residents on a per-pupil allocation and fee-for-service on a sliding scale; School Readiness is also based on children eligible for free and reduced lunches
Minnesota State Grant	Follows Pell eligibility in determining EFC
Minnesota Child Care Grant	Follows Pell eligibility in determining EFC
HOUSING	
Housing Trust Fund	Provides housing and serves individuals 30–60% SMI
FOOD	
	Categorical eligibility with TANF child care, SSI and GA; available to certain noncitizens
CHILD CARE	
Minnesota Child Care	Assistance 175% FPL, eligibility exit at 250%; working, looking for work, going to school
At-Home Infant Care	Subsidy, a component of subsidized child care, same eligibility rules, no dedicated funding
WORKFORCE DEVELOPMENT	
Job Skills Partnership	Pathways and Low Income Hire Training grants up to 200% FPL
TANF	Eligibility at about 60% FPL, TANF exit at 115% FPL with child care and health care and food supports
Reverse Commute	
ASSET BUILDING	
	Families Assets for Independence
	High asset limits for adult health care
	No asset limit for children’s health care
TAX	
	Renters’ Credit
	Property Tax Circuit Breaker
	Refundable Dependent Care Credit
	Refundable qualified K–12 expenses up to \$2,000 for family
	Refundable EIC increases as federal phases out

Data Table 8

ELIGIBILITY FOR MONTANA PUBLIC PROGRAMS	
HEALTH	
Medicaid—Adults	37% FPL, 133% FPL for pregnant women, 185% FPL for medically needy families
Medicaid—Children	Newborn: no income limit, under 6: 133% FPL; 6–18: 100% FPL
SCHIP	175% FPL; may be higher depending on work and dependent-care deductions
EDUCATION	
Early Learning	None
Montana Higher Education Grant	Average grant is \$465; need based on FAFSA; \$432,000 appropriated
Montana Tuition Assistance Program Grant	Grant to offset loss of Pell dollars due to earnings; students must be enrolled full time and have earned at least \$2,575 in the previous year, and an EFC of \$6,550 or less; \$1.7 million appropriated
Governor’s Post-Secondary Scholarship	Campus-based, up to \$1,000 per year at two-year institution; need determined by FAFSA and campus-aid administrators; each campus has at least five scholarships; \$333,000 appropriated
Work Study	\$800,000 a year for students, based on need determined by FAFSA; campus-based
HOUSING	
Montana Board of Housing	Several first-time homebuyer programs, as well as loan programs for developers; funded through issuance of tax-exempt bonds; no investment of state general funds; eligibility for programs ranges from 50–140% AMI
FOOD	
Follows federal guidelines, using categorical eligibility for TANF and SSI individuals and households, as well as 165% FPL gross income for elderly and disabled households	
CHILD CARE	
Best Beginnings	150% FPL with copayments up to 14% Gross Family Income
WORKFORCE DEVELOPMENT	
TANF	30% 2002 FPL net income—includes work-expense, earned-income, dependent-care and child-support deductions; 12 months vocational training, work experience, or Parents as Scholars, though this is currently on hold
Primary Sector Workforce Training Program	Provides training grants to employers who will create at least 10 net jobs paying state or county wage (whichever is lower) and benefits; up to \$5,000 per employee, no language targeting new workers; \$3.9 million/year
Big Sky Economic Development Trust Fund	Up to \$5,000 per employee (more in high-poverty areas) toward local governments in loans or grants for economic-development projects; \$1.3 million
Workforce Investment for Rural Economic Development (WIRED)	Workforce investments in the most rural eastern portion of the state to develop biofuel industry
ASSET BUILDING	
No asset test for child health care	
Family Savings for Tomorrow	185% FPL for first-time homebuyers
TAX	
Property Tax Refund	Up to \$400, depending on amount of tax paid

Data Table 9

ELIGIBILITY FOR NORTH DAKOTA PUBLIC PROGRAMS	
HEALTH	
Medicaid—Adults	36% FPL net income, including deductions for taxes, work expenses, health care premiums and dependent-care expenses
Medicaid—Children	Children under 6 and pregnant women: 133% FPL, children 6–19: 100% FPL
SCHIP Healthy Steps	140% FPL net income
EDUCATION	
Early Learning	None
North Dakota State Student Incentive Grant	Provides 3,500–4,000 grants of \$600–\$1,000; need determined by FAFSA
	Tuition waivers can be granted to individuals based on financial need
HOUSING	
A number of homeownership and rental-assistance programs financed through the ND Housing Finance Agency through bond-revenue and federal funds; no state general funds are appropriated; eligibility runs from 50–100% AMI	
FOOD	
Follows federal eligibility guidelines; provides categorical eligibility for TANF Information and Resource Referral program as long as net income test is met	
CHILD CARE	
Child Care Assistance	170% FPL with copays up to 15% income
WORKFORCE DEVELOPMENT	
TANF	Eligibility up to 33% FPL work activities include subsidized work experience and limited vocational training; diversion available up to 140% FPL and state-funded assistance to families eligible for food stamps and child-care assistance; number of deductions including earned income, work expenses, health care premiums
New Jobs Training	Uses new employee tax withholding to fund training costs (after business secure loan/grant); must create five new jobs that pay \$10/hour or more plus benefits within a year
Workforce 20/20	State-funded direct reimbursement of training costs to train new employees or upgrade skills for new technologies
ASSET BUILDING	
No asset limits for children and family Medicaid	
TANF assets up to \$6,000 for family with two adults	
Microbusiness Investment and Employment Credit	Up to five employees, up to 20% of new investment, not more than \$10,000; business must be located in a region with a population less than 2,000
TAX	
None	

Data Table 10

ELIGIBILITY FOR OREGON PUBLIC PROGRAMS	
HEALTH	
Oregon Health Plan	100% FPL (slots capped) for adults and parents; pregnant women: 185%
SCHIP—Children	185% FPL (one program funded with SCHIP and Medicaid, as part of Oregon Health Plan)
Family Health Insurance Assistance	Provides subsidies to families that cannot afford individual or employer health plans; subsidies up to 185% FPL
EDUCATION	
Early Learning: Oregon Pre-HeadStart and Oregon Head Start Pre-K	Follow federal Head Start policies; 100% FPL; state invested \$39 million to expand number of slots
Post-Secondary: Oregon Opportunity Grant	Dependents: 55% SMI; independent: 50% SMI; singles: 30% SMI
HOUSING	
Oregon Housing Fund	Provides rent subsidies as well as grants to develop and preserve low-income housing; 50–80% SMI; \$59.1 million (2005)
FOOD	
Broader access through use of categorical eligibility up to 185% FPL and no asset test	
CHILD CARE	
Subsidies up to 185% FPL with copayment up to 23% of income	
WORKFORCE DEVELOPMENT	
TANF	Eligibility at 43% FPL; grant is 40% FPL
Employer Workforce Training Fund	With Business and Labor, provides customized job-training grants; \$10 million—no funding targeted to low-income workers
Jobs Plus	Employer contribution after the first 30 days to Individual Education Accounts for employees hired through subsidized jobs program
ASSET BUILDING	
State IDA	80% SMI
Assets disregarded to determine health-care eligibility	
TAX	
Refundable EIC	
Dependent-care credit phases out 250% FPL	
Farmworker Housing Tax Credit	Income tax credit to investors for 50% of costs of building/preserving farmworker housing; approximately \$7.5 million
Oregon Affordable Housing Tax Credit	Credit for affordable-housing loans that demonstrate reduced rents to tenants

Data Table 11

ELIGIBILITY FOR SOUTH DAKOTA PUBLIC PROGRAMS	
HEALTH	
Medicaid—Adults	Tied to TANF; 46% FPL
Medicaid—Children	140% FPL
SCHIP	200% FPL
EDUCATION	
Early Learning	New three-year pilot project in one community: \$750,000 for pre-K to children most in need; local match dollars
HOUSING	
None	
FOOD	
Follows federal rules	
CHILD CARE	
200% FPL, copays up to 15% income	
WORKFORCE DEVELOPMENT	
TANF	33% FPL; allows on-the-job training, subsidized work experience and up to 24 months of education to fulfill the work requirement
ASSET BUILDING	
Assets disregarded to determine child health care eligibility	
TAX	
Sales tax refund on food up to 150% FPL	

Data Table 12

ELIGIBILITY FOR WASHINGTON PUBLIC PROGRAMS	
HEALTH	
Medicaid—Adult	Tied to TANF standard of need, now is 38% FPL
Healthy Kids Now	Now 250%, moving to 300% in 2009
Basic Health Plan	For parents; 200% FPL, slots capped
EDUCATION	
Early Childhood Education and Assistance	110% FPL; follows Head Start model; \$30.5 million (2002); in 2008 added \$250,000 to create Washington Head Start, which combines the state and federally funded programs
State Need Grant	Post-secondary financial aid for students up to 50% SMI and up to 65% with sliding scale
College-Bound Scholarship	To begin 2012; for students receiving free and reduced lunch in the seventh grade, maintaining a 2.0 graduating from high school, with a family income of 50% SMI and up to 100% SMI on a pro-rated basis; up to four years of post-secondary and \$500 for books and expenses
Department of Early Learning	To organize and emphasize importance of early-learning programs
Thrive by Five	Public-private partnership to improve early learning and parenting for children; \$9 million seed money
All-Day Kindergarten	Phased in starting with schools with highest number of kids receiving free and reduced lunch
HOUSING	
Housing Trust Fund	Preserves and creates affordable housing and provides rent subsidies up to 80% SMI with a focus on 50% SMI
Transitional Housing	Up to two years' assistance to homeless families to regain housing and economic stability; \$2.2 million a year
Farmworker Housing	For permanent and seasonal housing; \$4 million a year in state funds
Housing for the Homeless	\$5 million a year for shelter services
FOOD	
Provides categorical eligibility up to 200% FPL; adults over 60 and people with disability have gross-income limit up to 165% FPL	
CHILD CARE	
Working Connections Child Care	200% FPL with copayments
WORKFORCE DEVELOPMENT	
TANF	Eligibility at approximately 76% FPL; grant is 38% FPL
Opportunity Grant	Tuition and fees plus up to \$1,000 for expenses; eligible programs = high-demand certificates and degrees up to 200% FPL
Job Skills Partnership	Partnership between employers and community and technical colleges; expand or create jobs in areas at risk of losing jobs, with unemployment and/or poverty; \$2.95 million, \$1 million for the Boeing 787 project; one-for-one in-kind match from employers
Customized Job Training	Tax-credit program in partnership with CTC and businesses, requires job growth to receive 50% cost of training credit on B&O tax

ELIGIBILITY FOR WASHINGTON PUBLIC PROGRAMS	
WorkFirst Block Grants	Training for customized job-skill training, integrated basic-skills training and high-demand training for WorkFirst participants and low-income parents up to 175% FPL; \$27.7 million
ASSET BUILDING	
State IDA	Individuals up to 80% AMI or 200% FPL at local provider discretion; \$1 million in new funds for accounts
Washington State Asset Building Coalition	\$1.2 million in funds to support EITC campaigns and development of asset-building activities in the state
Legislation to develop a series of microenterprise development programs	
No asset limit for children's health care	
50% earned-income deduction for TANF	
TAX	
Food exempt from sales tax	
Working Families Rebate at 5% of federal EITC	

Idaho Overview

ECONOMIC WELL-BEING

Despite what may be a lower cost of living, Idaho residents experience relatively high levels of poverty, food insecurity, and lack of health insurance. Idaho shows significant job growth and low rates of unemployment. However, areas of growth tend to be lower-wage jobs with 1 in 2.5 families earning about \$41,000 or less. Idaho relies largely on federal programs for funding in the areas of affordable housing, food assistance, health care, early learning, and child care assistance providing little state investment and limited access to these programs.

STRATEGIES

No overarching strategy to address poverty exists in Idaho. Policies are implemented program by program, largely according to federal guidance. A number of advocacy coalitions are working to address hunger and expand access to subsidized child care. In addition Catholic Charities is working with advocates discussing the national initiative to cut poverty in half. However, it is unclear how developed these strategies are or how they have translated to legislative success.

MEASURES

Program measures tend to follow federal guidelines using either FPL or some percentage of state median income. Other programs have universal eligibility.

POLICIES

The majority of Idaho programs extend federal policy and funding. The state invests more to extend health care options than other federal programs. Stand alone state investments target workforce and economic development initiatives.

Health Care

Adult Medicaid—Eligibility is tied to former AFDC levels equaling approximately 25% FPL. Earned income and dependent care deductions are part of the eligibility process. Pregnant women are eligible up to 133% FPL.

Medicaid for Children—Eligibility is 150% FPL with premiums of \$10 per month per child once income is above 133% FPL.

SCHIP—Children are eligible up to 185% FPL along with a \$15/month premium per child.

Education

Early Learning Surplus—TANF dollars were invested in Head Start to expand slots. However, this has been determined an ineligible use of dollars. The state does not invest dollars into federal or stand alone early learning programs. In fact, in addition to the reduction in Head Start slots, the state reduced funding in these programs including, de-funding a popular Parents as Teachers program. The prior Governor established the Governor’s Coordinating Council for Families and Children which surveyed early learning needs. The future of this entity and accomplishments beyond the initial strategic plan are unclear.

Post-Secondary Opportunity Scholarship—first state wide need based financial aid passed in the 2007 Legislative Session. Grants are available up to \$3,000 per student per year based on need determined by FAFSA. An endowment has been established with a ten million dollar down payment working towards forty million to disperse at least two million a year in grants. Legislation allows and encourages private contributions to the endowment.

Other financial aid exists primarily in the form of campus based scholarships. The bulk of financial aid comes from Pell and other federal grants. The Minority/At-Risk Scholarship, is state funded and campus based and provides up to \$3,000 per year per student.

Housing

A housing finance agency exists in Idaho as a quasi-governmental agency. However, the agency is not funded by the state, nor does the state invest in affordable housing. Federal funds, along with revenue generated from development, primarily finance affordable housing in Idaho.

Food

Eligibility for food assistance follows federal guidelines.

Child Care

Eligibility for subsidized child care is 150 percent of the 1998 FPL (about 119% FPL in 2007) with substantially increasing copays up to 66 percent of the total cost of care.

Workforce Development

TANF—eligibility equals 32 percent of FPL. Activities are largely work focused including subsidized and unsubsidized work experience in coordination with other state agencies. Education and job training is available to individuals under 20 and to adults over 20 who need basic education or can complete a specific occupational certificate within twelve months. TANF in Idaho is limited to 24 months.

Workforce Development Fund—Open to any business, large or small, the fund provides \$2,000 to reimburse employers to train an individual for a new job or to prevent a layoff. The program appears to be largely universal for businesses that can show they will create a job or prevent job loss. Jobs that receive fund dollars must pay a minimum of \$12/hour and provide employer sponsored health benefits.

On-the-Job-Training—Dollars reimburse 50 percent of training/re-training costs to employers toward hiring new or dislocated workers.

GEM Grants—Grants to very rural cities (10,000 or fewer in population) to spur economic development. Grants, up to \$50,000, support capital investments. Cities must provide a 20 percent match.

Taxes

Grocery credit of \$50 for tax filers with incomes less than \$25,000 and \$30 for everyone else. The credit will increase \$10 every year, up to \$100 and \$120 for seniors.

Iowa Overview

ECONOMIC WELL-BEING

A review of Iowa's investments, policies and indicators show a mixed picture of economic security. Iowa has made a number of investments in the well-being of its residents such as recently expanding the state EIC and making it refundable, a child care credit, asset building policies, and numerous tax incentive programs to fuel training and job creation. However, while the number of jobs has grown they are more poor quality jobs with lower wages and fewer benefits such as health care. Compared to the rest of the Midwest region, more parents work in Iowa but they earn less. Median income in Iowa has grown only slightly and has lost value over time. Iowa's median income is much lower compared to the U.S. and the Midwestern region in general. Although Iowa ranks third in inequality this is likely due to the lower overall wage scale.

STRATEGIES

The state of Iowa does not appear to have any defined framework for addressing poverty. Traditional programs such as public health care, child care, and TANF seem to be crafted on a per-program basis without coordination to reduce income cliffs. This is particularly true with subsidized child care whereas the children's health care program provides more of an income bridge.

However, the Iowa Fiscal Partnership, a collaboration of the Child & Family Policy Center and the Iowa Policy Project, successfully advocates for policies based on a framework developed by the partnership. The framework is summarized below:

▶ **Make work pay.**

- Raise the minimum wage.
- Improve Iowa EITC. (*Accomplished 2007 Legislative Session*)

▶ **Provide needed work supports.**

- Raise child-care subsidy level.
- Cover parents under Medicaid/SCHIP.
- Expand affordable housing programs and financing.

▶ **Invest in education, skill development, and entrepreneurship.**

- Make community college and university education more affordable. (*Investments to keep tuition low made in 2007 Legislative Session*)
- Expand job training and adult education.
- Support entrepreneurship and micro-enterprise development. (*Strides made in 2007 Legislative Session*)

▶ **Promote savings and addressing debt.**

- Curb abusive lending practices. (*Gains made in 2007 Legislative Session*)
- Support responsible credit options. (*Gains made in 2007 Legislative Session*)
- Address medical debt.

▶ **Welcome new workers.**

- Enact the Dream Act.
- Address barriers to employment for untapped workers.

MEASURES

Program eligibility standards generally employ the FPL. Only housing assistance uses median income as an eligibility standard. A number of state investments are made through the tax system and others, particularly early learning initiatives, are universal.

POLICIES

Though most programs expand beyond federal minimums they generally do not expand far beyond basic requirements. Stand alone state investments are primarily in the areas of early learning, tax incentives for job creation, affordable housing, and financial aid for post-secondary education as well as additional funding to keep tuition low.

Health Care

Adult Medicaid—Up to 84% FPL depending on family size and earned income deductions. Tied to TANF standard

Hawk-I—SCHIP provides coverage up to 250% FPL depending on a 20% earned income deduction. Expanded to cover pregnant women and legal immigrant children not currently covered under federal guidelines. In 2008 expanded to 300% FPL with intent to cover all children by 2011.

Family Opportunity Act—New expansion of Medicaid providing wrap around services for children with special medical needs up to 300% FPL.

Early Learning

Statewide Voluntary Preschool—New program to provide a minimum of 10 hours of instruction a week for all 4-year-olds except those already in Head Start. School districts will provide these services. In the first year, the investment is \$15 million. Though schools may add other available funding, they must account separately for preschool dollars.

Community Empowerment—Funded by state School Ready grants to provide child care, preschool, parent education, home visits, and teacher professional development. Of \$38.4 million, \$5 million is allocated to intensive parent support including home visits for parents with newborns, \$10.15 million funds preschool for low-income families, and \$3.4 million to improve quality of care. The remaining funds are for parent support programs.

Shared Visions—Provides parent support services and child care for at-risk children 0-3 as well as preschool for at-risk children 3-5. The total investment is approximately \$7.5 million. Eligibility is 130% FPL or other risk factors. A number of families are on the waiting list. Poverty is the number one eligibility factor. The program coordinates services with Community Empowerment as well as co-enrollment with children's health care programs and other relevant programs as necessary.

Early Head Start—\$400,000 in state funds added to federally funded program.

Post-Secondary Education

Iowa Tuition Grant—Up to \$4,000 per year to complete a 4 year degree. Eligibility based on FAFSA determination of need and Expected Family Contribution (EFC)

Vocational Technical Tuition Grant—Up to \$1,200 to complete a two-year degree. Eligibility based on FAFSA determination of need and Expected Family Contribution.

Iowa Grant Program—Campus-based aid up to \$1,000 for most financially needy students based on FAFSA determination for students with an EFC of zero.

Investments to reduce tuition—2007 Legislative Session investment of \$12.4 million for Community Colleges to forestall tuition increases.

Workforce Development

Promise Jobs (TANF)—Eligibility between 22–84 percent of FPL depending on earnings and family size. Allows post secondary education and short term training for a limited period of time in addition to traditional job search activities, adult basic education, and job-readiness assessments.

Enterprise Zone Tax Credit—incentive intended to create jobs in high unemployment and otherwise distressed areas. Requirement that jobs locate in Enterprise Zone and pay 90 percent of county average wages along with dental and health benefits. No other language to suggest this or other incentives are targeted to skill development or wage enhancements for low-income individuals.

Housing

Housing Trust Fund—Currently provides \$2.5 million (will increase to \$5 million in 2010) to preserve and create affordable housing with 60 percent of funds to local areas for creating housing trust funds

Housing Enterprise Zone Credit—Tax credit to developers for single and multi-family homes. Other than locating in designated Enterprise Zones, it is unclear whether this is truly targeted toward affordable housing.

Food Assistance

Follows federal guidelines.

Child Care

Child Care Subsidy—Eligibility up to 145% FPL with increasing copays. No citizenship requirement to participate. There is a work requirement of 28 hours of work or education and training. In 2008 the state infused \$18.4 million to avoid creating a waiting list.

Asset Building

Individual Development Accounts—Legislation provides up to 5,000 accounts per year with a 15–25 percent savings tax refund based on income and the amount of the deposit. Individuals can participate up to 200% FPL and deposit up to \$2,000 a year and not more than \$50,000 total. Iowa was the first state to establish IDA policy.

Targeted Small Business Program—Provides low interest loans to minority or women owned small business or business owned by persons with disabilities. In 2007 the Legislature invested an additional \$2.5 million into the program.

Cap on car title loans at 21 percent.

Alternative to payday loans—credit unions and similar institutions can provide short term loans with max of 10 percent interest or \$30 fee for loans under \$3,000.

Microenterprise—Strides made to provide microenterprise opportunities in the 2007 and 2008 Legislative Sessions.

Minnesota Overview

ECONOMIC WELL-BEING

Minnesota is recovering from a deep state budget deficit that occurred in 2003. Investments are moving toward their pre 2003 baseline. A number of strategies, such as the Working Family Credit, have appeared to keep the population relatively steady with a greater share of the population earning higher incomes. Rates of poverty, the number of uninsured, and those with food insecurity are lower than in many other states. Other indicators show economic insecurity possibly on the rise. Median income is falling and a significant portion of individuals pay more than 30 percent of their income for housing. Deep cuts in health care and child care have not been restored and poverty rates are up slightly.

STRATEGIES

Minnesota Milestones have been in place since 1991 with “the belief that a shared vision, clear goals and measurement of results would lead to a better future for Minnesota.” The Milestones include 70 progress indicators in the areas of People, Community and Democracy, Economy and the Environment. These indicators were widely publicized and tracked prior to 2002. After 2002, a change in leadership cut funding to the planning department and undercut the use and value of the Minnesota Milestones. The indicators have not been updated since that time. In addition, the Milestones do not serve as a policy trigger or policy development tool or a revenue generator/expenditure trigger to achieve progress on the Milestones.

In addition to the Milestones, Minnesota’s TANF Program, Minnesota Family Investment Program (MFIP), was developed with a sense of mission to implement policies that reduce poverty. Programs and policies as well as marginal tax rates were aligned so that people could access the benefits they need and keep more income as their earnings increased in order to achieve economic stability.

The deficit of 2003, in addition to political leadership changes, cut short progress on these strategies and changed the policy dynamic. The sense of mission dissipated. As the economic recovery is underway efforts are focused on achieving pre-deficit levels and recapturing leadership and buy-in to a broader strategy.

MEASURES

Minnesota Milestones offer a broad range of quality of life indicators. They were developed among Minnesotans and tracked yearly. Measures include the child poverty rate, the rate of uninsured, median income compared to U.S. median, availability of full-time work, net business creation, along with other community vitality and well-being measures. These measures have not been tracked since 2002.

The JOBS NOW Coalition has developed a Cost of Living in Minnesota Family Wage & Budget Calculator which provides statewide and county cost of living calculations. The budget calculator is used to educate legislators and set standards for job programs as well as show changes in the cost of living to improve programs such as public health care, child care and TANF. The calculator is not embedded in legislation as a standard state tool.

Minnesota programs use a mix of Median and FPL as eligibility standards. Some Minnesota law makers are well versed on the budget differences of using one eligibility standard over another. In 2003, the child care subsidy program was changed from 75 percent of median income to 175% FPL specifically to reduce the number of eligible individuals and cap costs.

Minnesota starts at a different point than other states in that their efforts are to restore or rejuvenate a policy framework to improve living standards and promote economic mobility rather than newly creating a framework.

POLICIES

Perhaps as a result of the groundwork laid by the Minnesota Milestones and the development of MFIP, most Minnesota polices extend well beyond federal minimums.

Health Care

Medical Assistance provides care to parents, children, pregnant women, the elderly and people with disabilities. Families with increasing incomes can remain on medical assistance by paying cost differences. Eligibility levels:

- Children under age 2—280% FPL.
- Children between ages 2 and 18—150% FPL.
- Children between ages 19 and 20—100% FPL.
- Parents with children under 19—100% FPL .
- Pregnant women—275% FPL.
- Elderly or disabled—100% FPL.

MinnesotaCare provides health coverage with premiums and copays to single adults, parents and children. Eligibility levels are:

- Adults without children under 21—175% FPL. (moving to 215% FPL in 2009)
- Children and adults with children—275% FPL.

Early Education

State expansion of Head Start—Additional 3,000 children enrolled with \$20 million additional state funds.

Early Childhood and Family Education (ECFE)—a variety of locally developed pre-K services. Dollars are allocated to counties based on the number of children of eligible ages. Services vary by county and generally are less intensive than Head Start. ECFE is available to all children regardless of income.

School Readiness—focuses on insuring children are ready to learn. Targeted toward 3- and 4-year-olds based on a per-pupil allocation as well as the number of children in each county eligible for free and reduced lunch. Services are targeted to children and parents and often based on results from screening programs. School Readiness services are available to all children.

Post-Secondary Education

Minnesota State Grant—124.2 million in grants, the majority (86 percent) to students under \$50,000 income. Eligibility based on FAFSA determined need with only portions of estimated student contribution considered in determining eligibility for the grant. Grant eligibility is based on a minimum of 3 credits at an eligible institution up to eight semesters to students without a BA. Grants awarded up to \$5,575 at a public institution.

Child Care Grant—4.8 million in grants for income-eligible students. Grants awarded up to \$2,600 per school year for up to 40 hours per week. Cost of child care is included in determining financial need.

Workforce Development

The Minnesota Job Skills Partnership Board has two grant programs that target training for individuals with incomes below 200% FPL. The Low Income Worker Training grant program makes grants to employment services providers. These grants pay for short term training that is not financial aid eligible. Since 2001, the MJSP Board has awarded over \$4.5 million in four different grant rounds. Funds are available from either the general fund allocation or from transfers from the workforce development fund at the discretion of the MJSP Board.

The other grant program is the Pathways grant program. The MJSP Board makes grants to eligible educational institutions that partner with an employer to develop and customize training leading to higher-wage jobs for low-income individuals including those transitioning from public assistance.

TANF—Eligibility at approximately 61% FPL with 18 percent earned income deduction, child care deductions and child support deductions. Eligibility levels increase with the increase in FPL every year. Families are no longer eligible at 115% FPL although health care, child care, and food assistance are available at higher income levels. Post-secondary education and training is an approved work activity for MFIP participants if the education and training program last 24 months or less. All of a participant's hours in education and training count towards the work requirement for the first 12 months; after that, a participant must have other activities in their employment plan that meet the federal work participation requirements.

Food Assistance

Follows federal rules although uses categorical eligibility to transfer eligibility for food stamps through TANF, Child Care, SSI, and General Assistance. State dollars fund Minnesota Food Support for certain non citizens 50 years and older (1.9 million in 2003)

Housing

Housing Trust Fund provides for the creation of affordable housing as well as rent subsidies prioritizing those experiencing long term homelessness with 75 percent of units for those with incomes of 30% AMI or less and the rest up to 60% AMI

Economic Development and Housing Challenge program provides funds along with employer contribution to provide housing affordable to the local workforce up to 80% SMI. However, affordability is to be defined according to the wage levels of the surrounding workforce.

The state provides approximately \$105 million for housing programs, about eight percent of agency funds in total.

Child Care

The Minnesota Child care assistance program provides subsidies up to 175% FPL and allows for earnings increases up to 250% FPL with copayment increases up to 10 percent of income. Funds are distributed to counties. A county starts a waiting list once it runs out of money. Over 3,000 families are currently on a waiting list. The majority of participating families have incomes under 150% FPL.

At-Home Infant Care—A program component of the Minnesota Child Care Assistance Program is available to income-eligible families for parents caring full-time for their children in their first year. This program is not widely used, only 32 families in 2006. Dedicated funding was eliminated in 2007.

Asset Building

Minnesota funds individual development accounts up to 200% FPL for enrolling individuals with a three to one match.

In addition a number of asset and income exclusions are allowed in calculating eligibility for health care and TANF. Asset limits for health care are \$10,000 for a single person and \$20,000 for a family. There is no asset limit for children or pregnant women. MFIP (TANF) allows up to \$7,500 for vehicle along with deductions for dependent care, child support payments, and earnings.

Montana Overview

ECONOMIC WELL-BEING

While the cost of living in Montana is low, indicators describe a bleak picture. Among the Northwest-area states, Montana has the highest rates of poverty and the number of uninsured. Rates of food insecurity are high and despite an increase in household median income, there has been no improvement in the share of households with incomes below 50 percent of household median income. In addition the state has invested little to extend federal programs or develop stand alone state programs that support well-being.

STRATEGIES

No comprehensive strategy for improving well-being appears to exist in Montana. However, recent leadership change proved new strategies may be on the horizon as certain programs benefit from increased investments.

MEASURES

Montana employs a mix of median and FPL as eligibility measures generally along the same lines as federal guidelines.

POLICIES

Currently Montana expanded investments beyond the federal minimum in the areas of children's health care. Stand alone state investments tend toward post-secondary education and workforce development incentives. Other than these areas, few investments have been made to improve resident well-being.

Health

Adult Medicaid—37% FPL, 133% FPL for pregnant women, up to 185% FPL for medically needy families.

Children Medicaid—No income limit for newborn care, under 6 133% FPL, 6-19, 100% FPL.

SCHIP—Up to 175% FPL and potentially more depending on work and dependent care deductions.

Education

Montana Tuition Assistance Program—for Pell eligible students enrolled full time with earnings of \$2,575 and an EFC of \$6,550 or less. Dollars are intended to offset Pell dollars lost through earned income. Montana invested \$1.7 million.

Montana Higher Education Grant—Eligibility based on FAFSA with an average grant of \$465. About \$432,000 has been invested.

Governor’s Postsecondary Scholarship—Campus based aid with at least 5 scholarships provided from every campus. Scholarships are \$1,000 per year for two-year institutions. Eligibility is based on FAFSA and campus aid administrators. A total of \$333,000 has been invested.

State Funded Work Study—Montana allocated \$800,000 across campuses for Work Study. Eligibility is based on FAFSA.

Housing

Montana Board of Housing—Provides first time home-buyer programs loans to create and preserve affordable housing. Eligibility ranges from 50% AMI to 140% AMI. However, no state general funds are allocated to affordable housing. The agency administers HUD grants and otherwise generates revenue.

Food Assistance

Food Stamps—Follows federal guidelines making use of categorical eligibility for TANF and SSI. Montana also allows gross income eligibility of 165% FPL for the elderly and individuals with disabilities.

Child Care

Best Beginnings—Provides subsidized child care up to 150% FPL with copayments up to 14 percent gross family income.

Workforce Development

TANF—Net income eligibility of 30 percent 2002 FPL which includes work expense, earned income, dependent care, and child support deductions. Up to twelve months of vocational training is allowed along with work experience and other traditional TANF programs.

Primary Sector Workforce Training Grant Program—targeted to jobs creating at least ten new jobs at the state or county average wage (whichever is lower). Provides \$5,000 per employee. Montana invested \$3.9 million per year.

Big Sky Economic Development Trust Fund—Targeted to local governments for economic development projects, up to \$5,000 per employee and potentially more in very high poverty areas. \$1.3 million invested.

Workforce Investment for Rural Economic Development—Invests in very rural eastern area of the state to develop the bio-fuel industry. No specific investments for low-income individuals.

Asset Building

Family Savings for Tomorrow—Helps families up to 185% FPL save to purchase a home.

Children’s Health Care—No asset test for receiving subsidized health care for children.

North Dakota Overview

ECONOMIC WELL-BEING

Indicators of economic well-being hover around national averages and are in the middle of the Northwest-area states. Cost of living is likely lower in North Dakota and this may be reflected in the lower numbers of households paying more than 30 percent of their income for housing. Rates of food insecurity, and the number of children uninsured is relatively low although poverty rates have increased over the last few years. State investments in programs that support well-being are few and tend to be more expansive for child care and workforce development.

STRATEGIES

No overarching strategy to improve well-being is apparent in North Dakota, either from a policy or an advocacy perspective.

MEASURES

North Dakota uses a mix of FPL and Median income as eligibility measures, mostly following federal policy guidelines.

POLICIES

Programs in North Dakota largely follow federal guidelines with few expansions beyond federal minimums. However, North Dakota employs a number of deductions in determining net income for programs such as Medicaid which likely expands the number of individuals eligible for these programs. State stand alone investments are largely in the area of workforce development.

Health Care

Adult Medicaid—36% FPL net income. Income calculations include deductions such as work expenses, taxes, health care premiums, and child care expenses.

Child Medicaid—Children under six and pregnant women 133% FPL and children 6-19 is 100% FPL.

Healthy Steps—SCHIP at 140% FPL.

Education

North Dakota State Student Incentive Grant Program—Eligibility determined by FAFSA. Provides 3500-4000 grants a year between \$600–\$1,000.

Tuition Waivers—Available based on funding availability and financial need.

Housing

North Dakota Housing Finance Agency—Administers HUD grants and funds rental assistance and home buying assistance programs. Agency is revenue producing and receives no state general funds. Eligibility for agency programs range from 50% AMI to 100% AMI.

Food Assistance

Food Stamps—expands eligibility through categorical eligibility to TANF and Information Resource and Referral as long as net income test is met. Otherwise follows federal guidelines.

Child Care

Child Care Assistance—170% FPL eligibility with increasing copays up to 15 percent income.

Workforce Development

TANF—Eligibility includes a number of deductions, net income limit of 33% FPL. Diversion assistance, however, is available up to 140% FPL as well as to families eligible for food stamps and child care. Provides paid work experience and limited vocational training.

New Jobs Training Program—Helps fund training for businesses that create at least five new jobs paying \$7.50/hour and health benefits within a year. No language targets low-income individuals or high poverty areas.

Workforce 20/20—Direct reimbursement of training costs for new employees or to upgrade skills for new technologies.

Asset Building

Microbusiness Investment and Employment Credit—Provides grant up to 20 percent of a new investment up to \$10,000. Businesses must be located in a rural area with a population of 2,000 or less.

TANF—Families can hold assets up to \$6,000.

Asset rules for health care—No asset test exists for children and adult Medicaid.

Oregon Overview

ECONOMIC WELL-BEING

Oregon has made a number of investments into resident well-being including refundable dependent care and earned income tax credits, affordable housing, early learning, and broad access to food assistance. Oregon has been moving out of the recession with substantial job growth although, wages in these jobs have been lower than the jobs lost during the recession. At the same time the cost of housing has gone up, median income has fallen since 2001 and the number of poor families has increased. Two in three Oregon workers do not earn more than 150% FPL for a family of four. One in five adults does not have health insurance and one in 10 children is uninsured. A majority of families pay more than 30 percent of their income for housing.

STRATEGIES

The Oregon Progress Board, created in 1989, oversees the state Strategic Plan, Oregon Shines II and track progress toward 3 goals 1) quality jobs for all Oregonians, 2) safe, caring and engaged communities, and 3) healthy, sustainable surroundings. Progress Board benchmarks are composed of 91 measures in areas that include the economy, education, civic engagement, social support, public safety, community development and environment, which are tracked over time and reported to the legislature and the public. These measures guide agency performance and planning processes. While they are intended to guide policy-makers, it is unclear whether or not they also guide revenue generation or expenditure decisions or if missed targets are linked to legislative decisions to improve outcomes. It is also unclear how the measures work together to create a unified policy framework to achieve the three goals.

Policy development and advocacy seems to work alongside, not necessarily in coordination with, the efforts of the Progress Board. Policy strategies, such as recent effort to create revenue for children's health care or low-income customized training funds do not appear tied to relevant Progress Board Benchmarks.

MEASURES

The Progress Board includes a number of interesting measures such as the number of workers earning over 150% FPL for a family of four, the number of homeless, the number of individuals without health insurance, the number of high school dropouts, the number completing post-secondary education, as well as these numbers by race and ethnicity. These measures are then tied to state agencies performance goals intended to meet designated targets and improve outcomes. A brief review shows that targets change year to year, perhaps reflecting budgetary constraints. In addition, performance goals appear limited to already implemented policies such as TANF or unemployment insurance.

Outside of the Progress Board Benchmarks, programs in the areas of review tend to use a mix of FPL and median income as eligibility standards. Housing, Energy Assistance, the State IDA program, and student aid use some percentage of median income as an eligibility standard.

POLICIES

Generally, strategies to improve living standards and promote economic mobility go beyond federal minimum requirements with policies implemented in programs as well as the tax structure. Oregon invests state funds in programs that add value to federal programs as well as stand alone state funded programs.

Health Care

Oregon Health Plan—Combines Medicaid and state funding to provide care to single adults, childless couples, and parents up to 100% FPL as well as pregnant women and children up to 185% FPL. TANF families are categorically eligible for the Oregon Health Plan. Slots are limited for those not otherwise Medicaid eligible and the program is no longer enrolling eligible applicants.

Family Health Insurance Assistance Program—provides subsidies to families up to 185 percent of FPL to help cover the costs of insurance through employer or individual plans. Subsidies range from 95 percent of costs to 50 percent of costs on a sliding income scale.

Early Learning

Oregon Pre-Kindergarten Head Start—State investment to expand access to Head Start. Currently 60 percent of eligible children are served. During the 2007 Legislative Session \$39 million more dollars were invested to increase enrollment up to 75 percent of eligible children.

Post-Secondary Education

Oregon Opportunity Grant—Provides grants to dependent students with incomes at 55% SMI, independent students 50% SMI, and single students 30% SMI. This grant generally follows Pell rules for assistance to an eligible course of study. In the 2007 Legislative Session dollars invested in this grant doubled to \$106 million.

Housing

Housing Development Grant Program—Provides grants or loans for the preservation or development of affordable housing for very low-income or low-income families. Maximum grant per project is \$100,000 in a funding cycle to be leveraged with other public and private dollars. Seventy-five percent of funds must be applied to projects for families at 50% SMI or less with the remaining funds available for families up to 80% SMI.

Low Income Rental Housing Fund—Funded through interest on rental deposits and court fees providing rental assistance to families at or below 50% SMI. This fund is used to leverage other federal rental assistance.

Home Ownership Assistance Account—Provides \$1,500 for down payment or closing cost assistance for first time homebuyers up to 80% SMI.

Housing Stabilization Program along with the **Emergency Housing Fund and Homelessness Assistance Fund** provides emergency shelter and transition assistance services for low and very low-income individuals who are homeless or at risk of becoming homeless.

Governor's Ending Homelessness Advisory Council—An initiative to end homelessness in 10 years. The work of the council has just begun. During the 2007 Legislature this Council was combined with the commission to address Hunger. In 2008 it will become the Interagency Coordinating Council on Hunger and Homelessness.

Food Assistance

Oregon has a particularly interesting model of expanding access to food stamps. Oregon uses categorical eligibility to expand access to food stamps. Households are categorically eligible if their countable income is 185% FPL or less and they received an informational packet about other available services. Individuals in other programs such as TANF and housing stabilization are automatically eligible for food stamps. Individuals receiving food stamps are also automatically eligible for free lunch and the Oregon Telephone Assistance Program. Once ranked in the bottom tier of states with eligible individuals receiving food stamps, Oregon expanded eligibility and also dramatically improved outreach efforts and the number of eligible individuals receiving food stamps greatly increased.

Child Care Assistance

Child Care Subsidy—Subsidizes care up to 185% FPL with copayments up to 23 percent of family income.

Workforce Development

TANF JOBS—Provides traditional job-skill activities along with vocational training, subsidized work, and micro-enterprise assistance. Eligibility for TANF is approximately 43% FPL. Post-TANF program—eligible for a year of grants up to \$150 a month if below 200 percent.

Employer Workforce Training Fund—Combines a substantial public investment with private dollars for customized training programs to create jobs and raise wages and retain business. The program does not prioritize wage standards or targets to insure a benefit to low-skill, low-income employees.

Jobs Plus—Program connects low-skill workers to employers through subsidized wages for the first 30 days, after which the employer pays the wage and contributes to Individual Education Accounts for employees.

Asset Building

State IDA program—The program is funded through a mix of federal and private funds. State expenditures are in the form of tax credits for individual contributions to IDA accounts. Individuals can receive a 75 percent credit on contributions to their IDA account. Eligibility is up to 80% SMI with net assets of \$20,000 or less.

Asset rules—Oregon disregards assets in determining children's health care eligibility. Households considered categorically eligible for food stamps and other programs also disregard assets in determining eligibility.

South Dakota Overview

ECONOMIC WELL-BEING

A low cost-of-living state, the economic picture in South Dakota is mixed. Income has grown over the last decade for all but the poorest fifth of the population. The rate of official poverty is relatively high and the state offers few investments in long-term prosperity such as early learning. Yet, other areas related to children are those that receive state investments such as child care and health care.

STRATEGIES

No overarching framework to address poverty appears to exist.

MEASURES

Measures follow federal guidelines using primarily FPL and a percentage of median income for housing.

POLICIES

In most cases South Dakota implements federal minimums except in the case of children's health care and subsidized child care. State stand alone investments also exist for customized job training and food sales tax credit.

Health Care

Adult Medicaid—46% FPL.

Children Medicaid—140% FPL.

SCHIP—200% FPL.

Education

Early Learning—In 2007 South Dakota initiated a pilot to provide early learning services to children most in need. The state invested \$750,000 along with a required local match.

Housing

South Dakota enacted the South Dakota Housing Authority in 1973 as an independent agency. The agency is responsible for implementing HUD programs but does not appear to receive state general funds.

Food Assistance

Follows federal guidelines.

Child Care

Provides subsidized care up to 200 percent of FPL with copays up to 15 percent of total income.

Workforce Development

TANF—Eligibility up to 33% FPL. Provides general job training and job search as well as 24 months of education and training.

Governor’s Workforce Development Program—Provides up to \$1000 subsidy to employers with a 50 percent match. Employers must provide a base wage of \$10.50 for new jobs as well as wage increases and health benefits. The amount of subsidy depends on the base wage, the wage increase, benefits, the type of skills provided and the number of trainees. No specific language targets low-wage, low-skill employees.

Building Assets

Assets disregarded in calculating eligibility for children’s health care.

Washington Overview

ECONOMIC WELL-BEING

As recently as the end of the 2007 Legislative Session, Washington invested heavily in the well-being of its residents including new investments into affordable housing, children's health care, post-secondary education, and early learning. Washington's economy is recovering from the recent recession. However, while median income has grown over the last several years the share of individuals with incomes below 50 percent of median has not significantly changed since 2000 indicating income stagnation for very low-income households. In addition, the cost of housing continues to rise and Washington experiences relatively high rates of poverty. Washington has no income tax and has been ranked as the state with the most regressive tax system. The lowest-income individuals pay the highest percentage of income in taxes. However, Washington became the first state to pass a state refundable EITC in a state without personal income taxes.

STRATEGIES

The Washington Office of Financial Management employs a framework known as the Priorities of Government (POG) based on ten results that citizens expect from their government. A process stems from these priorities, which develops indicators of success and identifies needs to address and achieve results. A budgetary framework is provided to guide the ranking of activities necessary to achieve the overall results. The ranked results are:

- 1. Improve student achievement in elementary, middle and high schools.**
- 2. Improve the value of postsecondary learning.**
- 3. Improve the health of Washingtonians.**
- 4. Improve the security of Washington's vulnerable children and adults.**
- 5. Improve the economic vitality of business and individuals.**
- 6. Improve statewide mobility of people, goods, and services.**
- 7. Improve the safety of people and property.**
- 8. Improve the quality of Washington's natural resources.**
- 9. Improve cultural and recreational opportunities throughout the state.**
- 10. Strengthen government's ability to achieve results efficiently and effectively.**

However, though the POG process intends to send a message about priorities, inform the budget process and create synchronicity across agencies and programs, it does not serve as a policy or budgetary trigger and does not account for other budgetary and legal constraints. It is unclear how POG influences executive or legislative decision makers.

The Statewide Poverty Action Network employed an advocacy framework which achieved a number of legislative successes. A summary of the framework is:

Accessing the American Dream—Economic Development; Payday Lending, Opportunity Grants, IDAs

Health Care—Children’s Health, Basic Health Plan, Adult Dental

Immigrant and Refugee Justice—Limited English Proficient Pathway, Naturalization, Children’s Health

Basic Needs—TANF, General Assistance, Child care, Housing Trust Fund, Living Wage Jobs

Voting Rights

MEASURES

The POG offers a number of measures for each result such as the percent change in poverty in the state from year to year, tracking median hourly wage, and average hourly wage for the lowest quintile of wage earners. This data is informative but does not trigger policy maker action.

Washington legislates a TANF standard of need intended to trigger TANF grant increases. The standard of need measures adequate costs of living including “reasonable allowances for shelter, fuel, food, transportation, clothing, household maintenance and operations, personal maintenance, and necessary incidentals”. Though the measure is on the books, TANF grants have not increased in several years.

Other programs include a mix of median and FPL as an eligibility measure. In addition to housing programs, Washington employs median income to determine eligibility for state financial aid and the IDA program at local discretion.

POLICIES

Washington programs tend to extend far beyond federal minimums. Perhaps because income tax policies are not available, the state has also invested in stand-alone state funded programs.

Health Care

Adult Medicaid—Services are tied to the TANF standard—currently 38% FPL. However, state funds provide services to immigrants otherwise ineligible through federal funds.

Basic Health Plan—Provides care to parents up to 200% FPL. However, the number of slots is capped and the program is currently filled.

Healthy Kids Now—Combines SCHIP and Medicaid dollars to provide care to children up to 250% FPL. Recent legislation will increase eligibility to 300% FPL in 2009 with the goal of covering all children by 2010.

Education

Early Childhood Education and Assistance Program—Corresponds to Head Start in structure but expands eligibility to 110% FPL. The state invests over \$30 million dollars in ECEAP. In 2008 the legislature appropriated \$250,000 to combine ECEAP with the federally funded program, to create Washington Head Start.

Department of Early Learning—In 2007 Washington enacted a number of new policies and investments in early learning including establishing this new state department to coordinate all of the early learning programs. Thrive by Five is another new element housed in this department. The state is investing nine million dollars as seed money in this public/private partnership to add value to early learning guidelines/programs, and parenting resources.

Full-Day Kindergarten—Full-day kindergarten will be available throughout the state and is phasing in based on districts with the highest number of free and reduced lunch eligible students.

State Need Grant—Provides full financial aid for post-secondary students up to 50% SMI and on a sliding scale to students up to 65% SMI. Though program funding increases each year, about 3,000 eligible students remain unfunded. Grant amounts vary depending on whether students are attending a two year or four year institution. About \$167.7 million has been invested in this grant program.

Opportunity Grants—A new program created in 2007, the state initially invested \$15 million in grants to pay tuition and fees and up to \$1,000 for additional expenses such as child care. Colleges will receive an additional \$1,500 for each Opportunity Grant student to provide support services that help keep students in school. Opportunity Grants are targeted to high demand “Opportunity Grant” degree or certificate programs. Eligibility is up to 200% FPL.

College Bound Scholarships—Will begin in 2012 and is targeted to students identified as eligible for free or reduced lunch in the 7th grade. Students must maintain a 2.0 GPA when graduating from high school and family income can be up to 50% SMI or up to 100% SMI on a pro-rated basis.

Housing

Housing Trust Fund—provides a pool of funding for a variety of activities that preserve and create affordable housing opportunities and provide rental subsidies for families up to 80% of SMI while prioritizing families at or below 50% SMI. The Fund also provides for shelter services, transitional services for homeless families moving to stable housing, and Farm Worker Housing. An increased state investment adds up to \$130 million.

Food Assistance

Food Stamps—Expands gross income limit up to 165% FPL for adults over 60 and individuals with disabilities. Follows federal rules in all other ways. Provides categorical eligibility for gross income up to 200% FPL.

Child Care

Working Connections Child Care—Provides subsidies up to 200% FPL with increasing copayments. Copayments are \$15 up to 82% FPL, \$50 between 82–137% FPL and increasing beyond 137% FPL. Copayments are not pro-rated for part-time care.

Workforce Development

WorkFirst—Eligibility is 76% FPL while grants remain at 38% FPL. WorkFirst involves a mix of job search, paid work experience, and education including up to 12 months of high demand education at the community colleges and training that integrates ESL and basic skills with vocational training.

Job Skill Partnership—Funds for customized job training for employers provided by community and technical colleges. Criteria to receive funds includes training for those at risk of losing jobs, high unemployment areas, and areas with high rates of poverty. Employers must provide a one to one match of funds.

Customized Job Training Credit—New or expanding businesses may develop training with the community and technical colleges repaying colleges over time for the cost of the training. At the same time the businesses can claim 50 percent of the costs as a credit on their B&O taxes.

WorkFirst Block Grants—colleges can apply for funds to provide high demand training for a certificate, integrated training or customized job-skill training for students up to 175% FPL. The state invests \$27.7 million in these grants.

Asset Building

State IDA program—Funds to local agencies for programs with eligibility at 80% AMI or 200% FPL. One million state dollars have been invested.

Washington State Asset Building Coalition—\$1.2 million invested to expand local EITC campaigns and support a variety of asset building activities.

Microenterprise Development Programs—Washington state recently passed legislation to provide for entrepreneurial training through local workforce investment boards, self-employment training and assistance through the unemployment insurance system and microenterprise development assistance grants to be distributed through the State Department of Community, Trade, and Economic Development to the state Microenterprise Development Association and microenterprise development organizations.

Resources

RESOURCES BY POLICY OBJECTIVE

Policy Objective 1

State legislation and executive orders to implement goals

www.spotlightonpoverty.org

National poverty-reduction targets and policy prescriptions

<http://www.americanprogress.org/issues/domestic/poverty>
www.catholiccharitiesusa.org

Overview of state goals

http://www.clasp.org/publications/clasp_report_0418.pdf
www.workingpoorfamilies.org
www.spotlightonpoverty.org

Policy Objective 2

Family budgets

Economic Policy Institute http://www.epi.org/content.cfm/issueguides_poverty_poverty
JOBS NOW Coalition <http://www.jobsnowcoalition.org/index.asp?SEC={F690DE79-0D59-40E0-B3C6-275C7989B18A}&Type=COSTLIVING>
Wider Opportunities for Women/Self Sufficiency Standard http://www.wowonline.org/docs/FINAL_FESS_report_072103.pdf

State Median Family Income

<http://www.census.gov/hhes/www/income/medincsizeandstate.html>

State Household Median Income

<http://www.census.gov/hhes/www/income/income06/statemhi3.html>
National Academy of Sciences Report: <http://www.nap.edu/readingroom/books/poverty/>

Indicators

Oregon Progress Board Benchmarks: <http://www.oregon.gov/DAS/OPB/obm.shtml>
Minnesota Milestones: <http://www.mnplan.state.mn.us/mm/>
KidsCount: <http://www.aecf.org/MajorInitiatives/KIDSCOUNT.aspx>
CFED Assets and Opportunities Scorecard: <http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2471>
Working Poor Families: <http://www.workingpoorfamilies.org/indicators.html>
Council of the European Union http://www.ceps.lu/eu2005_lu/report/final_annexes.pdf Tables 2.2a and 2.2b and also
United Kingdom Opportunity for All indicators: www.dwp.uk/ofa

Policy Objective 3

National policy organizations involved in economic security

The Center for American Progress: www.americanprogress.org
The Agenda for Shared Prosperity (a project of the Economic Policy Institute): www.sharedprosperity.org
The Economic Policy Institute: www.epi.org
The Center for Economic and Policy Research: www.cepr.net
The Bridging the Gaps Project (a project of the Center for Economic and Policy Research): www.Bridgingthegaps.org
The Center for Law and Social Policy: www.CLASP.org
The Center on Budget and Policy Priorities: www.CBPP.org
The Working Poor Families Project: www.workingpoorfamilies.org
The Center for Community Change: www.communitychange.org
The National Center for Children in Poverty: www.nccp.org

Policy Objective 4

National policy organizations involved in better coordinating and strengthening public supports

www.nccp.org
www.bridgingthegaps.org
www.sharedprosperity.org
www.americanprogress.org

RESOURCES BY POLICY AREA

Health

Kaiser Commission on Medicaid and the Uninsured (a project of the Kaiser Family Foundation)

<http://www.kff.org/about/kcmu.cfm>
Kaiser Family Foundation www.kff.org
Center for Budget and Policy Priorities www.cbpp.org

Education

The Foundation on Early Learning
The National Head Start Association <http://www.nhsa.org/>
Center for Law and Social Policy www.clasp.org
The Workforce Alliance www.workforcealliance.org
The Working Poor Families Project www.workingpoorfamilies.org

Housing

The Housing Trust Fund Project of the Center for Community Change <http://www.communitychange.org/housing-trust-funds/>
The National Alliance to End Homelessness www.endhomelessness.org
National Low Income Housing Coalition www.nlihc.org

Food

Food Research Action Council www.FRAC.org
Center on Budget and Policy Priorities www.cbpp.org

Workforce Development

Workforce Alliance www.workforcealliance.org
Jobs for the Future www.jff.org
Center for Law and Social Policy www.clasp.org
Working Poor Families Project www.workingpoorfamilies.org

Child Care

Center for Law and Social Policy www.clasp.org
National Association for the Education of Young Children <http://www.naeyc.org/families/>
U.S. Government Programs www.kids.gov

Asset Building

Corporation for Enterprise Development www.cfed.org
Demos www.demos.org
Center for Responsible Lending www.responsiblelending.org
Center for Social Development <http://gwbweb.wustl.edu/csd/>

Fair Budget and Tax

State Fiscal Analysis Initiative (a project of the Center on Budget and Policy Priorities) www.statefiscal.org
Center on Budget and Policy Priorities www.cbpp.org
Economic Policy Institute www.epi.org
Economic Analysis and Research Network (a project of the Economic Policy Institute) www.earncentral.org
Center for Economic and Policy Research www.cepr.net
Citizens for Tax Justice www.ctj.org
The Institute on Taxation and Economic Policy www.itepnet.org

Immigration

National Immigration Law Center www.nilc.org
National Council of La Raza www.nclr.org
Fair Immigration Reform Movement (a project of the Center for Community Change) www.fairimmigration.org

Glossary of Terms

HOUSEHOLD—A unit for analysis of individuals who live in the same dwelling regardless of relationship. A household can consist of one person

FAMILIES—Primary married couple or single parent with a child under 18 years of age

MEDIAN INCOME (HOUSEHOLD)—Half the households have income above and half the households have income below the level of median income

SMI—State Median Income for a family of four as calculated by the U.S. Census Bureau

AMI—Area Median Income

FEDERAL POVERTY LEVEL—Based on food expenditures as 30 percent of income multiplied by three. Income is defined as pre-tax cash income including government transfers which does not include near cash benefits such as food stamps or housing vouchers nor does it include the cost of taxes or other work expenses such as the cost of child care or transportation. The FPL is adjusted for inflation using the consumer price index with thresholds that adjust for family size. Federal Poverty Level is a more general term for Federal Poverty Guidelines which are used for administrative purposes to determine program eligibility. Federal Poverty Thresholds refer to the more precise statistical calculations to measure poverty.

Notes

¹The Federal Poverty Level used here is an inclusive term that does not distinguish between the more accurate terms federal poverty thresholds—the statistical definition used to count the number of people living below the thresholds—and the federal poverty guidelines—the definition and numbers used to guide public administrators in determining income eligibility for public support programs.

²Rebecca Blank. “How to Improve Poverty Measurement in the United States.” *Journal of Policy Analysis and Management*. 27(2), Spring 2008.

³As calculated by the Economic Policy Institute—http://www.epi.org/content.cfm/datazone_calculators

⁴From the Bridging the Gaps Project; analysis of SIPP 2001-3 panel. Randy Albelda and Heather Boushey. “Bridging the Gaps: A Picture of How Work Supports Work in Ten States.” Center for Economic and Policy Research and The Center for Social Policy. October 10, 2007. The small state population prevents a similar analysis for South Dakota and North Dakota. The sample includes households comprised of families with one or two working adults and up to three children under the age of 13. The Bridging the Gaps Project evaluated the ability of families to achieve a decent standard of living and get ahead by analyzing the eligibility for and availability of public supports in ten states as well as the number of families earning enough income and receiving enough support to reach a basic family budget. The family budget, calculated by the Center for Economic and Policy Research, totals the costs of Housing, Food, Child Care, Transportation, Health Care, Taxes, and an amount for other necessities for different family types. The budgets also account for the geographic differences in the costs of living.

⁵Kaiser Commission on Medicaid and the Uninsured: Financing of Medicaid, ii.

⁶Ibid., 3.

⁷States may also apply for a waiver which may alter the funding mechanism but allow states to provide Medicaid in an alternative manner.

⁸http://www.ppic.org/content/pubs/ffg/FF_1003TRFF.pdf

⁹Synthesized from “Training in Brief: An Overview of Federal Workforce Policies.” Workforce Training Alliance. Gwen Rubinstein and Andrea Mayo. 2007, Chapter 6.

¹⁰“I-BEST: A Program Integrating Adult Basic Education and Workforce Training.” Research Report 05-2. Washington State Board for Community and Technical Colleges. December 2005.

¹¹Ibid., chapter 5.

¹²Ibid., chapter 4.

¹³Working Poor Families Indicators, Conditions of Poor Low Income Families, Table 1.A4a. <http://www.workingpoorfamilies.org>

¹⁴For more information about this program please see http://www.clasp.org/publications/work_dev_brief__5.pdf

¹⁵Ibid., 5.

¹⁶Please see <http://clasp.org/WelfarePolicy/pdf/map100907us.pdf> for a full report of TANF spending.

¹⁷http://www.clasp.org/publications/summary_of_tanf_final_rule.pdf

¹⁸http://www.acf.hhs.gov/programs/ccb/ccdf/ccdf06_07desc.htm

¹⁹Please see http://www.americanprogress.org/issues/2007/04/poverty_report.html and <http://povertyinamerica.typepad.com/campaign/agenda.html> for specific policy information.

²⁰House Concurrent Resolution 198 110th Congress, 2nd Session <http://thomas.loc.gov/cgi-bin/query/z?c110:H.CON.RES.198.RFS>:

²¹For more information please see <http://www.nccp.org/tools/frs/>

²²To learn more about this planning process please see <http://www.endhomelessness.org/content/article/detail/1397>

²³To read the draft report of the panel please see [http://www.ct.gov/opm/lib/opm/hhs/cpc/2008_child_poverty_and_prevention_report_\(final_one\).pdf](http://www.ct.gov/opm/lib/opm/hhs/cpc/2008_child_poverty_and_prevention_report_(final_one).pdf) appendix C. Please see section V for a full description of this reorganization.

²⁴Calculation based on the National Academy of Sciences' proposed measure.

²⁵Harry Holzer, Diane Whitmore Schanzenbach, Greg J. Duncan, and Jens Ludwig. "The Economic Costs of Poverty." January 14, 2007, 1.

²⁶Robert G. Lynch. "Enriching the Children, Enriching the Nation, Public Investment in High Quality Pre-Kindergarten." May 2007.

²⁷http://www.epi.org/content.cfm/book_enriching#exec

²⁸Alan Berube. "Using the Federal Earned Income Tax Credit to Stimulate Local Economies." The Brookings Institution.

²⁹Ibid.

- ³⁰Jason Levitis and Jeremy Koulisch. “A Majority of States with Income Taxes Have Enacted State Earned Income Credits.” Center on Budget and Policy Priorities. October 5, 2007.
- ³¹Research shows that general improvements in the minimum wage do not result in job loss. Please see http://www.epi.org/content.cfm/issueguides_minwage
- ³²Matt Fellowes. “The High Cost of Being Poor: Reducing the High Cost of Living for Working Families.” Presentation to National Community Tax Coalition Annual Conference. October 13, 2006.
- ³³http://www.nationalpartnership.org/site/PageServer?pagename=ourwork_pl_PaidSickDays
- ³⁴States may also apply for a waiver which may alter the funding mechanism but allow states to provide Medicaid in an alternative manner.
- ³⁵Mary E. Brooks. “Housing Trust Fund Progress Report 2007.” Center for Community Change. 2007
- ³⁶Robert G. Lynch. “Enriching the Children, Enriching the Nation, Public Investment in High Quality Pre-Kindergarten.” May 2007.
- ³⁷Larry Mishel, Jared Bernstein, and Sylvia Allegretto. “State of Working America—Table of real hourly wage for all by education 1973-2005 (2005 dollars).” Economic Policy Institute. 2006/06 http://www.stateofworkingamerica.org/tabfig/03/SWA06_Table3.17.jpg
- ³⁸Though these are the upper eligibility limits, the health care rules deduct the cost of child care in calculating net income, so families with incomes higher than 200% FPL may still receive subsidized care.

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