



Building Family Economic Success

WORK SUPPORTS

In recent years, the federal government and states have offered an array of programs and benefits – including low-cost medical coverage, food stamps, tax credits, child care subsidies, and more – to supplement the earnings of low-income working families. Unfortunately, many eligible families remain unaware of these “work supports,” or they face considerable barriers to accessing them.

The Annie E. Casey Foundation is striving to increase utilization of work supports in order to maximize working families’ opportunities to achieve financial stability.

The Importance of Work Supports

The picture of U.S. poverty is changing. Overwhelmingly, low-income families are working. Whereas 86 percent of income-eligible families with children received cash welfare benefits in 1992, just 48 percent were receiving welfare in 2001. At the same time, nearly one-third of American families today earn less than twice the federal poverty level, or \$31,340 for a family of three in 2004. There are millions of children and parents who are hungry, lack medical coverage and are detached from the economic mainstream in this country.

Not only are more families experiencing economic hardship, but the face of Americans living in poverty is also changing. Contrary to popular belief, those falling below the poverty line are not only the welfare-dependent or unemployed. Working families, too, struggle to make ends meet. The U.S. labor market is facing its worst recovery since WWII. This jobless recovery has persisted long enough that inflation-adjusted hourly wages, specifically those of middle- and low-income men and women, fell between 1998 and 2003, hurting many working families, despite the fact that they maintained employment during this period. With smaller incomes, low-income families are forced to spend a larger portion of their wages on basic needs and work-related expenses.

Work supports such as Medicaid and state child health insurance programs, food stamps, and child care subsidies play a crucial role in helping families bridge the difference between their modest earnings and burgeoning living expenses. Combined with the Earned Income Tax Credit (EITC) and the refundable Child Tax Credit, these programs supplement working families’ limited wages and scant benefits, enabling them to continue to work and provide for their families despite insufficient incomes.

Some important facts about work supports and low-income families:

- Although 15.7 million children were qualified to receive child care subsidies under federal guidelines in FY 2000, only 2.4 million (15 percent) of these eligible children actually received federal subsidies.
- Low-income working families (those earning less than twice the federal poverty level) spend 16 percent of their income on child care, compared with just six percent for higher-income families.
- More than 11 million households in 2003 were “food insecure” – lacking the resources needed to access enough food for an active, healthy life for all household members; and one-third of these households experienced hunger at some time during the year.
- Among food insecure households, 56 percent participated in federal food assistance programs and 20 percent received emergency food assistance. Households with children were twice as likely to report food insecurity as households without children.

Strategies for Family Economic Success

The Annie E. Casey Foundation believes that the children in greatest trouble in America today are those whose parents lack the earnings, assets, services or social support systems required to consistently meet their families’ needs. Most of these children are growing up in impoverished communities that are disconnected from the economic mainstream. The Foundation is working to help these isolated families secure adequate incomes, accumulate savings and live in stable, economically viable neighborhoods through a combination of workforce development, family economic supports and community investment strategies—an approach known as building *family economic success*, or FES. This fact sheet is one in a series outlining the key strategies of the Foundation’s FES grantmaking agenda.

Centers for Working Families

The Earned Income Tax Credit (EITC)

Financial Planning and Education

Financial Services

The High Cost of Being Poor

Homeownership and Predatory Lending

Individual Development Accounts (IDAs) and Other Savings Tools

Workforce Development

Work Supports

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Resources

American Public Human Services Association
(www.aphsa.org)

Center on Budget and Policy Priorities
(www.cbpp.org)

Food Research and Action Center (FRAC)
(www.frac.org)

MDRC
(www.mdrc.org)

National Center for Children and Poverty
(www.nccp.org)

National League of Cities
(www.nlc.org)

United States Department of Agriculture
(www.usda.org)

The Urban Institute
(www.urban.org)

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FES and Work Supports

The number of families who participate in work-support programs remains far below the number of those who are eligible. Families in every state and community lack access to food, health care and child care, despite the federal and state programs expressly designed to help them meet these needs.

Expanding access to needed work supports is a crucial strategy to help struggling families achieve financial stability. The Casey Foundation's investments are designed to increase participation for those eligible families that desire work supports. For many families, work supports will be necessary to make up the difference between wages and living expenses.

Building on the success of the National Tax Assistance for Working Families Campaign, the Foundation has supported a neighborhood-based approach to helping low-income working families. Casey's experience with this initiative has demonstrated that a neighborhood-based campaign is a viable approach for increasing take-up rates.

Several strategies are important in successfully maximizing the use of work supports:

- Involving and utilizing existing community organizations and networks with a mission-related commitment to helping low-income families become financially secure.
- Emphasizing the message that work supports can increase employment and job retention among low-income parents who might otherwise depend on cash welfare.
- Developing Centers for Working Families (CWFs) and employing other strategies to ensure that families applying for one work support gain access to the full range of available programs and benefits.
- Making utilization of work supports an integral goal of existing outreach community organizing activities in low-income neighborhoods.

Challenges and Opportunities

- Public education is needed to eliminate the perceived stigma connected with receiving work supports.
- Advocacy is needed to expand and improve work support policies and programs so that families receive the assistance they need to reach self-sufficiency.
- More "best practices" are needed to build a case for multi-program outreach.
- Research would confirm and illustrate that there is a real cost to society when eligible families do not access work supports (school readiness, employment retention, business cost, etc).