



The Annie E. Casey Foundation An Overview of Family Economic Success

Family Economic Success (FES) is a new, comprehensive approach to help working families and neighborhoods move into the economic mainstream and participate in the modern economy. This approach integrates the strategy areas of workforce development, family economic supports, and community investments. These strategy areas can help families secure adequate incomes through work, saving, investing, and effectively managing their money, while at the same time supporting institutions and policies that make the cost of living reasonable for working families. FES strategies also can strengthen neighborhoods and create stable, economically viable communities.

The Problem

Children in the greatest trouble in this country are those whose parents do not have the earnings, assets, or support systems to meet their family's needs. These families are raising children in neighborhoods where economic opportunity is scarce and support systems for families are weak. All too often, families in the toughest communities are isolated from the broader, mainstream economy and are unable to achieve economic security for themselves and their neighborhoods.

Many families in inner cities struggle to make ends meet and to support their needs now and for the future. Often, they live in neighborhoods that are shunned by potential homebuyers and investors because of poor schools, inadequate safety and the perception that the neighborhood is not a viable market. The potential vibrancy and energy of these neighborhoods have been stifled by cycles of poverty and hopelessness.

A number of factors may contribute to the economic isolation of low-income families and neighborhoods. These include:

- Changes in the types and locations of job creation in metropolitan areas
- The practices of many financial and commercial institutions
- The breakdown of informal job-finding networks and supports, due to economic distress and geographic mobility
- Inadequacy of public transportation systems
- Poorly integrated and misdirected public policies geared toward disadvantaged and working poor families.



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Disconnection from the mainstream economy often makes low-income families and neighborhoods especially vulnerable to exploitive market approaches. Examples include:

- High-cost financial transactions, such as loans, credit, remittance and bill paying services
- Inappropriate and costly insurance policies
- Mortgages that are poorly structured and high priced
- High-cost groceries, sundries and housewares.

The long-term goal of the foundation's FES initiative is to improve the economic success of parents and to assist high poverty neighborhoods become more supportive and economically viable.

The Casey Approach

Casey understands there is no single answer for helping low-income families build economic success. These families face multiple legal, economic and societal barriers, which differ from family to family, and community to community. FES represents a new, synergistic approach to these issues. The approach is to assist working poor families achieve economic self-sufficiency, and to help communities become marketable places for investment, by utilizing and linking a broad range of *mutually reinforcing strategies and investments*. Casey believes that when these strategies and investments are linked to meet the specific needs of individual families and individual communities, they can create a synergy that leads to permanent, positive change. In general, these strategies fall within three broad, and sometimes overlapping areas:

- **Workforce development** and its related benefits, focused on improving job access and quality employment for residents of under-employed neighborhoods. These efforts must be underpinned by programs to link to regional job creation and economic development.
- **Family economic support programs**, focused on maximizing income and increasing the assets, financial sophistication and, ultimately, the wealth of low-income families. Programs focused on the Earned Income Tax Credit (EITC), Individual Development Accounts (IDAs), affordable consumer financial services, affordable housing; and building, repairing and leveraging credit, can all contribute to helping families move up the economic ladder.
- **Community investments** that are focused on strengthening community services and institutions most critical to working families. Programs addressing issues such as affordable housing, neighborhood business development, community safety, quality of life improvements, homeownership, gentrification, and protecting assets from predatory lending practices are critical in transforming troubled neighborhoods into strong, viable communities.

Within all three areas -- workforce development, family economic supports, and community investments -- FES will seek to encourage public policies that help connect families and communities to the economic mainstream.



Measuring the Long-term and Ongoing Results of FES

FES begins with a definition of desirable outcomes and will use these definitions to help evaluate progress and assess results.

Family economic success is: (1) the presence of sufficient and predictable resources and connections to meet basic family needs, emergencies, and aspirations for improving quality of life, (2) ongoing investments in lifelong learning for the entire family, and (3) assets that grow with the family over time, such as a home and retirement accounts.

Community economic success is when: (1) families with adequate incomes are prevalent, (2) community institutions start-up and grow, (3) residents spend their money wisely and in their neighborhood, and (4) there is a sense of optimism and willingness to look out for each other and for the neighborhood. This is likely to occur when more adults are working, homeownership is rising, fairly priced goods and services are available within a reasonable distance, and public and private investors are paying attention to the neighborhood.

Policy success is when policies exist to support: (1) access to adequately paid jobs and work supports, (2) wage progression, (3) access to wealth-building opportunities for families and a reduction in wealth-stripping activities, and (4) community development and affordable housing.

Getting Started

FES work is currently underway nationally and at our *Making Connections* sites across the country. It is supported by our on-going efforts to build effective and trusted services and positive social networks in these neighborhoods and communities. Initial FES work includes:

- Informing national policymakers and advocates about common-sense approaches that reward and reinforce work efforts of welfare-to-work and other low-income working families
- Supporting tax code campaigns in multiple cities, incorporating information and outreach on taxes and tax credits, affordable tax preparation and linking tax credits for working families to asset-building opportunities (credit counseling, homeownership opportunities, bank accounts, IDAs, etc.)
- Making investments in depository community development financial institutions to spur investment in low-income communities and promote appropriately priced and structured financial products and services for neighborhood residents
- Conducting market research in inner-city neighborhoods around financial service providers and financial service demands of neighborhood residents
- Supporting anti-predatory lending campaigns to prevent further wealth-stripping from inner-city neighborhoods
- Connecting families to savings and wealth promotion campaigns that provide savings tools and effective money management practices



- Promoting newly developed linkages between the sites, learning, and technical assistance providers of the Jobs Initiative and *Making Connections*
- Supporting best practice reviews of place-based employment programs and program-related investments (PRIs) directed at neighborhood economic development.

To learn more about FES, go to the Annie E. Casey Foundation website at www.aecf.org/FES.

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

