Advancing Economic Mobility for Low-Income Families: Policy Options for Governors

A publication of the National Governors Association Center for Best Practices

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Introduction

About this Publication

Governors and other policymakers across the country increasingly recognize that greater access to education and employment opportunities can lead to upward economic mobility, which can result in basic needs being met, greater levels of wealth accumulation, and overall economic growth. They also recognize that many low-income individuals experience significant barriers to achieving upward economic mobility because participation in work or education may not be logistically or financially feasible, or because an individual has not been able to establish a solid financial foundation upon which to build.

As the chief executive officers of their states, governors work with leaders in the private, non-profit, and public sectors to respond to local and national economic conditions by setting priorities that align their state workforce and economic growth activities to achieve a shared vision of societal and economic wellbeing. Governors have the unique ability to promote economic opportunities for families by strengthening the safety net to better promote upward mobility, reducing barriers to economic participation, leveraging community-based supports to expand access to work, and promoting equitable financial services to support wealth building.

Furthermore, the COVID-19 pandemic demonstrated that many workers who are indispensable to communities and the economy – from those who move essential goods to those who provide medical care – tend to earn low wages that may not adequately support them or their families. However, these essential workers also experienced greater exposure to the virus due to the nature of their jobs.[1] Many of these same workers were not able to meet basic needs because of lost income resulting from COVID-19 exposure, illness, or or caregiving responsibilities, and as a result, relied in greater numbers on the safety net during the height of the pandemic.[2] Inequities that became more visible recently long pre-date the pandemic, with many low-income workers experiencing uneven economic mobility. The rise of gig work over the last several years has exacerbated this reality, as tens of millions of Americans perform temporary, contract-based, or part-time work without the traditional employer-based safety net – a salary, job security, insurance, and other benefits – that many full-time employers provide.[3]

For low-income families, many of whom historically have been marginalized, post-pandemic economic recovery outcomes have also been uneven, increasing the need in this moment for people-focused and sustainable policies to advance economic security, mobility, and resilience.[4] It is within this context that this resource offers governors and other state policymakers strategies for addressing barriers that often prevent low-income individuals from accessing work or education and from experiencing upward economic mobility.

Guiding Principles for Policymaking

The following guiding principles for policymaking may be particularly useful in developing strategies to advance economic mobility for low-income individuals. Consideration of these guiding principles will help ensure that policy is developed in a way that is responsive to the lived realities of low-income individuals and families, and that programs are set up for success. Each policy option offered in this publication aligns with one or more of these guiding principles.

Facilitate cross-agency collaboration

Many policies contained herein rely on coordination among state agencies that may not have collaborated before or have yet to develop close working relationships. The governor's leadership and facilitation of cross-agency collaboration allows for more effective information sharing and program administration, and reduces redundancy in use of limited resources.

Leverage technology to improve delivery and access to services

Applying advances in information management technology to government services can improve access and streamline delivery to beneficiaries, as well as decrease the administrative burden on state agencies.

Gather and apply data for policy design and decision-making

Wherever possible, policy, programmatic, and procedural decisions and design should be data-driven to ensure they are realistic and responsive to end users' needs, and to reduce redundancies and unnecessary resource expenditures.

Consider multigenerational policies

Economic mobility is an immediate and multi-generational issue. Policies that improve current conditions for low-income individuals as well as their families or dependents can also provide them the foundation for a healthy long-term economic outlook that can impact and last into future generations.

Prioritize stakeholder engagement and worker voices

Creating processes to hear directly from stakeholders – including frontline staff, employers, nonprofit partners, and workers and other service recipients – followed by integration of that feedback into policies, program design, or procedures, can ensure service and program offerings are responsive to end users' needs.

About the NGA Economic Mobility Project

In 2021 the Children & Families Program and the Workforce Development & Economic Policy Program of the NGA Center for Best Practices hosted three virtual roundtables focused on critical issues of economic stability, resiliency, and mobility of low-income and minority communities. These roundtables engaged national policy researchers, practitioners, and leading experts on social safety net programs, work supports, and financial support and wealth-building services.

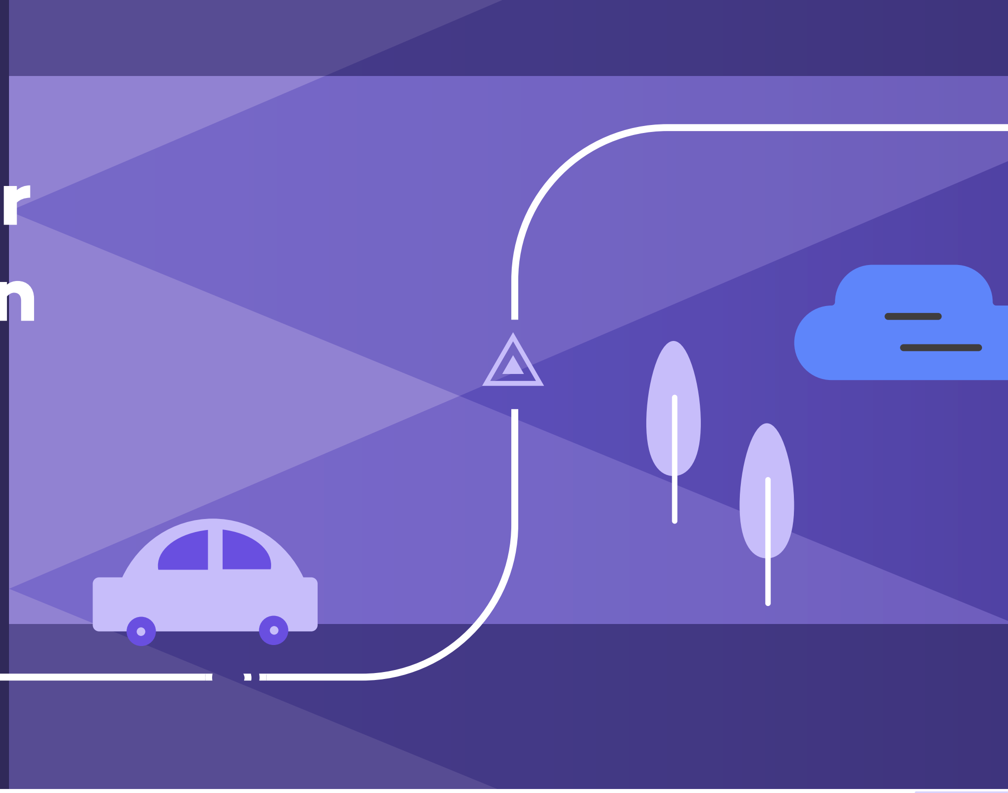
Roundtable 1 (April 28, 2021): The Safety Net as a Springboard: This roundtable focused on opportunities for states to better design and leverage safety net programs and services – cash assistance, food assistance, and others – to support economic mobility.

Roundtable 2 (June 9, 2021): Reducing Barriers to Economic Participation for Working Families: This roundtable focused on opportunities for states to design and leverage work supports – child care, paid family leave, transportation, and housing assistance – to support better connections to the workforce.

Roundtable 3 (August 4, 2021): Ensuring Equitable Access to Essential Financial Services: This roundtable focused on opportunities for states to design and leverage essential programs and services that promote banking, financial literacy, and other wealth-building tools and products among low-income individuals and families, to promote intergenerational wealth-building and economic mobility.

During this roundtable series, subject matter experts from national and regional organizations participated in facilitated discussion and contributed ideas and policy recommendations for potential inclusion in this publication. The State Advisory Committee, a bipartisan and geographically diverse group of governors' policy advisors and senior state agency leaders, guided the development of the publication as compiled from the output of the roundtable discussions.

Strategies for Consideration



There are many approaches to advancing economic mobility, a complex issue with no one-size-fits-all solution. Therefore, this publication offers an array of policies that could be used to further economic security and upward mobility, along with examples of policies currently in place in diverse geographies and political landscapes across the United States. Some of the policies contained herein are well tested and can be considered the basic building blocks for governors starting new initiatives in their states. Other policies are recently enacted and more innovative, and could be seen as next steps for states that have already implemented the basics in a policy area. This publication is meant to provide a variety of policy options for governors to consider, based on the economic and political realities in their state.

This section is divided into three focus areas: restructuring the safety net, reducing barriers to economic participation, and ensuring equitable access to wealth-building opportunities. Each focus area has several objectives that governors and other policymakers can consider based on the specific challenges faced in their state, who they are trying to benefit, and what they are trying to accomplish. Each objective cites two to three specific strategies to support greater upward economic mobility for Americans, with details regarding the policy mechanism and who around the country is doing it well.

Strengthen the Safety Net as a Springboard for Working Families

Policies in this section increase opportunities for low-income individuals and families to better leverage safety net programs and services like healthcare, child care, and food, cash, and housing assistance to support their economic security and enable access to work, education, or workforce training.

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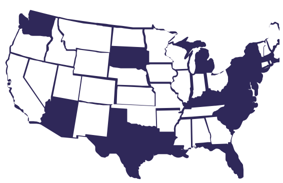
1. Improve accessibility of state safety net programs for working families

Why it matters:

Safety net beneficiaries are more likely to work in the leisure and hospitality industry and in food service and food preparation occupations, sectors that faced immense challenges throughout the pandemic and that continue to struggle.[5] When social safety net programs simplify and streamline eligibility, enrollment, and verification requirements, beneficiaries are more likely to enroll in the programs for which they qualify, providing individuals and families with the consistent access to resources they need to develop financial resilience and not need long term program support.[6]

Strategies for Consideration:

A) Target state flexibilities such as waivers, demonstration projects, and pandemic-related funds to tailor programs to best fit evolving state needs



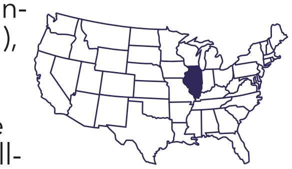
The Combined Application Project (CAP) is a demonstration project implemented by Social Security Administration (SSA) offices and SNAP agencies in Florida, Massachusetts, Mississippi, Pennsylvania, South Carolina, New York, and Washington that could automatically qualify and expedite the enrollment process for Supplemental Security Income (SSI) recipients in SNAP, easing access by creating a one-stop application. This long-standing but under-utilized program aims to reduce the risk of hunger in low-income, elderly populations who have historically had relatively low SNAP participation.[7]

While most SSI recipients qualify for SNAP and federal law mandates that they be offered a SNAP application, the complexities of navigating the benefits process often prevent them from enrolling. In the standard CAP model, state SNAP agencies can directly download data for new SSI applicants and process a SNAP application using the same information. Several other states (Arizona, Delaware, Kentucky, Louisiana, Maryland, Michigan, New Jersey, North Carolina, South Dakota, Texas, and Virgninia) have obtained waivers to adopt Modified CAPs, which rely on a shortened SNAP application for SSI recipients rather than inter-agency coordination.

These programs have helped thousands of residents enroll in each state where they have been implemented. CAPs have had successful outcomes, including an increase in SNAP participation among SSI recipients and administrative savings to social services agencies.[8]

The CAP demonstrations offer a model of how different state agencies can work together to share data and cut tedious processes to more efficiently deliver safety net programs, an approach that could be applied to economic mobility initiatives.

B) Examine state policies and procedures to facilitate cross-enrollment, eligibility determinations, program renewals, income verifications, and consistency of rules across safety net programs



In 2013, Illinois developed its Integrated Eligibility System (IES), a digital benefits application and management technology solution, in order to streamline eligibility screenings and enrollment processes for Medicaid, SNAP, and TANF. The software also provides case management services, supporting staff with electronic case files, eligibility and renewal trackers, and electronic verifications.

The IES has a user-friendly process for both applicants and case-workers, helping to provide timely benefits to more families, and was designed to be a flexible technology solution that can be easily upgraded and integrated with other statewide systems. Preliminary results indicate general improvements in program integration and service delivery.[9] The administration of safety net programs requires collaboration between the Illinois Department of Human Services and the Department of Healthcare and Family Services and provides a roadmap of how multiple agencies can streamline applications for seamless enrollment of programs.

2. Streamline and integrate the enrollment, administration, and delivery of safety net programs

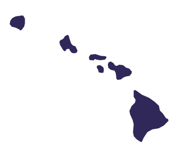
Why it matters:

Lengthy applications and cumbersome verification processes are barriers to accessing vital social safety net programs. Likewise, outdated systems limit information-sharing among state agencies, leading to duplicative data collection and administrative procedures.

Additionally, electronic benefits portals with human-centered design principles improve the user experience for both applicants and program administrators. As opposed to paper applications or unsophisticated digital applications that simply mimic paper, these electronic benefits portals can be custom coded to streamline data collection and make determinations more efficiently.

Strategies for Consideration:

A) Leverage new technologies to enable cross-agency collaboration and use for more timely, efficient program enrollment, administration, and delivery



To solve for the complexity of aligning unique requirements and application processes among often-siloed safety net and supportive service programs, Hawaii Governor David Ige encouraged cross agency collaboration and a public-private partnership to act rapidly to connect unemployed jobseekers to services, work and training as well as to transforming employment and workforce outcomes in response to COVID-19.

This charge resulted in HI CAN; a human-centered design, integrated, and multigenerational-friendly digital hub that seamlessly connects Unemployment Insurance (UI) claimants and jobseekers to high impact career pathways through personalized, data-driven transition recommendations for jobs and training programs.

UI claimants can track, update, and download their weekly job search activities that are required to receive UI benefits and very soon easily and effectively find government programs and services they need such as public assistance, healthcare insurance, vocational rehabilitation services for those with disabilities, and child care subsidies.

HI CAN leverages new data sharing agreements and governance models, including external partnerships with neutral third party firms. In early fall 2022, HI CAN will expand to connect users directly with employers looking to hire.

B) Engage beneficiaries in the design and implementation of policies and procedures to develop user-centered models, such as through electronic benefits portals

Prior to 2018, Michigan had the longest assistance application in the nation – resulting, in part, from an application process that collected information extraneous to the program for which they were applying. In 2015, through executive order, the Michigan Department of Health and Human Services and the Michigan Department of Technology, Management, and Budget were tasked with creating a person-centered service delivery model that leveraged technology to make service provision more efficient.

These agencies spent three years designing MI Bridges — a new, integrated service delivery approach to helping Michigan families achieve self-sufficiency — through phases of ideation, design, and prototyping that included user testing and feedback to shape the development of the finished product and its implementation. The resulting portal allows users to self-identify their needs, complete simplified applications to apply for benefits, upload documentation and apply for renewal, and access resources (even if they are not a safety net program beneficiary).

Michigan residents who want or need additional support with benefits applications or identifying resources can use MI Bridges to find and refer themselves to a community partner organization that can provide navigation assistance. Community partners are also provided with a dashboard to view client case information and manage referrals.

The enhancements provided by MI Bridges have reduced burdens for families and state caseworkers. Since it was launched in 2018, application time has been halved from 34 to 17 minutes, and the number of applications submitted has increased to nearly 400,000.[10]

3. Better align safety net programs with education, training, and employment services

Why it matters:

Safety net programs provide essential temporary economic stability to families experiencing poverty, yet often do not mitigate structural barriers that inhibit low-income families from accessing stable employment. Improved alignment and integration among human service agencies, workforce development agencies, and post-secondary education agencies can create career pathways systems that enable all beneficiaries to access job service and employment opportunities. Navigating state processes can be complex for safety net beneficiaries who are already under stress from scarcity; integrating programs allows recipients to take full advantage of all resources available across disparate state agencies.

Strategies for Consideration:

A) Implement career pathway models for TANF and SNAP E&T recipients

Low-income workers often need both financial resources and wraparound services or other supports to reduce barriers to pursuing education and training that can lead them into higher paying career pathways and transition them out of social safety net programs.

Arkansas's Career Pathways Initiative (CPI) gives parents receiving TANF, SNAP, and/or Medicaid – or those with incomes below 250% of the federal poverty level – the assistance they need to go to school and earn a postsecondary degree or credential in a high-demand career pathway.

CPI also provides wraparound support in the form of financial assistance for child care, transportation, textbooks and course materials, computers and internet, certification and exam fees, as well as case management.[11]

The Arkansas Department of Higher Education (ADHE) piloted the CPI program at 11 community colleges in 2005, with an $8 million grant of existing TANF funds. By 2006 it had expanded to all of the state's 22 community colleges and 3 technical centers, and in 2007 the Arkansas legislature codified the program.[12] Between 2006 and 2013 nearly 30,000 students enrolled in CPI and 52% earned a degree or certificate – double the graduation rate of non-CPI students enrolled in Arkansas community colleges (24%).

The program also improved outcomes for Black and Hispanic students; 45% of Black CPI participants earned at least one degree or certificate compared to 17% of Black non-participating students, and 56% of Hispanic CPI participants earned at least one degree or certificate compared to 14% of Hispanic non-participating students. An ROI study of the 2009 cohort determined that taxpayers saw a return of $1.79 over the course of five years for every $1 initially invested.[13]

B) Connect and align education, workforce, and public benefits state data systems and success measures to track program outcomes helping people enter family-sustaining careers

Employers need to recruit talent that has the skills and training required for job success, while job seekers want to ensure their education, certificates, and degree programs lead to meaningful employment opportunities.

To this end, in 2018 the Virginia legislature passed HB 1006 requiring Virginia's Board of Workforce Development to be centrally involved in the creation of a workforce resource dashboard.[14] This initiative pulls together information on state labor market conditions and projected employment growth and decline and identifies emerging workforce and employer needs. Then, that data is used to evaluate state workforce programs and ensure that the education and training provided align with the identified workforce needs. This state law applies to all federal and state funded career, technical, and adult education and workforce development programs within the Virginia Workforce System, including both TANF and SNAP workforce development activities. Virginia is using data to design their state social support programs to lead to better outcomes—matching participants with jobs that are both high need and well paying.

Reduce Barriers to Working Families' Participation in Employment, Education, and Workforce Training

Policies in this section assist working families in maintaining stable employment by addressing cliff effects, leveraging work supports, and building career pathways.

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4. Mitigate cliff effects for working families to enable participation in higher-wage work

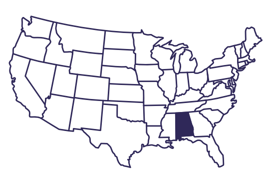
Why it matters:

Benefits cliffs occur when an increase in earnings causes a family to become ineligible for a public benefit like Medicaid, housing vouchers, or food assistance. "Benefits cliffs can be so severe that low-income workers may be temporarily better off financially by not advancing to take a higher paying job," according to the Federal Reserve.[15] In this common scenario, workers decide not to pursue higher paying work, in order to keep benefits that contribute to their economic stability. As a result, workers remain dependent on public benefits longer than they need to be, and employers have difficulty filling positions.

Strategies for Consideration:

A) Launch publicly accessible benefit calculators to efficiently run eligibility tests and promote access to, and transparency of, needs-based supports

Benefits calculators allow recipients of social safety net supports to predict when and how their increasing income will trigger changes to their benefits – potentially lowering their overall income (i.e., a benefit cliff). This has become increasingly complicated for low-income families given the proliferation of short-term benefits and tax credits, as well as moratoriums on some programs that would typically reduce the benefit amount when income increases. Helping beneficiaries plan for or avoid benefits cliffs as they build their career pathway can encourage them to pursue jobs with higher long-term earning potential, improving the likelihood that they experience positive economic mobility.



For example, Alabama was the first state to partner with the Federal Reserve Bank of Atlanta to customize and implement their [Career Ladder Identifier and Financial Forecaster (CLIFF) dashboard] and planner tool. With the Alabama Governor's Office of Education and Workforce Transformation and the Governor's Human Capital Development Task Force, the Federal Reserve Bank of Atlanta customized CLIFF, creating the Dashboard for Alabamians to Visualize Income Determinations (DAVID) for the state's 67 counties. DAVID is a tool case managers in the public workforce system can use to help clients forecast how moving up the career ladder to higher paying jobs will impact their income in the short and long term, particularly through the loss of benefits as their earning increases.

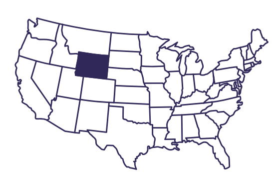
DAVID also includes a dashboard tool policymakers can use to visualize how specific changes to benefits programs will affect benefits cliffs and, therefore, workers' incentives to pursue high-growth career pathways.[16]

B) Develop a self-sufficiency metric by which state workforce, human services, and other programs can measure progress toward self-sufficiency

The federal poverty measure, which determines safety net program eligibility, represents an income level that is too low for most families to survive on. Localized self-sufficiency metrics more accurately track an area's cost of living, inclusive of food, housing, transportation, child care, health care, tax, and other costs. Wisconsin uses such a measure to define the minimum income needed to realistically support a family without reliance on any public assistance, which provides a wage goal for workforce training career pathways. In 2017, Wisconsin's Department of Workforce Development adopted a statewide eligibility policy for Workforce Innovation and Opportunity Act (WIOA)-funded programs. Through this policy, funding for workforce training is provided to participants whose income does not meet or exceed 125% of Wisconsin's economic self-sufficiency standard, targeting workers that are on the cusp or nearing sufficiency with a level of support that reflects their actual circumstances. This eligibility policy allowed over 51,000 Wisconsin households meeting the threshold to move closer to self-sufficiency on a career path that can actually get them there.[17]

C) Explore income disregards for some benefits programs to help eliminate the cliff effect for beneficiaries transitioning to higher-wage work

Safety net beneficiaries are often barred from building a foundation of savings or assets without being penalized, which can encourage beneficiaries to remain dependent on the social benefits. Fortunately, short term income disregards can allow beneficiaries to retain their benefits as they build their own personal safety net, putting aside money for emergencies or investing in their future.



For example, Wyoming disregards a flat $200 from each working adult whose income is counted in determining eligibility for the state's subsidized child care program.[18]

Reduce Barriers to Working Families' Participation in Employment, Education, and Workforce Training

In addition, Vermont's TANF cash assistance program (Reach Up) offers earned income disregards to families receiving income from employment to help participants accomplish goals laid out in their family development plans.[19]In 2022 the Vermont General Assembly enacted legislation that increased the earned income disregard from $250 to $350 and increased the child support pass-through from $50 to $100 per family. Vermont's Reach Up program works with families to development meaningful goals related to work and workforce development, borrowing from Utah's Universal Engagement model for family participation. (Act 133).[20] Finally, in 2019 Maine enacted a bipartisan package of bills, the Invest in Tomorrow package (LD 1772, LD 1774). These new laws are intended to address the state's benefits cliffs in significant ways. Together, the package eliminates the gross income test for TANF, invests $2 million in whole-family pilot programs, and increases the income disregard in TANF to support parents' transition to work. It also authorizes an increase in TANF funds for transitional food assistance and establishes a working group to align programs and improve accountability for better outcomes for families.

5. Help relieve working-age adults of non-paid care responsibilities that may prevent them from fully participating in the workforce

Why it matters:

Caring for family members, whether for children, elderly parents, or other loved ones, can create difficulties for working individuals and can impact decisions to enter or leave the workforce, cause economic stress, or both. Workers who lack access to affordable care options are often forced to choose between opting out of the workforce or paying an unsustainably high percentage of their income for care.

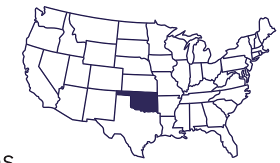
Strategies for Consideration:

A) Address critical child care needs, particularly by examining barriers to access for working families

Difficulties in recruitment and retention of staff put a strain on child care businesses that already operate on thin profit margins due to high facility and labor costs mandated by licensing requirements. Child care providers experience consistently high rates of employee turnover in their operations due, in part, to the low-wages found throughout the child care industry.

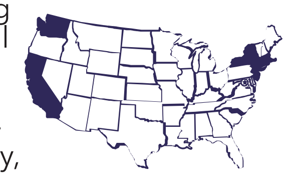
These issues plague current providers and discourage further entrepreneurial interest in child care, despite critical need; they also contribute to the overall shortage of child care slots for parents working nontraditional hour (NTH) schedules, since daycare is largely only available during the regular working hours of 7:00am to 6:00pm. [21]

Children with parents working NTH are more likely to be in families who are Black, Hispanic, multiracial or of another unspecified race; have lower incomes; have parents with lower levels of education; and belong to one-parent families.[22]



In 2020, with the NTH schedules of front-line responders and essential workers in the spotlight, Oklahoma developed the Kith.care program to better target resources to these families that often experience barriers to access important services, including care for their children. [23] Recent surveys suggest parental preferences across most nontraditional-hour periods and racial/ethnic groups favor care in the child's home by a relative or friend as their first choice during early mornings, evenings, and overnight.[24] Kith.care allows parents to engage family and extended family in care through the state's child care subsidy program. Families have flexibility and do not need to commit to a set weekly schedule or just one family member doing all the caretaking. By participating in this program, "over 550 healthcare workers, firefighters, police, critical state employees, and other essential workers have applied and accessed subsidized child care provided by family members in a home setting."[25] Through Kith.care, Oklahoma has found a way to support families finding the care they need, when they need it.

B) Consider state opportunities to support paid leave programs, including exploring innovative financing opportunities: designating funds to paid leave programs and incentivizing employers to provide access to paid family leave and paid medical leave



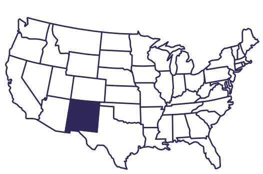
Research finds that introducing paid leave can reduce financial vulnerability and economic insecurity.[26] California, Connecticut, the District of Columbia, Massachusetts, New Jersey, New York, Rhode Island and Washington have passed laws creating paid family and medical leave programs that provide qualifying workers with a percentage of their usual wages for several weeks so they can bond with a child, care for a sick family member, or recuperate from a personal medical condition.[27] In addition, Missouri has a paid family leave program available to eligible state government employees. States structure their programs differently, but all function as a form of "social insurance," similar to temporary disability insurance.[28]

Reduce Barriers to Working Families' Participation in Employment, Education, and Workforce Training

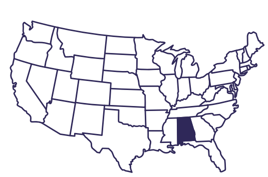
For example, to mitigate permanent displacement from the workforce for those with family obligations, Oregon enacted HB 2005, creating the Family and Medical Leave Insurance (FAMLI) program requiring employers to provide 12 weeks of paid leave, including 100% wage replacement for minimum-wage workers, funded by a payroll tax. This policy offers all workers, including those with caregiving roles, the opportunity to pursue learning and work opportunities. [29] Additionally, in March 2022 Oregon also augmented flexibility within it's unemployment insurance eligibility rules, allowing people to receive unemployment insurance benefits when facing childcare or other family caregiving obligations that only partially restrict their ability to work.

C) Expand access to home- and community-based dependent care, with special considerations for the elderly and disabled

Home- and community-based dependent care services (HCBS) allow individuals to receive the support they need within their own homes or communities, rather than in long-term institutional settings, as an alternative to family care-giving.[30] Medicaid can cover HCBS for qualifying individuals, but caregiver shortages due to pressures like increased demand from Baby Boomers wanting to stay in their homes and the need for more training and accreditation programs for these workers, have made it challenging to secure consistent, reliable support. The American Rescue Plan Act included a temporary 10% increase to the federal medical assistance percentage (FMAP) for certain Medicaid expenditures for HCBS, including workforce development initiatives to maintain and grow the number of caregivers in the labor pool.[31] Investing in HCBS and care workers can allow family members to continue working in their chosen field instead of reducing their paid employment to take on caregiving responsibilities.



New Mexico has a program through their Aging and Long-Term Services Department, in partnership with Cooperative Catalyst of New Mexico, that promotes the formation of home care cooperatives. The state will be using approximately $1 million of its temporarily increased FMAP to invest in the creation of caregiver cooperatives in rural areas of the state. Funds can be used for start-up costs, business development, technical assistance needs, and/or implementation plans.



In addition, Alabama Governor Kay Ivey and lawmakers recently approved a package of an extra $3.4 million in annual state spending for a Community Waiver Program that started in November 2021. By September 30, 2022, the program is expected to see 500 people with intellectual disabilities start receiving home and community-based services (HCBS).

The new program is prevention-focused, focuses on keeping families together, sustaining existing community living arrangements, and helping people get and keep gainful community employment. The overall goal is to help people live at home as independently as possible, for as long as possible.

The federal Centers for Medicare and Medicaid Services (CMS) in November 2021 approved the program, which is expected to reduce the waiting list for people with intellectual disabilities who are eligible for HCBS by 25 percent in its first year.

6. Partner with municipalities and community-based organizations to support access to physical infrastructure that connects families to employment, education, and training

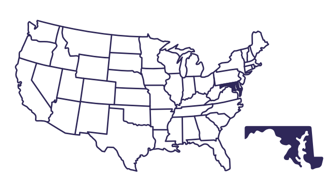
Why it matters:

Physical infrastructure, including public transit and broadband internet, support positive economic mobility by connecting low-income individuals to: job search and career preparation resources; workforce support services, such as childcare and healthcare; and economic opportunities, including employment centers and job training. Governors can work with their state agencies to ensure investments in these areas are meeting basic needs and equitably reaching historically underserved populations.

Strategies for Consideration:

A) Assess factors such as proximity to residential neighborhoods, job centers, child care, and education facilities to inform investments in new infrastructure projects

Public transportation infrastructure is a long-term investment that will affect the lives of a state's residents for decades. Good transportation networks support residents and businesses by connecting people to jobs, education, services, and their community. Effective and efficient transportation services benefit the economy and improve the environment.



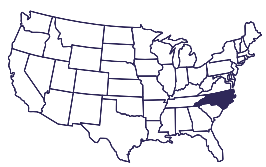
"Connecting Our Future: A Regional Transit Plan for Central Maryland" (2020), is a guide for the Maryland Department of Transportation, Maryland Transit Administration, local transit operators, local jurisdictions, and planning agencies to address service coverage gaps and areas of need.

Reduce Barriers to Working Families' Participation in Employment, Education, and Workforce Training

The plan encourages these agencies to expand transit connections to historically underserved areas and connect residents to emerging job opportunities. In addition to serving growing population centers, implementing this plan will provide transit access to over 500,000 additional jobs.[32]

B) Assess digital access in terms of availability, affordability, and adaptability to inform potential investments in broadband expansion and digital skill development for effective adoption

Broadband internet is essential for accessing everything from education, to telehealth, to commerce. However, broadband coverage is not equitably spread throughout states and populations – rural and low-income residents are less likely to have high speed internet connectivity. Affordability of broadband services and devices is also a challenge, as is knowledge of how to effectively use the technology.



North Carolina's Department of Information Technology created a new Division of Broadband and Digital Equity in July 2021, with the goal of expanding affordable broadband throughout the state and improving digital literacy.[33] The division is focused on expanding access to high-speed internet infrastructure, helping low-income residents afford the cost of an internet subscription, distributing devices to low-income residents, sharing digital literacy and skills offerings that help residents navigate the modern digital economy in a safe and secure way, and building community capacity to support digital inclusion work at the local level.With support from the NGA Workforce Innovation Network, the Division has launched a new initiative to train and connect residents with high-paying digital careers and employment opportunities. [34] The project will include a launching a website repository of digital literacy courses and resources to help North Carolinians develop and hone critical digital skills. These efforts support the state's goal of rebuilding the middle class by eliminating the digital divide by 2025.

7. Increase low-income individuals' access to high-quality, family-sustaining jobs and training opportunities

Why it matters:

Workforce training programs are catalysts for economic growth and development, for both individuals and regions. Credentials, microcredentials, and certifications are increasingly important tools for securing good jobs that can lead to upward economic mobility. For employers, participating in and driving curriculum development ensures that participants are earning credentials of value that truly correspond to needed skills for a given position. However, these programs can be cost-prohibitive for low-income individuals. Removing financial barriers by enabling employer investments in skills-based hiring and training can help create a better pathway to upward economic mobility for workers and a stronger talent pipeline for employers.

Strategies for Consideration:

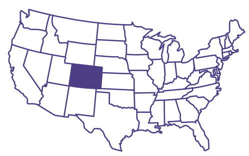
A) Ensure state workforce development board strategic plans are centered around developing partnerships and investments that expand access to family-sustaining careers

High-performing state workforce boards model and manage strategic partnerships to achieve a vision for system-level change. It takes a range of partners and stakeholders, including employers, educators, workers, and workforce development support programs and agencies, to develop both workers and jobs that are high quality and family supporting. [35]

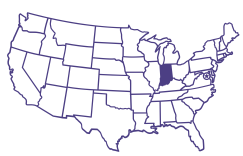
Since 2019, Californai Governor Gavin Newsom, through the California Workforce Development Board, invested nearly $200M in High Road Training Partnerships focused on equity, quality jobs, and climate resilience. The early stages of the initiatives began in 2017 with an investment of $10 million utilizing the Workforce Innovation Opportunity Act (WIOA) funding to provide for formal, committed, pilot partnerships among industry, workers, and training providers in order to develop talent specifically for what they call "high road" employers. High road employers not only commit to providing quality products and services, but also to investing in their employees' human capital and paying family-sustaining wages. Eight initial demonstration projects in Hospitality, Health Care, Building Services, Construction, Transit, Freight & Goods Movement, and Water & Utilities concluded in 2019, resulting in measurable outcomes. For example, the Healthcare HRTP program, where 80% of the participants are women and over 70% are people of color, has a 93% completion rate and an average 36% wage increase for graduates who moved into higher level jobs. Due to these positive outcomes, the initiative continues to invite and fund new HRTPs. The investments currently support 25 workforce coalitions to train nearly 20,000 workers in diverse sectors, from culinary and green janitors to electric bus manufacturing, mass transit, and energy storage. Of that amount, $66M of the annual $200M appropriation has been invested in High Road Construction Careers- 11 regional partnerships with the local building trades councils at the center, using the MC3 (Multi-Craft Core Curriculum) program to expand access for nearly 7,000 workers to certified apprenticeship programs.

Reduce Barriers to Working Families' Participation in Employment, Education, and Workforce Training

B) Support skills-based hiring and training practices among private employers and state government to open family-sustaining jobs to workers without college degrees, where appropriate



Skills-based hiring refers to the practice of removing degree requirements from job descriptions and postings so that candidates with relevant work experience and competencies are not disqualified if they lack a degree. In April 2022, Governor Polis signed an Executive Order (EO) directing state agencies to consider job applicant's skills and experiences as substitutions for educational degrees and certifications when making hiring decisions; led by the Department of Personnel and Administration, all state agencies must ensure skills-based and experience options are interchangeable with degree requirements for the majority of the workforce by FY 2023-24 to reflect Colorado's commitment to finding the best talent for each role.



In Indiana, a focus on skills-based training led to a partnership between the State and Skillful, an initiative of the Markle Foundation, led to the development of Indiana's Coaching Corps. After piloting skills-based training and employment practices in the state in 2018, Indiana created an intensive program that recognizes the vital role career coaches play in bridging the gap between individuals and employers, supporting economic growth across the state, and guiding professional advancement for thousands of Hoosiers.

Additionally, Vermont recognizes the value that on-the-job training can have to workers and to employers, helping meet talent needs and open doors to good jobs, particularly when paid on-the-job training can be offered in lieu of strict education requirements for certain jobs. Through legislation (S.11 of 2022 – still awaiting Act #) the Vermont Department of Labor can fund a paid work experience for up to 12 weeks, following an "earn while you learn" model, which reduces barriers specifically for lower-income Vermonters who may not be able to afford to return to school or a training program before transitioning into a new career. As VT emerges from the pandemic, Gov. Scott recognizes that upskilling and reskilling is an important strategy to solving our workforce crisis. Vermont has invested $1.5M for FY23 to provide these opportunities to students and career changers and those who are returning to the workforce after an extended leave of absence.

C) Explore outcomes-based, public-private financing models that support low-income learners' access to training that leads to industry-recognized skills and credentials while improving up-front affordability for learners

States can partner with the private sector to administer and fund employer-driven workforce training programs within industry sectors in need of talent. In particular, outcomes-based financing models that present no up-front cost to learners provide a meaningful opportunity to increase equity of access to quality training and education and open doors to upward economic mobility.

In 2021 Governor Phil Murphy and the New Jersey CEO Council, a coalition of some of the state's largest and most widely-recognized companies, launched the New Jersey Pay It Forward Program. New Jersey is the first state in the country to dedicate public resources to a fund of this nature.[39] NJ Pay it Forward is supported by a combination of public funds – including $5 million in Governor Murphy's FY22 budget – and contributions from the CEO Council members, and is being developed in partnership with the nonprofit organization Social Finance.

This innovative program will provide interest– and fee–free loans from a revolving fund to support low-income New Jersey career seekers participating in approved short– term training programs that offer high-quality, industry–recognized credentials and certificates in high demand fields. Participants will not be required to make any repayments until they have successfully completed the training program and their income exceeds a specific level. To keep costs low for loan recipients, funds provided through the Pay It Forward Program will serve as a "last dollar" option, providing zero–interest loans for only the gap left over after students have exhausted all the free resources for which they are eligible. Participants will also receive wrap-around services, such as help with child–care and transportation needs, as well as stipends to support their living expenses, and they will not be required to repay these non–tuition costs.

This is all possible because the Pay It Forward Program is not designed to turn a profit. Unlike similar private funding mechanisms, the expenses that are repaid by trainees receiving Pay It Forward Loans will recycle back to support the next round of training for their fellow New Jersey residents. A number of other states and cities across the country are exploring similar outcomes–based workforce development financing models, including through consultation with Social Finance. [40]

Increase Family Economic Security Through Asset Development and Ensure Equitable Access to Wealth-Building Opportunities

Policies in this section are aimed at increasing opportunities for low-income individuals and families to promote intergenerational wealth building and upward economic mobility via banking, financial literacy, and homeownership.

Contents

Increase Family Economic Security Through Asset Development and Ensure Equitable Access to Wealth-Building Opportunities

8. Promote equitable asset-building through accessible home ownership

Why it matters:

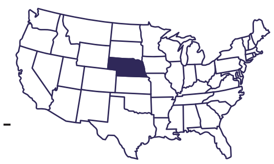
Wealth and asset building creates financial stability and upward mobility; it can protect families from short-term economic shocks like injury or unexpected expenses, allow for retirement savings, and provide security for future generations. Homebuying is a crucial way for families to build wealth in the form of equity, but access to this opportunity is highly unequal. Research shows persistent wealth inequality associated with race and education level, with Black and Hispanic families as well as families headed by someone without a college degree consistently accumulating less wealth than white, college-educated families.[41] According to the Bell Policy Center, "assets cushion families against temporary setbacks and provide the foundation for investments that help families get ahead over the long term. Plus, they can be passed on from one generation to the next, adding to a family's wealth."[42] Increasing access to wealth building through programs that help low-income individuals build assets creates a path to positive economic mobility.

Strategies for Consideration:

A) Explore new programs to facilitate access to affordable, lower-risk homeownership for low-income families, such as through shared equity homeownership and first-time homebuyer assistance programs

Rhode Island is piloting the FirstGenHomeRI program, which offers $25,000 in down payment or closing cost assistance for first-generation homebuyers.[43] To qualify, residents must reside in census tracts with higher than average minority populations and median incomes below 80% Area Median Income. They also must complete a first-time homebuyer education course, obtain an RIHousing mortgage, and meet certain credit score requirements and income limits. The funding is in the form of a grant, which does not need to be repaid if the homeowner lives in the home as their primary residence for at least five years. The state aims to increase upward economic mobility by focusing on first-generation homebuyers, who face additional barriers in purchasing a home as they may lack generational wealth and/or financial literacy in the homebuying process.

B) Incentivize development of affordable housing through construction subsidies and financial incentives for mixed-income development



In most municipalities there is a gap between the cost of constructing new housing units and a sale price that keeps the unit affordable for low- and middle-income working families. To incentivize developers to build affordable housing units, some states provide subsidies to close the gap by prioritizing affordable housing that will accommodate a growing workforce.

For example, in Nebraska the Rural Workforce Housing Fund (RWHF) was created by the Rural Workforce Housing Investment Act, signed into law by Governor Ricketts in 2017. Communities in a county with a population of less than 100,000 that can demonstrate difficulties filling employment positions or attracting workers due to lack of affordable housing are eligible to apply. The fund was further amended in April 2022 by Governor Ricketts to lower the match requirement on applicants to a 50% match, down from the one-to-one match that had been required for all prior grants (2017-2021). Since it's founding, more than $16 million in grants have been provided to communities in need of stable workforce housing. [44]

9. Support wealth-building through saving, investment, and safe banking and lending for families

Why it matters:

There is substantial research demonstrating that automatic enrollment in child savings accounts, education accounts, and other savings vehicles dramatically increases participation in higher education, and early seed funding enhances returns and encourages further contribution. Research also shows that even a small amount of college savings can increase enrollment in higher education.[45]

Individuals with low credit scores or no credit history are often the least eligible but most in need of loans, making them vulnerable to extortionate interest rates charged by check cashers and payday lenders. While higher interest rates offset the costs of riskier loans, predatory lenders attempt to make excessive profits from customers who are most reliant on lines of credit.

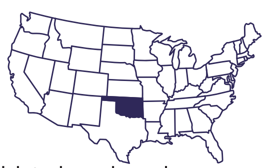
Increase Family Economic Security Through Asset Development and Ensure Equitable Access to Wealth-Building Opportunities

This is particularly true for the 36 million un- or under-banked Americans who lack access to basic financial services due to minimum balance requirements, high and volatile fees, or banking history problems. Many of these individuals without a checking account wind up paying too much for basic financial transactions and are hard pressed to build savings and assets.

Finally, employee ownership of enterprises gives workers a stake in the company, incentivizing productivity and growth for the workers' and company's benefit. Higher profitability translates to higher wages and benefits, but workers also build a valuable asset that can help fund retirement, home ownership, or be transferred to the next generation.

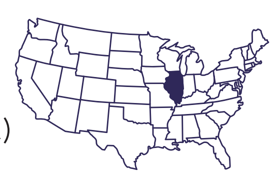
Strategies for Consideration:

A) Promote Individual Development Accounts, Baby Bonds, Child Development Accounts or similar financial instruments, to allow low-income individuals to save money for education, starting a business, buying a home, and other authorized uses



Oklahoma piloted SEED OK, an automatic enrollment college savings program that included $1,000 seed contributions. The program began in 2008, and results were most recently examined in 2019, as children reached high school age. In 2019 the average value of an account was $3,243, which is 3.4 times higher than the average value in the control group (which did not receive automatic enrollment or seed deposits). Despite losses during the Great Recession, the initial seed deposit almost doubled in 12 years, before additional contributions. The treatment group also showed a significant increase in participation among low-income families, families with lower maternal education, and children of color when compared to the control group.[46]

B) Strengthen protections and prohibitions against predatory lending practices that target low-income families and similarly safeguard housing markets from predatory practices



Illinois Governor J.B. Pritzker signed the Predatory Loan Prevention Act (PLPA) into law on March 23, 2021. The PLPA caps the annual percentage rate (APR) on loans covered by the act at 36%. The act does not cover commercial loans or consumer loans made by banking institutions, but does include pay and pawn loans, title and car loans, and other forms of installment contracts and income-sharing agreements.

A statewide survey by the Woodstock Institute found that Illinois consumers saved over $200 million in predatory loan fees in the first five months the PLPA was in effect, and that the act did not prevent most borrowers from accessing loans when they needed them.

C) Reduce the proportion of unbanked and underbanked individuals by supporting greater access to basic banking services, both through community development financial institutions and through digitally-accessible financial services

36 million adults in the United States are un- or under-banked, 40% of whom earn less than $30,000 per year. Additionally, while fewer than 14% of white households have no checking or savings accounts or only use fringe financial services, nearly half of Black and Hispanic households are un- or underbanked.

The CFE Fund's national Bank On platform supports state and local coalition and financial institution efforts to connect consumers to safe, affordable bank accounts. The CFE Fund provides grant opportunities to support local coalition capacity building, and innovative pilot programs to increase bank access, such as through public housing,utility payments or programs for people on parole. Governors can encourage their departments of labor, workforce development boards, or other state agencies to become partners in a Bank On coalition in order to connect more constituents with safe, affordable banking options.

D) Explore employee-ownership conversions and cooperatives that build assets for workers, allowing them to generate wealth

Employee ownership gives workers a stake in the company where they work, incentivizing productivity and growth for the workers' as well as the company's benefit. Higher profitability translates to higher wages and benefits, but workers also build a valuable asset that can help fund retirement or be left to the next generation.

Massachusetts's Office of Business Development funds the Massachusetts Center for Employee Ownership (MassCEO) to assist businesses considering employee ownership structures. MassCEO is administered by the non-profit ICA Group, which has been developing employee-owned companies since 1977. MassCEO provides Massachusetts business owners considering employee ownership with free succession planning services, and works with local stakeholders, such as business associations, government, and professional advisors, to conduct studies, offer training, and develop programs that promote employee ownership.

Conclusion

The coronavirus pandemic increased the urgency of enacting policies to support upward economic mobility for low-income families throughout the United States since many low-income workers relied increasingly on the safety net to fill economic gaps.[47] With that higher need came an increased necessity to innovate and look outside the box for methods to increase individuals' and families' economic self-sufficiency. As we look to post-pandemic recovery, it will be critical to ensure that individuals have access to resources and supports that not only help them meet basic needs, but also provides them with tools to increase their economic security and resilience, and build assets that can be passed on to future generations, setting them up for future success.

Governors have a large role to play in advancing upward economic mobility, and there are multiple paths that governors can pursue on behalf of their constituents. This publication highlights a number of policy options these leaders may want to consider to improve the lives of individuals in their state, and by building on these examples and testing new approaches governors can further help individuals move up the economic ladder.

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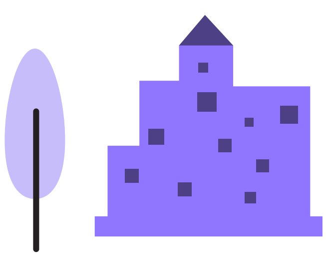

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