



WOMEN IN GOVERNMENT

Empowering all women state legislators to effect sound policy

Family Finance

Strengthening the family through finance

Family Finance

Quarterly Volume 2: Issue 4 Winter 2010

A GLOSSARY OF HELPFUL FAMILY ECONOMIC SUCCESS (FES) TERMS

By Lauren McKown, Graduate Fellow

Women In Government (WIG) established the Family Economic Success (FES) Policy Resource Center in conjunction with support from the Annie E. Casey Foundation in 2008. Since then, the FES Policy Resource Center has been actively seeking to help families overcome the economic, social, and policy barriers to achieving financial stability. The FES Policy Resource Center is dedicated to connecting state legislators to policy resources that support financial stability for low-income, working families. This Resource Center is focused on action and aims to stimulate legislative interest in family economic success issues and encourages policymakers to sponsor and co-sponsor FES legislation in their own states. Specifically, this has been achieved through WIG's concentrated efforts on the FES Task Force, our commitment to informing and empowering state legislators about pertinent FES issues in annual regional conferences, and our dedicated attention to special topics in economic matters as seen with the success of our Jobs Evolution Conference this past summer. Our website is full of helpful resources, including sample legislation and quantitative data concerning poverty in every state.

Below is a truncated list of helpful terminology for FES issues. The entirety of these terms and more detailed definitions and numerical data may be found at: <http://www.womeningovernment.org/familysuccess/policy>.

WIG's [Family Economic Success Task Force](#) recommends that states should enact policies that allow families to earn an adequate level of income and benefits to build financial assets.

- **Asset Building** enhances the growth of financial resources, creates a financial foundation, and results in stable futures for many low-income families in the United States. With a significant degree of wealth inequality in the United States among low-income and minority populations, asset building can improve the financial, psychological, and social wellbeing for these populations. Possession of assets is associated with economic stability for a household, a decrease in residential mobility, an increase in property maintenance, encouraging long-term planning among individuals, an increase in personal efficacy, and creating a sense of social connectedness.
- **Earned Income Tax Credits (EITC)** supplement the federal credit and work as a rebate for state taxes paid by low-income working people. Currently, 24 states, including the District of Columbia, have enacted a state EITC, which is often a percentage of the federal credit. EITC legislation has

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2010 FAMILY ECONOMIC SUCCESS CHAMPIONS

By Lauren McKown, Graduate Fellow

Women In Government is proud to highlight the work of four state legislators for their dedicated work towards ensuring and safeguarding financial futures for America's families.

Hawaii State Senator Suzanne Chun Oakland, Georgia State Senator Nan Orrock, Delaware State Representative Helene M. Keeley, and Wisconsin State Senator Kathleen Vinehout, have worked in their respective regions to increase financial stability for Americans and for this we highlight them as Family Economic Success Champions.

Senator Suzanne Chun Oakland has introduced measures to help families save and build their assets so they are able to have choice and control in their lives. According to Chun Oakland, assets are essential for women, men, and families to have financial security in difficult times, to create economic opportunities, and to leave a legacy for future generations.

In January 2009, Senator Chun Oakland introduced Senate Bill 790, a bill to provide a refundable state earned income tax credit (EITC) equivalent to 20 percent of the federal earned income tax credit. The bill was deferred by the Committee on Human Services. Since 2006, she has introduced a comprehensive package of bills that



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Women In Government's (WIG) Family Economic Success Policy Resource Center has worked in conjunction with the Annie E. Casey Foundation to promote effective state policies and deliver programming aimed at building strong financial futures for Americans and educating families about their economic options.

Annie E. Casey works collectively with WIG and other affiliates under the umbrella of Family Economic Success (FES) to strengthen families economically and improve standards of living for low income Americans and children. Annie E. Casey has identified three main efforts that are needed in order to help families find and keep work, save and grow finances, and build assets to secure better futures for their children.¹

- First, The Foundation's Center for Family Economic Success is dedicated to combining models of workforce training and asset-building for families and communities.
- Secondly, Annie E. Casey's Family Economic Success Center supports responsible redevelopment, which ensures urban development projects are aimed at benefitting low income families.
- Thirdly, all the Center's programs are family centered community projects. Community and positive family economic change occurs when new ideas and resources are introduced at every level of the infrastructure including: housing, schools, transportation, and businesses. This combination of opportunity and creation of mixed-income communities allows for the alleviation of poverty.

Specifically, Annie E. Casey has developed The Center for Working Families (CWF). This innovative new center is dedicated to helping low-income families reach financial stability and move up the economic ladder. The new framework informs families about how to increase their earnings and income ("Earn It"), reduce their financial transaction costs ("Keep It"), and build wealth for themselves and their communities ("Grow It").²

The CWF approach brings together a full range of essential economic support in one convenient location to help families build self-sufficiency, stabilize their finances, and move ahead. CWFs inform families about all of the services and supports for which they qualify, and help them through the applications processes and any unexpected setbacks. Due to the fact that CWFs work for and with the local communities and families for change, they are integrated into and trusted by the people which frequent them and the institutions which work in them. The CWFs provide coaching, job training, financial services, housing assistance, and other support to help residents

secure employment, advance in their jobs, and build assets through savings and homeownership.³ Currently, the one stop shop strategy of the CWF concept has been prototyped in communities across the United States, with more than two dozen organizations participating in seven metropolitan areas.⁴

For government and society, CWFs offer a strategy for the public, non-profit, and private sectors to improve the lives of low-income families and communities by providing accessible helpful services and information. Through streamlined access to benefits application information and greater financial knowledge, families build financial stability and can connect to the economic mainstream. Participating CWFs have reached more than 25,000 low income families by providing services such as training, employment, and free tax preparation.⁵ Through this financial success, families can purchase homes in their neighborhood, which in turn increases



their consumer spending, and brings tax dollars into the community. By providing CWFs for communities, Annie E. Casey is concentrated not on just helping individual families, but alleviating economic recession in whole cities and by letting the wealth of the economically informed citizen trickle into the local businesses and real estate market.

Together, WIG and Annie E. Casey have established a fruitful partnership with the united goal to improve standards of living for low-income individuals. By providing CWFs, Annie E. Casey works on the ground to assist individuals and help them improve their financial skills in order to make smart financial decisions for their families. In conjunction, WIG works with state legislators to empower them to make the best policy decisions oriented towards ensuring and promoting the financial well being of their constituents. ■

Did you know that 354 women state legislators are newly elected legislators?

For more information on how Women In Government can support your work on FES issues, please see our website at: <http://www.womeningovernment.org/>

1 Annie E. Casey <http://www.aecf.org/Home/MajorInitiatives/FamilyEconomicSuccess.aspx>

2 Annie E. Casey <http://www.aecf.org/upload/PublicationFiles/FES3622H5050.pdf>

3 Annie E. Casey <http://www.aecf.org/MajorInitiatives/FamilyEconomicSuccess/CentersforWorkingFamilies.aspx>

4 Annie E. Casey <http://www.aecf.org/upload/PublicationFiles/FES3622H5050.pdf>

5 Annie E. Casey <http://www.aecf.org/upload/PublicationFiles/FES3622H5050.pdf>

THE ACT CONCERNING CHILDREN IN THE RECESSION By Lauren McKown, Graduate Fellow



Rep. Catherine Abercrombie

A big part of ensuring economic success is focusing on the health and happiness of children. This legislative cycle, the Joint Select Committee on Children in Connecticut worked diligently on new legislation aimed at safeguarding family economic success. On June 8, 2010, Governor M. Jodi Rell signed House Bill 5360 into law. Known as the Act Concerning Children in the Recession, this bill proposes many solutions to alleviating family financial

burdens during this economic downturn.

First, it establishes the Children in Recession Leadership Team under the Child Poverty and Prevention Council. The team will convene quarterly when the Labor Commissioner declares the unemployment rate of the state is at eight percent or greater. The team is tasked with working in conjunction with the other governmental agencies to develop and promote policies that:

- 1) Mitigate the long term impact of the recession on children
- 2) Provide support and resources to families in an effort to minimize the number of children in poverty
- 3) Reduce home foreclosures, child hunger, school failure, homelessness, and child abuse.

In order to achieve these lofty goals, the act calls for legislators to form strategic plans with agencies and share information freely; to train personnel on the availability of resources for which families may be eligible; to develop links between job training program and education programs; to produce outreach to inform and ensure access to state services for families; and to identify quality revisions to pre-existing legislation in order to streamline the process. By focusing

on outreach to families, the Connecticut state government hopes to minimize the response time for families signing up for safety net programs, such as the Special Supplemental Food Program for Women, Infant, and Children.

The act provides for the Department of Social Services to develop a client-friendly application process for assistance. Also, families who have applied for assistance within 30 days of the new programmatic changes will not be required to re-submit paper work. The Department of Education is charged with utilizing the consultation of any and all appropriate departments and resources to protect children from falling into homelessness and dropping out of school. Additionally, access to higher education is to be improved. Finally, day care centers and schools are encouraged to use available federally-funded nutrition programs, such as the Child and Adult Care Food Program when possible.

In January of 2011, the council will prepare a report on the progress of implementing its many provisions and include any other governmental actions taken to reduce the impact of the recession on children and families. The report will be submitted to the General Assembly for review.

With its multi-faceted approach, involving many stakeholders such as the Department of Social Services and the Department of Education, the Act Concerning Children in the Recession can serve as a model for an integrated approach to alleviating the devastating effects of the financial crisis for families.

Crucial to the bill's drafting process and passage was the work of Women In Government's (WIG) State Director, Representative Catherine Abercrombie of the 83rd district of Connecticut. WIG congratulates Representative Abercrombie on her participation in creating and sponsoring legislation for safeguarding families during this economic recession. ■

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been passed in states controlled by both Republicans and Democrats and has been supported by both business groups and social service advocates.

- o The FES Task Force recommends that states should create new or expand existing state EITCs, and exempt the credits from Temporary Assistance for Needy Families (TANF), Medicaid, and food stamp programs. States should make this state tax credit refundable, thereby increasing tax refunds for low-wage working families and protecting them against tax refund anticipation loans.
 - A **Pay Disparity** still currently exists in America between women and men. Although women's participation in the workforce has steadily increased over the last several decades to account for nearly half of all workers, women's earnings across almost all occupations are still below those of men. Women earn less even within the jobs that women are more likely to hold, such as secretaries, teachers, and nurses. The wage ratio in the 10 most common occupations for women ranges from 71.2 percent of men's earnings for retail sales managers to 93.6 percent of men's earnings for customer service representatives.
 - **Workforce Development** incorporates specific measures to improve professional and personal growth necessary for securing a stable job and ensuring financial independence.
- Since a majority of low-income families experience a large amount of debt, obtaining and maintaining a job is necessary and ensures financial stability. Through workforce development, low-income families are offered the opportunity to improve their education and occupation skills in order to maintain their current jobs and increase opportunities for career advancement.
- **Financial Literacy** and empowerment can assist low-income families in securing a stable financial future. Families can increase their personal savings and investments through fair and effective financial management. Financial literacy empowers families to take control of their financial futures and gives low-income families the tools to establish or improve their financial credit, educate themselves about financial planning, improve their financial status through proper savings and investments, and contribute to personal and community financial growth.
 - o The [Family Economic Success Task Force](#) recommends that states require K-12 financial literacy programs in schools, and promote financial and job training, workforce development, affordable housing, and access to higher education for adults. Federal, state, and local governments should consider support for tax policies that minimize the burden on low-income families as they work their way out of poverty. ■

encourage and widen opportunities for Hawaii families to build their assets. These measures include: expanding individual development accounts; establishing microenterprise funding; creating a self-employment assistance program; assisting with down-payment loan assistance; and increasing support for family self-sufficiency and Section 8 voucher programs.

Presently, Senator Chun Oakland is the co-chair of the State Asset Building Task Force that consists of more than 40 members from the public, private, and nonprofit sectors who are charged with developing policy recommendations on financial education for public and private sector employees and in K-12 grades in schools; the elimination of asset limits; and the establishment of universal children's savings accounts.

Senator Nan Orrock's legislative work in Georgia reflects her concern for family economic success. Previously, she sponsored Senate Bill 531, a bill relating to foreclosure on mortgages, conveyances to secure debt, and liens, which would require a foreclosure to be conducted by the current owner or holder of the mortgage. The bill was signed into law on May 13, 2008.

In 2009 Senator Orrock continued to speak about the foreclosure crisis including sponsoring Senate Bill 57, the Georgia Fair Lending Act. This piece of legislation changes definitions providing limitations on home loans and high interest home loans and calls for limitations on fees for related filing matters. Sen. Orrock was quoted by the Atlanta Journal-Constitution on January 27, 2009, that the bill was "a good faith, bi-partisan effort" to address the foreclosure crisis. She continued by saying "It's time to get away from blaming the homeowners."

Senator Orrock continues to work on FES and economic programs. This year, Senator Orrock sponsored Senate Resolution 954, which commended Georgia Citizens' Coalition on Hunger and Up & Out of Poverty Now!, which coincided with the 30th Anniversary of Poor People's Day at the state capitol.

Also in 2010, Senator Orrock recognized the extraordinary contributions of women entrepreneurs to the United States of America and, specifically, the State of Georgia by sponsoring Senate Resolution 1069, which declared February 22, 2010, as Women Entrepreneurs Day at the state capitol.

Senator Orrock has been a member of Women In Government since 1998 and is a member of WIG's Board of Directors.

Representative Helene M. Keeley just this year prioritized new legislation aimed at improving the economic well being of her constituents during the critical tax refund process. She sought to take aggressive measures towards eliminating anticipated tax return

predatory lending. Her sponsorship of House Bill 303 focuses on curtailing the potentially predatory lending practices associated with anticipated tax refunds. Anticipation lending involves a loan in which a taxpayer borrows money based on the estimated value of his or her annual tax return. Representative Keeley attributes the lack of legislative consumer protection safeguards as a principle reason why these loans have threatened the economic stability and well being of Delaware's residents. In fact, some of the percentage rates for refund anticipation loans range from 40 percent to 700 percent.

As a dedicated member of the State Delaware Poverty Task Force, Representative Keeley thinks the proposed legislation would signal a real accomplishment for amending anticipation loans and ensuring economic success for Delaware families. During this fiscal recession, Representative Keeley recognizes, as do her fellow representatives, this legislation as a high priority for the state.

Senator Kathleen Vinehout is a concerned leader for Wisconsin and a Women In Government State Director. She is the Wisconsin State Senator from the 31st Senate District, and she chairs the Senate Committee on Agriculture and Higher Education. This year she proposed critical legislation aimed at improving college student financial literacy. The Student Credit Protection Bill (Senate Bill 525) seeks to secure the future financial literacy of young adults. According to a recent national study, the average college student has 4.6 credit cards and seniors graduated with an average credit card debt of more than \$4,100 dollars in 2008.

The Student Credit Protection Bill is directly intended to educate students about credit card debt and assist them in avoiding potential predatory tactics from credit card companies. The first step in achieving this goal is restricting the access credit card companies have to students. As outlined in Senate Bill 525, the offering of any tangible item to induce a student to apply for or participate in an open-end credit plan is strictly prohibited.

Although Senate Bill 525 failed approval in the Senate Committee on Veterans and Military Affairs, Biotechnology, and Financial Institutions, Senator Vinehout's legislative leadership has paved the way for future action on financial literacy for young adults.

WIG hopes that incoming state legislators may use the experience of FES champions as a resource for ideas on future state legislation. For more information concerning relevant economic issues in your state please visit Women In Government's Family Economic Success Policy Resource Center at <http://www.womeningovernment.org/familysuccess>. ■

Women In Government Foundation, Inc. is a national, non-profit, bi-partisan organization of women state legislators providing leadership opportunities, networking, expert forums, and educational resources.



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