INTRODUCTION

Over the past twenty years, the cost of living in the United States has increased by almost 90 percent, while average incomes have only increased 25 percent. In addition, more than 40 million Americans work in jobs that pay low wages and do not provide basic health and retirement benefits. At the same time, governmental budget cuts at the national, state and local levels have reduced the safety net services and supports that many low-income families depend on during difficult times.
To make ends meet, families are borrowing heavily and relying on high-cost alternatives to cover many of their daily living expenses. This cycle of increasing debt to keep up with the rising cost of living has left many families living paycheck to paycheck. These families are more vulnerable to crisis, and in the long-term, they have a very limited ability to save for advanced education, a home, reliable transportation or retirement. This limits the economic potential of both the family and the communities in which they live.

The United Way Financial Stability Partnership™ was launched in 2007 with a three-step framework and a number of program-based strategies targeting working people with incomes at or below 250 percent of the federal poverty level. While this framework was useful in unifying United Ways’ work in this area, it did not provide a sufficient “roadmap” to help them achieve meaningful community-level results.

In 2008, United Way announced three national goals that will drive its work to mobilize the caring power of communities in the areas of education, income, and health. Our 10-year Income goal is to increase the number of lower-income working families that are financially stable, as measured by the number of families that spend less than 40 percent of their income on housing costs. Individuals who have fewer financial stresses are healthier, perform better at work and have better education outcomes. Increasing the financial stability of families ultimately creates a stronger, more productive, crisis-resistant workforce and communities that are more prosperous because of increases in employment and homeownership.

To get clearer on the local and national efforts necessary to increase family financial stability and achieve the 10-year income goal, United Way Worldwide engaged a broad-based coalition of national experts and field leaders to expand the organizations’ work in this area. Working with this group of internal and external advisors, United Way Worldwide conducted an intensive research and planning process to identify the building blocks necessary to achieve financial stability.

The research uncovered two underlying elements that must be present for families to achieve financial stability: stable, adequate income and stable, adequate financial resources. Stable, adequate income is derived from having family-sustaining jobs and public, employer, and informal income supports.

10-YEAR GOAL: Cut in half the number of lower-income* working families who are financially unstable
and subsidies. Stable, adequate financial resources include income, as well as:
- Safe, affordable housing
- Affordable and accessible goods and services
- Savings and assets to cover unexpected expenses

Consequently, these five building blocks will drive United Way’s progress on the income goal:
1. Family-Sustaining Employment
2. Income Supports
3. Savings and Assets
4. Manageable Expenses
5. Affordable Housing

The purpose of United Way’s research and planning process was to identify evidence-based strategies and approaches in each of these five focus areas. While these strategies are important, they alone cannot increase the number of low-income working families that are financially stable. Success will also depend on United Ways’ ability to adapt to community challenges and leverage assets, leaders, and partnerships. Sustained family financial stability is only possible through the aligned, long-term efforts of engaged individuals and institutions toward shared strategies and actions, ideally catalyzed and supported by the United Way.

United Ways can serve as effective conveners or leaders as well as coalition members, data gatherers, funders or facilitators of public awareness. Some strategies and approaches may lend themselves to United Way leadership, while others will be better led by community partners. What’s essential in every focus area is a community-based effort that implements all of the strategies through one approach or another. A United Way that is helping a community meet its income goal will:
- Engage with the community and identify a commonly shared vision to focus on populations of greatest concern
- Develop localized strategies and focused actions from evidence-based approaches that can achieve specific target outcomes for those populations
- Mobilize individuals and institutions to give, advocate, and volunteer in support of the strategies
- Work across communities in the region and the state to achieve common goals and scaled impact
- Align and execute the strategies to drive results on the target outcomes
- Measure, evaluate, and communicate the results achieved

*Family Income below 250% of the Federal Poverty Level
INCOME FOCUS AREAS

Approximately 300 United Ways are engaged in financial stability work in support of the income goal, with the majority of these focused on income supports, financial education, and workforce development. United Way innovators are developing coordinated, collaborative strategies and working with community partners and employers to make significant social investments around one or more of United Way’s five focus areas in order to demonstrate greater community impact.

Family-Sustaining Employment

Family-sustaining employment is the foundation of financial stability. Almost 25 percent of adults in the United States earn less than $27,000 annually in jobs that offer no healthcare, vacation, or paid sick leave. These workers often struggle to afford food, rent, childcare, and transportation, with little left over for saving and investing. Families must have a steady source of income that covers the cost of basic necessities before they can make more long-term financial decisions regarding savings and asset building.

Increased global competition has challenged American companies to compete with lower labor costs in other countries and has led to the decline of the country’s manufacturing sector, requiring workers to possess stronger educational skills and competencies in order to compete in the current job market. Now more than ever before, educational attainment is fundamental to the long-term earning potential of an individual and it is critical to connect disconnected youth and adult earners with alternative education and work experience opportunities.

Through education, training, and sector-based strategies that connect skilled workers with jobs in growing sectors including healthcare, technology, green industries, and community infrastructure, low-income individuals can obtain family-sustaining employment that offers the potential for career advancement. Increasing family-sustaining employment benefits communities as well as families. Communities with a stable, skilled workforce are more economically competitive and have the potential to attract business and revitalize neighborhoods.

Affordable Housing

More than 4 million working families spend more than half their income for rent and/or mortgages, leaving them particularly vulnerable to eviction or foreclosure if their income is interrupted. The limited supply of affordable housing stock, coupled with the long waiting lists and confusing application processes, makes it extremely difficult for low-income working families to obtain affordable housing. Reforms to zoning and regulatory laws will help to preserve and expand the supply of good quality, affordable housing units while improved coordination among housing providers will make these units easier to access. Finally, connecting residents with income supports and tax credits, first-time buyer programs, and homeownership counseling will help them to retain and manage the expense of their housing.

Income Supports

Without the proper supports to supplement their wages, low-income working families are at a clear disadvantage when it comes to managing their expenses, building savings, and retaining a job. Research indicates that families are often unaware that they are eligible for income supports and that many ultimately drop out of the benefits enrollment process due to administrative hassles and procedural barriers. Research indicates that almost $65 billion in benefits go unclaimed by low income working families each year. By promoting and connecting low-income working families with all the available income supports for which they are eligible, and working with community-based organizations and agencies to streamline enrollment processes, low-income working families will be better positioned to move toward financial stability.
Manageable Expenses
Because of the neighborhood they live in, credit history, or lack of access to transportation, low-income working families often pay more for basic goods and services, including groceries, healthcare, financial services, credit products, and insurance than families with higher incomes. Research shows that reducing the cost of living for lower-income working families by just one percent would add more than $6.5 billion in new spending power in a community. Increasing the availability of and access to low-cost services and connecting low-income working families with appropriate consumer education will ensure that they remain healthy and purchase goods and services that are fairly priced and within their budget, making it possible for them to work, avoid debt, and increase their ability to save and invest.

Savings and Assets
Savings and assets can help low-income working families avoid financial crises caused by emergencies or unexpected changes in income, while also helping them to realize long-term goals including homeownership, a college education, and retirement. Providing low-income working families with targeted financial education, appropriate financial products, and easy, low-cost opportunities to save, combined with strategies and approaches to reduce their debt and expenses, will help them to build a financial foundation that lends itself to savings and asset accumulation.

STRATEGIES AND APPROACHES
Low-income working families experience a number of personal and structural obstacles to achieving financial stability. These obstacles fall into three broad categories: lack of quality education and training, lack of awareness, and lack of access to supports and services. The evidence-based strategies and approaches in each of the five focus areas are designed to address these obstacles.

Strategies are the large pieces of work that must be accomplished to achieve results in a particular focus area, while approaches illustrate the tactical ways that strategies can be implemented. If United Way is going to make meaningful progress toward the 10-year goals, it must think beyond traditional agency partners and identify additional distribution channels that will help reach a greater percentage of the target population. One such distribution channel is the business community – a likely source of income for most low-income working families as well as the source for healthcare, retirement, and other benefits. A number of the strategies and approaches listed below were designed to utilize the workplace as a distribution mechanism; as the work moves forward, United Way expects to identify additional distribution channels and strategies that are well-suited to them.

In each focus area, United Way Worldwide has sequenced and prioritized the approaches that are critical to achieving the national income goal and that have the most potential for impact in terms of building local capacity and influencing local, state and federal policies and partners. These approaches are bolded in the text below.

Family-Sustaining Employment

Strategy 1: Increase enrollment in and completion of degree, certification and training programs
• Conduct outreach to increase enrollment in available education, training and occupational programs
• Connect earners in low-income working families with affordable and effective basic education, occupational training, and career technical education programs to increase reading, math, comprehension and work-related skills
• Promote opportunities for disconnected youth to access career and technical education programs, apprenticeships, internships, and school-to-work programs

• Remove barriers to participation in education and training programs by promoting flexible class hours, use of modularized curricula, and provision of transportation and childcare subsidies, like the Child and Dependent Care Tax Credit where appropriate and available

• Support efforts to increase high-school graduation rates

**Strategy 2: Provide access to existing family-sustaining employment in targeted industries**

• Support the use of workforce intermediaries to align education and training providers, employers and earners in low-income working families to ensure that completion of relevant training programs lead to employment

• Develop sector-based initiatives to connect earners in low-income working families with jobs that pay family-sustaining income in growing industries

**Strategy 3: Create new jobs that provide family-sustaining income**

• Encourage new businesses and/or industries to increase the supply of family-sustaining jobs in a given community

• Encourage entrepreneurship and small business capitalization and development to increase supply of jobs that pay family-sustaining income

**Strategy 4: Provide supports to help individuals retain employment and advance their careers**

• Remove barriers to retaining employment by promoting public and private income supports such as transportation and childcare subsidies

• Promote tax credits and incentives for both employers and employees

• Connect youth and adult earners in low-income working families with career counseling and career advancement opportunities such as a career “pathway” or “ladder”

**Affordable Housing**

**Strategy 1: Increase and maintain the supply of affordable housing**

• Increase construction of affordable rental, transitional, and supportive housing through zoning and regulatory reforms and through use of tax credits and other public financing options

• Make existing housing more affordable and maintain its affordability over time through use of community land trusts, limited equity co-operatives, mobile home co-operatives, and shared-appreciation and shared-equity mortgages

• Preserve the existing stock of affordable housing by developing programs to allow tenants “first rights of refusal” for housing purchase and to support financing of “expiring use” subsidized housing

**Strategy 2: Connect low-income working families with affordable housing**

• Connect low-income working families with transitional and supportive housing to decrease homelessness

• Help low-income working families navigate application process for publicly-funded affordable housing

• Provide low-income working families with tools to locate affordable, nonsubsidized rental housing

• Support programs to help low-income working families meet requirements to rent or purchase safe, affordable housing

• Connect low-income working families with relocation supports and services

• Promote tax credits and first-time buyer programs, when appropriate, that increase affordability of homeownership for low-income working families
Strategy 3: Prevent low-income working families from losing affordable housing

• Connect low-income working families with targeted consumer education on buying and maintaining a house to help them access appropriate and affordable mortgage products

• Connect low-income working families to family-sustaining employment to ensure that they have a stable income to maintain their housing

• Protect low-income working families in subsidized housing from unfair eviction and “expiring use” policies

• Connect low-income working families with rental and mortgage arrearage assistance to keep payments current

• Connect low-income working families to foreclosure mediation and loan modification programs

Income Supports

Strategy 1: Increase the awareness of available income supports through education and outreach efforts

• Conduct ongoing outreach, education, and benefits enrollment efforts to increase the number of eligible families that receive income supports, particularly through successful avenues like free tax preparation sites

• Use the workplace to educate low-income working families about eligibility for public and private income supports

• Encourage employers to promote enrollment in employer-provided income supports

• Use 2-1-1 and other information and referral services to provide users with information about availability of and eligibility for income supports and connect them to community services

• Promote the use of informal income supports such as bartering, food co-ops, and “time dollar” programs that supplement family incomes

Strategy 2: Streamline enrollment in income supports

• Improve coordination between public and private organizations that provide income supports to simplify benefits application procedures

• Promote policies that streamline eligibility, verification, application and renewal procedures for income supports

• Make enrollment in income supports easier through the use of technology, one-stop centers and/or information and referral services

Manageable Expenses

Strategy 1: Increase financial management knowledge and skills

• Connect low-income working families to targeted consumer education on market rate of goods and services that can help them make more informed buying decisions

• Connect low-income working families to targeted financial education on budgeting, spending, and credit that can help them to stay within their monthly budgets

Strategy 2: Ensure that low-income working families are qualified to purchase financial products and services at low rates

• Connect low-income working families with programs that help them reduce their debt and improve their credit score and banking history, improving eligibility for prime rates on financial products

• Support efforts to ensure that all bureaus, exchanges, and additional bodies to which credit data is supplied are operating in full compliance with the Fair Credit Reporting Act
Strategy 3: Increase availability of and access to low-cost products and services
- Promote use of low-cost financial and other products and services, decreasing reliance on high-cost products and services
- Support advocacy efforts to lower interest rates and fees charged for alternative financial services, making these products more affordable
- Increase the number of banks, credit unions, large grocery stores and other low-cost retailers in low-income neighborhoods by demonstrating the profitability of operating in low-income neighborhoods, ultimately providing low-income working families with more/better choices
- Connect individuals to income supports that decrease cost of basic needs and make them more affordable

SAVINGS AND ASSETS

Strategy 1: Improve products and systems that enable low-income working families to save
- Work with mainstream financial institutions to ensure basic financial products and services are designed to meet the needs of the low-income working families they serve
- Improve financial institution policies and practices that limit the use of mainstream financial services among low-income working families

Strategy 2: Raise awareness and promote the use of low-cost financial products and services to increase savings
- Conduct outreach to increase the use of appropriate and affordable financial products by the unbanked and under-banked
- Promote the use of low-cost financial products and services, including credit counseling, offered by alternative financial service providers
- Promote the use of savings mechanisms on the federal income tax return
- Connect individuals to targeted financial education on the benefits of saving and investing
- Promote regular savings and investment behavior through the use of public and private incentives such as refundable tax credits and matched savings accounts

Strategy 3: Make saving easy and automatic
- Encourage employers to offer employees direct deposit, automatic payroll deductions to savings accounts, and “opt-out” plans for retirement savings

Strategy 4: Increase low-income working families’ use of long-term investment opportunities
- Connect low-income working families with programs, such as matched savings accounts, that increase homeownership and build business equity
- Assist low-income working families with securing insurance to protect assets
- Provide low-income working families with long-term savings vehicles including children’s savings accounts, lifelong learning accounts, and college savings plans
Summary
The strategies and approaches described in this document provide United Way with the foundation for supporting communities as they mobilize to address the 10-year income goal. United Way can play a critical role in bringing the community together to create a shared vision around these ideas, develop clear strategies with mutual accountability, generate financial and other resources aligned toward this work, execute as a united community, and communicate stories of progress over time so that energy for the work is sustained.

INTENDED RESULTS AND INDICATORS

Promoting Financial Stability and Independence Among Working Families
Intended Result: Cut in half the number of low-income working families that are financially unstable
Indication: Number and percentage of low-income working families that pay no more than 40% of their income on housing (to include interest and mortgage payments)

Family-Sustaining Employment
Intended Result: Lower-income working families achieve and retain family-sustaining employment
Indicator: Number and percentage of lower-income working families with earned income above 250 percent of the federal poverty level

Affordable Housing
Intended Result: Low-income working families have affordable housing
Indicator: Number and percentage of low-income working families that pay no more than 40 percent of their income on housing (to include rent and mortgage payments)

Income Supports
Intended Result: Low-income working families receive the income supports that are available to them
Indicator: Number and percentage of low-income working families that receive all of the public and private income supports that are available to them

Manageable Expenses
Intended Result: Low-income working families purchase goods and services that are fairly priced and within their budget
Indicator: Number and percentage of low-income working families that purchase financial services, credit and loan products, insurance, furniture, and groceries that are priced at or below market rate and within their monthly budget

Savings and Assets
Intended Result: Low-income working families have the financial assets to avoid a financial crisis
Indicator: Number and percentage of low-income working families with a checking or savings account that contains a minimum of three months of their current living expenses