



## Building Family Economic Success

# WORKFORCE DEVELOPMENT

As a critical part of the FES approach, the Annie E. Casey Foundation (AECF) supports efforts to connect low-skilled adults to well-paying jobs with career potential. For the past nine years, AECF's "Jobs Initiative" has funded and evaluated intensive workforce development efforts in six U.S. cities. In each of these sites, community organization and partner agencies have offered a combination of job readiness training, sector-specific skills training, and post-employment supports to help participants retain their jobs and advance up the career ladder. The Foundation now is working to distill and disseminate the lessons learned through the Jobs Initiative, and to promote policy reforms that put these lessons to effective use for low-income workers.

### The Importance of Workforce Development

Changes in the global economy are challenging policymakers and service providers to come up with new ideas and approaches for workforce development. Over the next 20 years, the U.S. must address an aging labor force, a need for highly trained workers who can compete globally, and increasing numbers of low-income working families struggling to climb the economic ladder. Of particular importance are the growing earnings gap between more educated workers and those with a high school diploma or less, and the growing number of jobs that do not pay family-sustaining wages or provide health benefits. In rural areas, a substantial number of workers are underemployed due to a lack of jobs and advancement opportunities.

Some important facts about work and low-income families:

- More than 2.5 million working families, with six million children, earned less than the official poverty level (\$18,392 for a family of four) in 2002.
- 9.2 million American working families, one in four, earned less than twice the official poverty level (\$36,784 for a family of four) in 2002. These families were home to 20 million children.
- Forty percent of minority working families were low-income in 2002—twice the percentage of white working families.
- According to a 2004 study by the Brookings Institution, only 27 percent of workers who earned less than \$12,000 a year from 1993–95 were consistently earning more than \$15,000 six years later.
- As the cost of health insurance premiums has increased steadily in recent years, the number of workers without employer-provided health insurance has continued to rise.
- In the last 30 years, workers without a high school degree experienced an 18.5 percent decline in real wages, while those with a college degree experienced an increase of 15.9 percent.

### FES and Workforce Development

Launched in 1995, the Jobs Initiative (JI) supported ambitious, community-driven initiatives in New Orleans, Denver, St. Louis, Philadelphia, Seattle, and Milwaukee to help young, low-income workers find meaningful jobs and to identify ways to reform and improve existing employment and training programs. Each site offered opportunities for low-income job-seekers to participate in

### Strategies for Family Economic Success

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

Centers for Working Families

The Earned Income Tax Credit (EITC)

Financial Planning and Education

Financial Services

The High Cost of Being Poor

Homeownership and Predatory Lending

Individual Development Accounts (IDAs) and Other Savings Tools

### Workforce Development

Work Supports

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### Resources

The Annie E. Casey Foundation, Family Economic Success  
([www.aecf.org/initiatives/fes](http://www.aecf.org/initiatives/fes))

Aspen Institute  
([www.aspenwsi.org](http://www.aspenwsi.org))

Jobs for the Future  
([www.jff.org](http://www.jff.org))

Public Private Ventures  
([www.ppv.org](http://www.ppv.org))

Working Poor Families Project  
([www.aecf.org/initiatives/fes/workingpoor](http://www.aecf.org/initiatives/fes/workingpoor))

employment training programs designed to prepare them for jobs with clear career ladders and opportunities to increase their skills and education. The sites also provided necessary post-employment supports to help them stay employed. The Initiative enrolled more than 20,000 JI participants and resulted in 10,000 job placements.

Through the Jobs Initiative and other efforts in workforce development, several important principles have emerged that should guide workforce development efforts in the years ahead:

- Attention must be paid to the role of race and cultural competence in the workforce field.
- Workforce “intermediary organizations” – local agencies capable of convening and coordinating the efforts of employers, service providers and job seekers – can be invaluable in bringing together key partners and in developing and sustaining effective workforce development programs for job seekers with limited skills and experience.
- Long-term retention (12 months of steady work) is a critical measure of success. “Job readiness” services are a crucial tool to help the least job-ready workers achieve a three-month retention, but “hard skills” (i.e., job-specific training) is the most important factor for achieving 12-month retention. Also, access to employer-subsidized health and leave benefits results in higher retention rates.
- Data are a crucial tool for strengthening program and policy outcomes. Data can be used to assess labor market opportunities, as a management tool to improve program performance, and to influence state and federal workforce policy on behalf of working poor families.

Today, in addition to identifying the lessons learned from the Jobs Initiative and sharing them with policymakers, practitioners, and researchers, the Casey Foundation is investing in the following workforce strategies:

- Supporting career advancement models for low-wage workers. These strategies must take into account the time pressures on families to balance work, additional skill acquisition, and family responsibilities. Career advancement often involves partnerships among community-based organizations, community colleges, and employers.
- Advancing advocacy and public education to influence national workforce policy. Grants to workforce development organizations, and the production of a documentary, *Waging a Living*, are focused on improving policies that can support low-wage workers.
- Developing effective workforce strategies for neighborhoods and specific populations. Through its *Making Connections* initiative and its commitment to Baltimore, Atlanta, and New Haven, AECF is heavily invested in 10-12 urban neighborhoods. Neighborhood efforts focus on preparing residents for employment opportunities through recruitment, job readiness, literacy, support services, and connecting to employers.

### Challenges and Opportunities

- The decreasing volume of public workforce development dollars must be invested in effective programs and strategies, as demonstrated through outcomes.
- Two problems must be addressed: (1) the growing number of jobs that do not pay family-sustaining wages—or provide health insurance, and (2) the need to increase the skills of low-wage workers to compete for higher wage jobs.
- Investments in economic development should be linked to workforce development and jobs for low-wage workers.
- The lack of reliable, affordable transportation options – and the suspension of drivers licenses – are major barriers for working poor families in getting and keeping jobs. Car ownership programs and drivers license reinstatement programs can help address these serious obstacles.

For More Information:  
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