

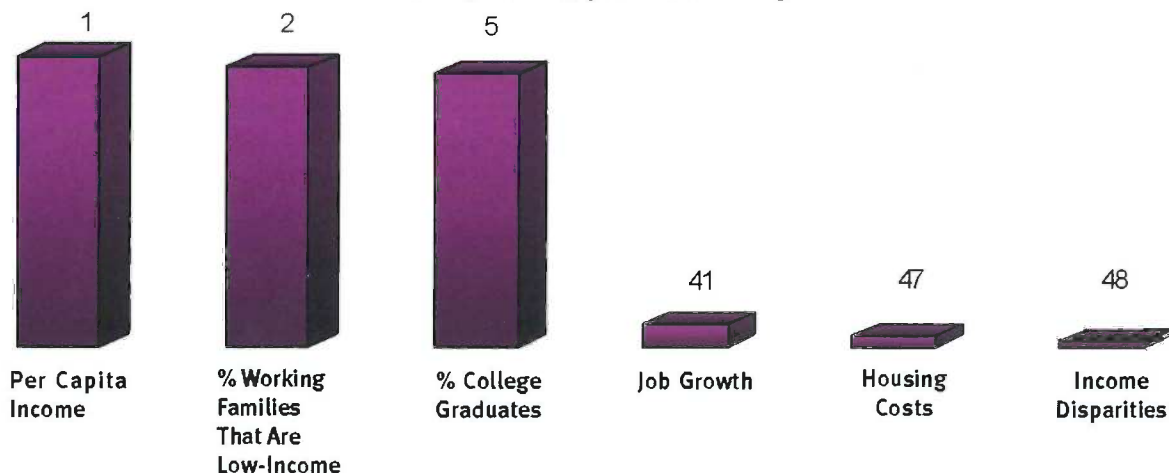


# WORK AND WEALTH IN CONNECTICUT: DATA FINDINGS AND POLICY OPPORTUNITIES

Projects funded by the Annie E. Casey Foundation in Connecticut and nationally have produced data and research that reveal tremendous inequities in the state. The data and research are informing policy discussions to strengthen the state's families and build wealth, consistent with Casey's focus on Family Economic Success. In brief:

- **Connecticut is a state of huge disparities.**
  - ◆ Connecticut has the highest per capita income of any state, but Hartford, its capital, has the second highest rate of poverty of any major American city.<sup>1</sup> New Haven and Bridgeport are not far behind.
  - ◆ The gap between the top and bottom income quintiles is the third highest of any state in the nation.<sup>2</sup> Connecticut thus ranks 48th among the 50 states in severity of economic disparities.
  - ◆ Only 5% of non-Hispanic white children live below the federal poverty level, compared to 23% of African-American children and 33% of Hispanic children, the seventh highest rate for Hispanics in the nation.<sup>3</sup>
- **The state has the resources to address these disparities.** Connecticut ranks among the lowest states for state revenue as a share of personal income and Gross State Product.<sup>4</sup>
- **Connecticut has made some moves to reduce inequality, many with Casey's support.**
  - ◆ Recent legislation merges the state's Child Poverty Council and the Prevention Council.
  - ◆ A new Self-Sufficiency Standard, funded by the State Office for Workforce Competitiveness, lays out the high cost of living for families in different parts of Connecticut.
  - ◆ Casey's "High Cost of Being Poor" reports note problems for residents of the three largest cities, and use the Casey-funded Family Resource Simulator from the National Center for Children in Poverty.
  - ◆ Casey's KIDS COUNT grantee, the Connecticut Association for Human Services (CAHS), focuses its research, mobilizing, and policy activities on moving families from poverty to self-sufficiency.
- **Connecticut can be a national model for moving families to economic success.** Building off current initiatives, the state can direct its resources to provide opportunities for lower-income families and the state as a whole.

**Connecticut Economic Resources and Challenges  
Ranking Among 50 States - 2003**



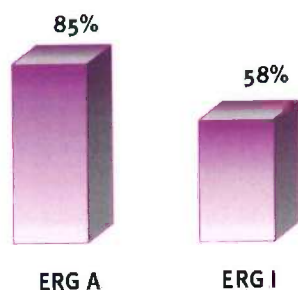
Population Reference Bureau analysis of 2003 American Community Survey data, U.S. Census Bureau; Connecticut Voices for Children analysis of Bureau of Labor Statistics data provided by the Economic Policy Institute, October 2005; U.S. Bureau of Economic Analysis, Table 653, *Statistical Abstract of the United States, 2004-2005*. Retrieved August 22, 2005 from <http://www.census.gov/statab/ranks/rank29.html>

## CONNECTICUT: GREAT WEALTH, TOP RANKINGS . . .

Overall, Connecticut is a small state with tremendous wealth, and it ranks highly among the states on many key indicators on the economy, education, and child well-being:

- In 2003, Connecticut's median family income was the second highest in the country, and its per capita income was the highest.<sup>5</sup>
- The state ranks fifth in the country for the number of adults with a college degree.<sup>6</sup>
- Connecticut ranks first and third in the nation for basic educational proficiency in reading and math, respectively.<sup>7</sup>
- Connecticut has the second-lowest rate of working families who are low-income, 16 percent.<sup>8</sup>
- In the forthcoming 2006 national KIDS COUNT data book, Connecticut ranks third nationally on the well-being of children. Connecticut has the lowest percent of children in poverty, third-lowest percent of teens who are high school dropouts, and fourth-lowest teen birth rate.<sup>9</sup>

Preschool Experience 2002-2003



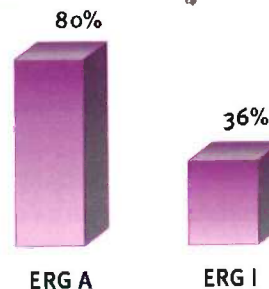
Duran, F., & Wilson, S. (2004). *Keeping Children on the Path to School Success: How Is Connecticut Doing?* Farmington, CT: Child Health and Development Institute of Connecticut.

## MASKS PROBLEMS . . .

However, not all data are positive on a statewide level. Connecticut ranks between 41<sup>st</sup> and 50<sup>th</sup> among the states for job growth, depending on the source and period measured.<sup>10</sup> While the nation as a whole regained all jobs lost in the last recession in January 2005, Connecticut has regained only a little more than half the jobs lost.<sup>11</sup>

- A recent Brookings Institution report includes Bridgeport, Hartford, and New Haven among the nation's 59 "weak market cities."<sup>12</sup>
- Generally positive statewide data on income, education, and other measures conceal major problems in Bridgeport, Hartford, and New Haven, as well as some other towns. On every indicator, as shown in the chart below, residents of the three big cities fare far worse than residents of the state as a whole.
- Students in the state's wealthiest school districts (ERG A) are much more likely than those in the poorest districts (ERG I, which includes the three largest cities and four others) to come to kindergarten with preschool experience and to achieve 4<sup>th</sup> grade mastery test goals.<sup>13</sup>

Achieving 4<sup>th</sup> Grade Mastery Test Goals 2002



Sergi, T.S. (2003, February 3). *Results from the 2002 Administration of the Connecticut Mastery Test*, Memo from the Commissioner of the Connecticut Department of Education to the Superintendents of Schools.

### Family Economic Security Indicators: Connecticut and Three

Location	Children in Poverty	Children w/Low Income	Median Income		Births to Teens 2004 Rate per 1,000	Mother's Education HSD or <	S C
	< 100% FPL	< 200% FPL	Family	Female Head of Household			
CONNECTICUT	10.4%	24.1%	\$64,692	\$24,626	13.8	38.7%	6
Bridgeport	25.1%	51.4%	\$34,103	\$19,128	36.4	65.9%	3
Hartford	41.3%	69.3%	\$21,997	\$15,915	51.1	74.7%	2
New Haven	32.6%	59.1%	\$28,847	\$17,618	38.3	60.8%	3

## ... MADE WORSE BY HIGH COSTS

The problems of Connecticut's low-income urban residents are made worse by the state's high cost of living.

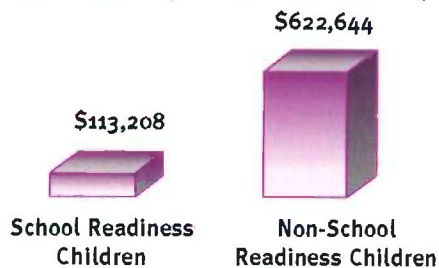
- Two-thirds of low-income Connecticut families spend more than one-third of their income on housing, the fourth highest rate among the states.<sup>14</sup>
- Costs for food, utilities, health care, child care, and transportation are among the highest in the country.<sup>15</sup>
- Casey's *High Cost of Being Poor* reports for Hartford and New Haven (and forthcoming for Bridgeport) demonstrate how residents of Connecticut cities pay more for auto and homeowner insurance and property taxes—about one third more for each for Hartford residents, compared to residents of suburban West Hartford.<sup>16</sup>
- The *High Cost* reports also demonstrate the need for improved child care, health insurance, and housing subsidies to help make ends meet.<sup>17</sup>
- The new Self-Sufficiency Standard for Connecticut makes clear that child care is the largest single expense for families with preschool children. Only 35% of families earning less than 75% of State Median Income receive child care assistance.<sup>18</sup>

## DATA AND RESEARCH POINT TO SOLUTIONS

Data are being used to inform policymakers and lay the groundwork for action in Connecticut. Casey-funded data and research reports include:

- Center for the Study of Social Policy's 2006 *Policy Matters* report, which identifies evidence-based state policies that enhance prosperity and family well-being.
- NCCP's Family Resource Simulator, a web-based tool that calculates family resources and expenses as earnings increase, taking public benefits into account.
- CAHS's KIDS COUNT publications, including "Pathways from Poverty for Connecticut's Children." CAHS will soon release its 2006 data book, "Seeds of Prosperity: Children of the Working Poor."
- CAHS is part of the national Working Poor Families project, and released a report in January 2006, "Sowing Prosperity: Low-Income Working Families and Connecticut's Economic Future."
- Casey's "High Cost of Being Poor" reports for Hartford, New Haven, and Bridgeport.
- Other data-based sources for public policy change include "The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut," and research publications by Connecticut Voices for Children.

**Retention Costs by School Readiness Experience**



Connecticut Commission on Children, *School Readiness Is One Smart Little Investment*, School Readiness and Early Reading Success Update, Vol. 4, No. 1, April, 2002.

**Annual Earnings in Connecticut by Educational Level 1999**



The National Center for Higher Education Management Systems, "States' Median Earnings by Educational-Level And Age Group - 1999." Special Analyses: Employment and Workforce Data - Connecticut. Revised 6.8.05.

## Largest Cities (2000, unless noted)

City	2002 4th Grade CMT Scores % Meeting Goal	Cumulative Dropout Rate 2002	C4K Enrollment # Change 2003 to 2005	EITC % Filers Receiving 2003	Home Ownership Households w/Children
Hartford	42.0%	10.8%	-17,392	10.1%	69.5%
New Haven	11.0%	30.5%	-1,872	25.8%	36.0%
Bridgeport	10.0%	29.7%	-3,247	34.9%	19.2%
Stamford	15.0%	18.5%	-2,679	24.9%	26.0%

Sources: Data from a variety of sources including: U.S. Census Bureau, Census 2000; Connecticut Department of Public Health, Table 4, *Connecticut Resident Births, 2004* and 2004 Connecticut Population Estimates; Connecticut Department of Education, published data on Connecticut Mastery Test scores; Connecticut Department of Social Services, Care 4 Kids unpublished data; Brookings Institution, Earned Income Tax Credit Filers.

## TURNING DATA INTO ACTION

### Successes, Opportunities, and Challenges:

- Connecticut has **public officials who understand** how policy can build assets and strengthen families. Gov. M. Jodi Rell, convinced by evidence of the tremendous return on investment, has created an early childhood cabinet and a separate research and policy council to expand preschool opportunities. House Majority Leader Chris Donovan led the successful effort in 2005 to raise Connecticut's minimum wage to \$7.10 per hour in 2006 and \$7.65 in 2007. State Treasurer Denise Nappier helped create Connecticut's Individual Development Account (IDA) program and Housing Trust Fund, and is expanding financial education to women and youths.
- **Advocates have successfully used data to change policy** in Connecticut. A good example is Connecticut's first-in-the-nation cap on Refund Anticipation Loan (RAL) interest rates. Legislators could not ignore town-by-town data on the cost of RALs to their constituents. Connecticut *almost* created a state Earned Income Tax Credit (EITC) in 2006. Again, advocates used town-by-town data and other research to demonstrate the benefits of a state EITC for legislators' constituents.
- Other **harbingers of progress** include a new workforce development policy group, a commitment by state health foundations to promote universal healthcare, and an emerging FES policy working group.
- Despite the opportunities, there are **challenges**. State policymakers have not always been swayed by data that investments in Connecticut's cities or its low-income children or families will pay off. The state also has a propensity for under funding effective programs, like IDAs, School Readiness, and workforce training.

### Policy Recommendations:

Recent reports advocate for policy solutions with a proven record of success, not only for the children and families who benefit, but for the state's economy. These include:

- **Work supports:** creation of a state EITC; expansion of the state IDA program; and improved access to benefits, including child care and housing subsidies.
- **Workforce development:** additional funding for Adult Basic Education and English as a Second Language programs, redirecting federal TANF funds to workforce training and education, and adequate funding for successful incumbent worker policies.
- **Strengthening families:** universal access to healthcare and preschool.

Support from the Annie E. Casey Foundation can help state officials and advocates build from existing efforts. Emerging efforts include the statewide Family Economic Success Network, the combined state Child Poverty and Prevention Councils, and successful workforce development initiatives, among others.

### Endnotes

<sup>1</sup> U.S. Census Bureau, Census 2000; Mark Mather, Patterns of Poverty in America. Population Reference Bureau. Retrieved November 7, 2005 from <http://www.prb.org/Ameristat/Template.cfm?Section=Incomeandpoverty.htm>

<sup>2</sup> Population Reference Bureau analysis of 2003 American Community Survey data, U.S. Census Bureau.

<sup>3</sup> National Center for Children in Poverty. Connecticut Demographics of Poor Children. Child's Race/Ethnicity. Retrieved May 17, 2006 from [http://www.nccp.org/state\\_detail\\_demographic\\_poor\\_CT.html](http://www.nccp.org/state_detail_demographic_poor_CT.html)

<sup>4</sup> Connecticut Voices for Children. (2006). *Connecticut Fiscal Facts*. New Haven, CT: Connecticut Voices for Children.

<sup>5</sup> Annie E. Casey Foundation, KIDS COUNT State-level Data on-line. Retrieved August 22, 2005 from [http://www.aecf.org/kidscount/sld/compar\\_results.jsp?i=340](http://www.aecf.org/kidscount/sld/compar_results.jsp?i=340); U.S. Bureau of Economic Analysis, Table 653, Statistical Abstract of the *United States, 2004-2005*. Retrieved August 22, 2005 from <http://www.census.gov/statab/ranks/rank29.html>

<sup>6</sup> U.S. Census Bureau, American Community Survey, Ranking Tables, *Percent of People 25 Years and Over Who Have Completed a Bachelor's Degree (State Level)*, 2002. Retrieved October 14, 2005 from <http://www.census.gov/acs/www/Products/Ranking/2002/R02T040.htm>

<sup>7</sup> Corporation for Enterprise Development. (2002). *State Asset Development Report Card*. Washington, DC. Retrieved April 1, 2004 from <http://sadc.cfed.org/states/measures/ct.php>

<sup>8</sup> Population Reference Bureau.

<sup>9</sup> Annie E. Casey Foundation. (In press). 2006 National KIDS COUNT Data Book. Baltimore, MD: The Annie E. Casey Foundation.

<sup>10</sup> Connecticut Voices for Children analysis of Bureau of Labor Statistics data provided by the Economic Policy Institute, October 2005.

<sup>11</sup> Federal Deposit Insurance Corporation, *FDIC State Profiles—Connecticut Fall 2005*. Retrieved October 10, 2005 from <http://www.fdic.gov/bank/analytical/stateprofile/New York/CT/CT.xml.html>

<sup>12</sup> Katz, Bruce. (2006). *Revitalizing Weak Market Cities in the U.S.* Presentation before The Council of Foundations, May 8, 2006. Washington, DC: The Brookings Institution. Retrieved May 16, 2006 from [http://www.brookings.edu/metro/speeches/20060508\\_weakmarketcities.htm](http://www.brookings.edu/metro/speeches/20060508_weakmarketcities.htm)

<sup>13</sup> Duran, F., & Wilson, S. (2004). *Keeping Children on the Path to School Success: How Is Connecticut Doing?* Farmington, CT: Child Health and Development Institute of Connecticut; Sergi, T.S. (2003, February 3). *Results from the 2002 Administration of the Connecticut Mastery Test*. Memo from the Commissioner of the Connecticut Department of Education to the Superintendents of Schools.

<sup>14</sup> Population Reference Bureau.

<sup>15</sup> Missouri Economic Research and Information Center, *Cost of Living by State*, First Quarter 2005. Retrieved August 23, 2005 from [http://www.ded.mo.gov/researchandplanning/indicators/cost\\_of\\_living/index.stm](http://www.ded.mo.gov/researchandplanning/indicators/cost_of_living/index.stm)

<sup>16</sup> Liu, Irene J. & Garcia, Ana-Maria. (2004). *The High Cost of Being Poor in Hartford*. Hartford, CT: Making Connections in Hartford.

<sup>17</sup> Liu, Irene J. (2005). *The High Cost of Being Poor in New Haven*. New Haven, CT: The Annie E. Casey Foundation and Casey Family Services. p. 9.

<sup>18</sup> Pearce, Diana, Wider Opportunities for Women, and Office for Workforce Competitiveness, State of Connecticut. (2005). *The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut*.