APPENDIX A - BACKGROUND AND BEST PRACTICES

RECOMMENDATION #1: BACKGROUND AND BEST PRACTICES

Recommendation #1: Increase opportunities for asset building and self-investment among adults by increasing access to and use of financial education tools, banking options and other financial resources.

This document focuses on two main components of this recommendation – increasing the use of mainstream banking services, and adult financial education. For each topic, background information, best practices and resources are provided.

I. Mainstream or traditional banking services

Background:

1. Proximity to mainstream banks does not correlate with use (Neighborhood Financial Services Study - New York City Office of Financial Empowerment, June 2008)
2. Uncaptured market: 40 million underbanked US households who spend $13 billion a year on 340 million non-bank transactions. (CFSI Nonprofit Innovations for the Underbanked: Trends and Developments, 2008)
3. The average full-time unbanked worker will spend $40,000 over a lifetime to turn his/her salary into cash. Most people without bank accounts work and have an average household income of $27,000. (Banking on Wealth: America's New Retail Banking Infrastructure and Its Wealth-Building Potential, Matt Fellowes and Mia Mabanta, The Brookings Institute, January 2008. Wall Street Journal, January 24, 2008 Opinion – Clinton and Schwarzenegger)
4. Denver statistics (Brookings Institute City Profile for Denver, January 2008 (Data from 2006)):
   - 138 million in payday loans with 22 million in fees
   - 175 million in checks cashed with 4 million in fees
   - 155 check cashers and payday loan locations
5. Product Comparison
   - $100 PDL with $15 fee = 391% APR
   - $100 bounced check with $48 NS/Merchant fees = 1,251% APR
   - $100 credit card balance with $26 late fee = 678%
   - $100 utility bill with a $50 late/reconnect fee = 1,304% APR
   - Short-term Loan
     - Customer understands financial dilemma and proactively gets loan to solve cash flow needs
     - Pricing is fully disclosed up front
     - Opportunity for education with each transaction
   - Courtesy Pay/Overdraft
     - Customer takes reactive approach
     - APRs can be huge for one/two day mishap
     - Fees/costs not fully disclosed prior to use
     - Lack of education prior to use of product
   - REAL Solutions for Low-Wealth Households. Colorado Credit Unions and National Credit Union Foundation.

6. Other Research on the Unbanked
   - Unbanked Consumers: Unique Opportunities for Financial Marketers (PDF - 779KB) Scarborough Research, 2006

- Financial Access for Immigrants: Lessons from Diverse Perspectives (PDF - 1.89MB) Brookings Institution and Federal Reserve Bank of Chicago, 2006
- A Case Study of Checking Account Inquiries and Closures in Chicago (PDF - 476KB) Center for Financial Services Innovation, 2006
- Banking the Poor: Policies to Bring Low-Income Americans into the Financial Mainstream (PDF - 282KB) Michael S. Barr, 2004
- Banking on Wealth: America's New Banking Retail Infrastructure and Its Wealth Building Potential (PDF - 1.22MB) Matt Fellows and Mia Mabanta, 2007.

Best Practices:

1. Bank on San Francisco (new product development and high touch services attract underbanked customers)
2. Center for Financial Services Innovation (CFSI) Success Stories (includes new products such as stored value cards, low fee check cashing, low cost starter accounts, alternate credit assessments, and outreach such as neighborhood contact offices, kiosks.)
3. Successful Credit Union Payday Loan Models
   - "StretchPay" CUOSI (Coop)
   - "Good Money" Prospera CU in Wisconsin
   - "Better Choice" Pennsylvania League
   - REAL Solutions for Low-Wealth Households. Colorado Credit Unions and National Credit Union Foundation.

Resources:

1. National League of Cities provides technical assistance via its Bank on Cities campaign
2. Involving and partnering with key financial institutions: Making the Case for Bank on San Francisco to Financial Institutions
3. Center for Financial Services Innovation (CFSI) Nonprofit Opportunities Fund to support nonprofit projects that promote greater financial inclusion and wealth creation among underbanked customers: Innovations in Serving Unbanked Consumers (PDF - 210KB)
4. A Guide to Building Products and Strategies for Underbanked Markets (National Community Investment Fund)
5. The Power of Experience in Understanding the Underbanked Market (CFSI and Key Bank) provides market segment profiles of underbanked customers
6. Marketing Strategy:
   - Accessing the American Dream: Utilizing Affinity Marketing to Reach Underbanked Population, Center for Financial Services Innovations, 2006 (PDF - 348KB)
   - Bank on San Francisco Marketing Strategy, meeting presentation (PDF - 325KB)
   - Bank on San Francisco Marketing Tagline Survey Results (PDF - 57KB)
   - CFSI Underbanked Consumer Study Fact Sheet - segmentation analysis of underbanked and unbanked consumers based on attitudes, behaviors and experiences relative to both formal and informal financial services, products, and institutions.

II. Adult Financial Education

Background:

1. Financial education programs positively affect consumers' money management attitudes and behaviors, and can spur some consumers to establish or strengthen relationships with financial institutions. Although virtually all consumers can benefit from some type of financial education, those who have little or no interaction with mainstream financial institutions can perhaps benefit the most. (*Banking on Financial Education – article in FDIC Quarterly, Summer 2007*)
2. Participation often limited to those predisposed to receiving the messages (*The Role and Limits of Financial Education and Information – John Ameriks, Vangaurd*)
3. Evaluation is inconsistent across programs – performance metrics and evaluation techniques may vary. (*Outcomes and Evaluation in Financial Education* – Laura Choi, Federal Reserve Bank of San Francisco; November 2008)
4. Encourage: Business case for encouraging banks to provide financial education – Financial education benefits banks because it helps them target new customers who otherwise might not have chosen a financial relationship with a bank. (*Banking on Financial Education* – article in FDIC Quarterly, Summer 2007)
5. Workplace financial curriculum
    - Positive impact on participation and contribution rates across all compensation levels
    - Impact extends to household financial behavior (*Outcomes and Evaluation in Financial Education* – Laura Choi, Federal Reserve Bank of San Francisco; November 2008)
6. General
    - Taking Ownership of the Future: The National Strategy for Financial Literacy", US Financial Literacy and Education Commission, 2006 and Addendum to the National Strategy (104k .pdf)
    - Critique: personal finance education programs pitfalls - overconfidence can lead program graduates to rush into bad deals, or they blame themselves if they get cheated after their training sessions. One critic says financial literacy classes amount to a costly distraction from pro-consumer regulation and more thorough one-on-one counseling. Financial literacy effort may miss mark Chicago Tribune July 27, 2008

Best Practices:

1. Coordination: New York City provider network (New York City Financial Education Network) brings together financial education providers, including nonprofit organizations, financial institutions and commercial credit counselors. Includes searchable database and resources for providers. Goals are to improve the quality and accessibility of financial education for consumers, strengthening ties between providers, and advancing financial education policy.
2. Communication, Marketing and Outreach: Methods for delivering financial education and related support services (Banking on Financial Education – article in FDIC Quarterly, Summer 2007)
    - Informal, one-on-one counseling.
    - Partnering with nonprofits or local government entities to teach formal classes.
    - Donating funds to schools or nonprofits for formal classes.
    - Establishing mini-branches in schools.
    - Hosting formal classes at bank facilities.
    - Providing mobile branches that move to target communities or to employers to provide banking services or financial education.
    - Translating important banking documents into the language of consumers and hiring bank

employees who speak those languages.
- Providing specialized, no-account services, such as check cashing or money transmission services.
- Have to go to where people are; partner with organizations already doing service delivery (churches, prisons, community NPOs) (per conversation with Institute for Financial Literacy).

3. Employer participation: exemplary employers highlighted by the Personal Finance Employee Education Foundation include employer sponsored services such as live workshops, one-on-one meetings offered during work hours, access to online tools, after-hours workshops, seminars designed for specific age groups, and monthly live webcasts.

Resources:

1. Evaluation
   - National Endowment for Financial Education – Program Evaluation Toolkit
     This online evaluation toolkit was designed to help financial educators understand evaluation concepts and efficiently apply them to their educational programs. The toolkit includes an evaluation manual and a user-friendly evaluation database with customizable templates and forms.
   - Woodstock Institute – Evaluation Guide for Financial Education Practitioners (PDF, off-site).
     This four part evaluation guide is a practical resource to help practitioners assess the effectiveness of their financial education program. It includes sample questionnaires and a list of basic questions every graduate of a financial literacy program should be able to answer.
   - University of Wisconsin Cooperative Extension – Program Development and Evaluation Publications
     Practical, easy-to-use guides designed to help practitioners plan and implement credible and useful evaluations.
2. Standards and Credentialing
   - The National Standards proposed by the Institute for Financial Literacy identify the knowledge base and skills that an adult should possess in the area of personal finance. According to the Institute's executive director, the k-12 standards have been more widely adopted, but the adult education standards are slowly being adopted as well.

   - The Center for Financial Certifications (division of the Institute for Financial Literacy) offers certification programs including Certified Educator in Personal Finance® that began in 2007 and is growing. A couple 100 have gone through the program. Professional development in financial literacy catching on, and the President's Council on Financial Literacy recently recommended certification. Certification is $295 for government and NPOs; the Institute will help find funding sources.
     Leslie E. Linfield, Esq., Executive Director/Founder
     Institute for Financial Literacy
     PO Box 1842 Portland, ME 04104
     207-221-3613 llinfield@financiallit.org
   - Heartland Institute also provides certification; located in Aurora, CO the mission is to provide quality educational courses conveniently offered in the workplace or community settings in cities across the nation.
3. Communication, Outreach and Marketing
   Ammar Askari, Community Education Administrator
   M&I Marshall & Ilsley Bank - 770 N. Water Street Milwaukee, WI 53202
   414-765-7712 ammar.askari@micorp.com

4. Employer participation
    - Personal Finance Employee Education Foundation : sharing research, expertise, and best practices demonstrating that profits increase by providing employees easy access to resources to reduce personal financial distress and improve financial wellbeing.

RECOMMENDATION #2: BACKGROUND AND BEST PRACTICES

Recommendation #2: Improve financial literacy, knowledge, awareness, and management skills among youth, leading to increased financial opportunities.

I. Compulsory Financial Education

Seventeen states, including Colorado, require financial education to be incorporated into their curriculum. Three states require at least a one semester course be devoted to financial education. Most legislative requirements for financial education were passed within the last two years and many of the requirements will not go into effect until the 2009-2010 schools year. Many of the state's financial education requirements are intended for the high school level. However, Colorado's HB 08-1168, passed last year, specifies financial literacy as part of the required curriculum from preschool through middle and secondary school.

1. Below is a link to HB-081168: http://www.leg.state.co.us/CLICS/CLICS2008A/csl.nsf/fsbillcont3/0073E839636E1F3A872573680059FA3F?Open&file=1168_enr.pdf

2. Gary Raekel, Director of Personal Finance Education in High School, has been a vocal supporter of HB 08-1168 and has identified some best practices for implementing the legislation.
   - http://www.boarddocs.com/co/jeffco/board.nsf/d92cf1810d14c92a8725731b0060cd12/e8567bde9c4ecb9f872574ac0056afbf/$FILE/c08363O.pdf
   - https://www.boarddocs.com/co/jeffco/Board.nsf/e8ac4a42f9b5eaa18725731b0060cd11/0f43750469f2aa2087257433005a2c5c/$FILE/c08185O.pdf

II. Financial Education Resources and Research

1. **Young American Center for Financial Education: The State of Financial Literacy in America-** In a nation where nearly a third of high school seniors already use a credit card, a higher proportion have an ATM card, and more than 1.5 million families filed for personal bankruptcy last year, the need for personal financial literacy is apparent. Yet fewer than 30 percent of young Americans are given the opportunity to take as much as one week's worth of coursework in money management or personal finance in high school. The following statistics further describe the state of financial literacy in America today.
2. **American Children, Teenagers and Young Adults:**
   - Of the 6,000 students who took the Jump$tart personal finance survey in 2006, 62% received failing scores with 60% being the lowest passing grade.
   - A study of 1,065 teens found that 21% of 18 and 19-year-olds have credit cards.
   - People in the 18 to 24 age bracket spend nearly 30% of their monthly income just on debt repayment - double the percentage spent in 1992 (10% of net income is a recommended amount for debt obligation).
   - The average 21-year-old in the U.S. will spend more than 2.2 million in their lifetime.
   - In 2007 a Charles Schwab survey on teens and money reported that only 45% of teens know how to use a credit card, while just 26% understood credit-card interest and fees.
   - Only 1 in 3 teens knows how to read a bank statement, balance a checkbook and pay bills. Barely 1 in 5 had an idea how to invest.

3. **American Families:**
   - About 20 percent of U.S. households, representing 22.2 million families are "unbanked." (i.e. not using mainstream, insured financial institutions.)
   - The average household with debt carries approximately $10,000 to $12,000 in total revolving debt and has 9 credit cards.
   - In 2005, savings rates dipped to minus 0.5 percent, something that hasn't happened since the Great Depression in 1932 and 1933. A negative savings rate means that Americans spent all their disposable income and dipped into past savings or increased their borrowing.
   - Americans shelled out more than $24 billion in credit card fees in 2004, an 18% increase over the previous year.
   - The median home price has risen 26 percent in the past five years while young adults' income has gone up less than 10 percent.
   - About half of adults (49%) say they are concerned they have not paid enough attention to managing their finances as they should have and 48 percent are concerned they don't know enough about financial planning.
4. **College Students and Young Adults:**
   - By the time they reach their senior year, 56 percent of students carry four or more credit cards, with an average balance of $2,864.
   - Overall average workers between the ages of 25 to 34 must spend 25 cents on every dollar earned on debt repayments.
   - While teens believe when they get older that they will earn an average salary of $145,000. In reality, adults with a bachelor's degree earned an average of $54,689 in 2005.
5. **Financial Literacy Education:**
   - 40 states have personal finance standards or guidelines (up from 34 in 2004), 28 states with standards require them to be implemented, 9 states require testing of student knowledge on personal finance content and 7 states require students to take a personal finance course to graduate.
   - Entrepreneurship is much less integrated into the curriculum in the states. Just over a third of the states include the subject of entrepreneurship in their K-12 educational standards, and only a handful require it to be included as a component of a high school course required for graduation.
   - http://www.yacenter.org/index.cfm?fuseAction=financialLiteracyStatistics.financialLiteracyStatistics

6. **National Endowment for Financial Education "Closing the Gap between Knowledge and Behavior: Turning Education into Action"**
   - This NEFE symposium in 2005 explored ways to make financial literacy programs more effective. The symposium combined financial educators with leaders from other fields—neuroscience, change theory, behavioral economics, and psychology—with the common goal of finding new ways to help move people toward taking positive actions to create a healthier financial future. The symposium was organized around four featured presentations that examined topics as diverse as the implications of brain biology on behavior, effective programs that incorporate change theory, observed economic behavior versus traditional economic theory, and the psychology of an individual's money personality.
   - The next steps identified as a result of this conference included:
     - outcome measurement tools for financial education
     - longitudinal studies to help understand financial behavior over time
     - program evaluation to measure the effectiveness of current financial education programs
     - identification of best practices

- researching new delivery mechanism for financial education, better understanding of "teachable moments"
- partnerships with the private sector
- centralized financial education research repository

- http://www.nefe.org/Portals/0/NEFE_Files/Research%20and%20Strategy/Personal%20Finance%20Papers%20white%20papers/02Closing%20the%20Gap%20between%20Knowledge%20and%20Behavior_Aug05.pdf

7. New York City Office of Financial Empowerment:

- "The Department of Consumer Affairs' Office of Financial Empowerment (OFE) is the first local government initiative in the nation aimed expressly at educating, empowering, and protecting those with low incomes, so they can build assets and make the most of their financial resources…OFE experiments with local government's unique capacity to leverage strategic partnerships, implement innovative solutions, and target enforcement powers to strengthen the financial security of New Yorkers with low incomes. OFE works with government agencies, community-based organizations, philanthropic partners, think tanks, and the private sector to increase financial literacy, improve access to smart financial products and services, and protect against fraudulent and deceptive practices"
- The OFE is aimed toward adults but the model could conceivably incorporate some topics that would speak directly to youth financial literacy. The OFE website could, for example, contain a directory of financial experts willing to be resources for teachers, youth organizations and parents.
- http://www.nyc.gov/html/ofe/html/home/home.shtml

8. Organizational Resources for Youth Financial Education:

- Young Americans Center for Financial Education http://www.yacenter.org/index.cfm
- National Endowment for Financial Education http://www.nefe.org
- Jumpstart Coalition for Personal Financial Literacy http://www.jumpstart.org/index.cfm http://www.cojumpstart.org/

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RECOMMENDATION #3: BACKGROUND AND BEST PRACTICES

Recommendation #3: Improve delivery and effectiveness of community oriented services through partnerships, coordination, and cooperation among a wide range of community assistance providers and stakeholders.

I. Community Oriented Services

Background:

1. Building Organizational Capacity: Arizona Non-Profit Capacity Building Initiative outlines best practices for strategic collaboration, funding and accountability standards. (Non-profit Capacity Building Initiative)
2. Organizational Partnerships: Concludes, among other things, funders should not force collaboration among non-profits and expect positive results. Describes ways that organizations that partner on their own volition and look beyond their own organizations to fulfill their mission can be successful. (Non-Profit Collaboration and Mergers: Finding the Right Fit)
3. Public, Private, Non-Profit Coordination: The Australian Consumer and Financial Literacy Task Force recommends creating a centralized body to coordinate community partners in standardizing and delivering impactful financial literacy programs. (CFL Taskforce)
4. Program Coordination: The Florida Financial Literacy Council was created out of state legislation in 2006. The information presented to the Council, indicated that there are enough programs and resources in Florida to be effective in addressing the issues related to financial education. However, the most of the programs are small in scope, have limited resources or are difficult for the average person to find. They recommend compiling an inventory of all financial literacy programs in Florida and identify their target populations. The inventory would serve as a central point for information with distribution through a variety of media. Analysis of the inventory would also identify duplication of programs and new target audiences. In addition, they recommend creating a prestigious hallmark of quality award for financial literacy programs that are based on high standards and promote the Council's mission and goals. (Florida Financial Literacy Council- January 2008 Report)
5. Program Coordination: Washington based Financial Literacy Public Private Partnership (FLPPP), formed as a result of state legislation which focuses on financial literacy materials, classroom training and outreach (Financial Literacy Public Private Partnership)

Best Practices:

1. Public/ Private Collaboration: Denver Mayor John W. Hickenlooper and Operation HOPE Founder and CEO, John Hope Bryant, launch Banking on Our Future Denver, a financial empowerment program for Denver's youth. (Hickenlooper Operation Hope Financial Empowerment Program) ;
2. Public Outreach: San Francisco Federal Reserve Bank Financial Literacy Directory (San Francisco Financial Services Directory)
3. Public Outreach: The New York City Office of Financial Empowerment offers a centralized directory for financial literacy resources for both providers and recipients. (OFE Financial Literacy Resource)

RECOMMENDATION #4: BACKGROUND AND BEST PRACTICES

Recommendation #4: Identify appropriate assistance levels for households at the safety net and security level by developing and implementing an alternative benefits eligibility standard that reflects modern household expenses, spending and resources. Explore ways to address the cliff effect.

This document focuses on two main components of this recommendation – using an alternative poverty measure, and addressing the cliff effect. For each topic, background information, best practices and resources are provided.

I. Alternative Poverty Measure

Background:

1. CURRENT MEASURE: The poverty measure currently in use is based on a 1955 study that showed that poor Americans spent roughly a third of their after-tax income on food. It triples the annual cost of groceries and is updated for inflation.
    - This model has been criticized because:
    - It doesn't take into account how cost of living varies nationwide
    - Families now spend one-eighth of their income on food, with more money going to transportation, child care and housing
    - It doesn't account for the financial impact of government assistance programs.
2. PROPOSED MEASURE: A new proposed formula, often called the Modern Poverty Measure, is based on recommendations made at Congress's request in 1995 by the National Academy of Sciences (NAS), but it was never implemented federally.
    - The Modern Poverty Measure improves on the current measure because:
    - It reflects spending on food, clothing, shelter and utilities (which are assumed to equal about 80% of median family expenditures)
    - Adjustments are made for transport costs, child care and out-of-pocket medical costs.
    - It accounts for the financial impact of government assistance programs (such as subsidized housing, EITC, and food stamps)
3. LEGISLATION: HR 6941, the Measuring American Poverty Act of 2008, was introduced to Congress in September 2008.
    - It was introduced late and was used to get the discussion moving and prepare for next year. The House Ways and Means Committee (where it has been referred, as well as the Oversight and Government Reform Committee) is lead on drafting and they are seeking outside support to help move in 2009.
    - As a senator, President Elect Obama endorsed the concept of updating the poverty measure and a number of groups have sent support letters, including: the Coalition on Human Needs, AARP, and the U.S. Conference of Mayors. Others also submitted statements for the record and testified at a July hearing.

Best Practices:

1. New York City Office of Economic Opportunity used the Modern Poverty Measure to recalculate the number of impoverished residents.
    - Results:
    - NYC poverty rate is 23% with MPM, compared to 19% with the current measure.

- The poverty line for a family of two adults and two children under the current measure is $20,444 and increases to $26,138 with the MPM.
- Use of the MPM will not immediately change NYC program funding or eligibility. Instead it:
- Gives the city a more useful tool to develop poverty-related policy
- Allows city agencies to base future plans on accurate and timely data.
- Raises awareness about the need for a new measure of poverty
- Provides ammunition to advocate for the adoption of the MPM

Resources:

1. City and County of Denver lobbyists – Patton Boggs
   - Tanya DeRivi TDerivi@PattonBoggs.com
2. New York City Center for Economic Opportunity
   - Mark Levitan, Director of Poverty Research 212.331.4435 – is willing to help Denver replicate their study using the MPM to recalculate poverty rates.
3. Research and Fact Sheets
   - Measuring Income and Poverty in the US Fact Sheet– National Center for Children in Poverty
   - New York City Final Poverty Report – NYC Center for Economic Opportunity
   - Improving the Measure of Poverty Brief and Full Report - Brookings

Articles

- The Economist, July 2008
- New York Times, July 2008
- Washington Post, July 2008
- Los Angeles Times, September 2008

II. Address the Cliff Effect

Background:

1. PROBLEM: Work support benefits are administered such that as earnings increase, families begin to lose eligibility even though they are not yet self-sufficient. This means that people can earn more and end up with less overall income and financial stability, creating a disincentive to work.
   - For example, a 53 cent raise could cause a single mother to lose $878 in monthly child care benefits, while only earning an additional $92 per month. (The Cliff Effect: A barrier to economic well-being and opportunity – Bell Policy Center Blueprint Brief, August 2006)
   - The cliff effect is perceived to be a particular problem in Colorado because the state's work support delivery system is decentralized and administered at the county level.
   - What opportunities for Denver does this create?
   - What opportunities does the state have? Under federal law, states can disregard certain types of income and resources when determining eligibility. Is this being used strategically to address the cliff effect?
2. PRINCIPLES: A comprehensive work support system should have two key goals:
   - Ensure adequate family resources
   - Reward progress in the workforce
3. SOLUTIONS:
   - Potential ways to address the cliff effect include:
   - Phase out benefits gradually
   - Raise eligibility limits
   - Serve all eligible families with all benefits
   - Account for program interactions

- Disregard certain types of income and resources when determining eligibility
- Establish work incentives
- Extend the time period for receiving work supports
- Colorado specific implementation steps (from Bell Policy Center Implementation Memo):
- Conduct scientific research examining the situation in Colorado in order to recommend effective solutions
- Establish a committee to pursue research and implement recommendations
- Draft and introduce legislation

Best Practices:

1. Ensuring households receive all benefits they're eligible for: AccessNYC is an online tool that allows people to enter household information, view eligibility and apply for benefits.
2. Denver Division of Workforce Development using a the Colorado Self Sufficiency Standard Calculator to assist job seekers with making job decisions (does it pay enough to support my family, what will I still be eligible to receive if I take this job) and with new applicants for services to see the level of income they will need to have quality of life. This (hopefully) helps them to make better decisions about attending school, job training etc. and that by doing so they will earn more. Can this be expanded to identify instances of cliff effect?
3. The Earned Income Tax Credit is a good model for how benefits can be phased out gradually to avoid the cliff effect. (See page 6: When Work Doesn't Pay – What Every Policymaker Should Know, by Nancy Cauthen, Economic Policy Institute. June 2006)

Resources:

1. Improving Work Supports – Closing the gap for low-wage workers and their families by Nancy Cauthen, Economic Policy Institute, October 2007
2. Improving When Work Doesn't Pay – What Every Policymaker Should Know, by Nancy Cauthen, Economic Policy Institute. June 2006
3. Bell Policy Center Implementation Memo: How to eliminate the cliff-effect from means-tested public benefit and work support programs
4. The Cliff Effect: A barrier to economic well-being and opportunity – Bell Policy Center Blueprint Brief, August 2006
5. Self-Sufficiency Standard for Colorado: A Family Needs Budget – Colorado Fiscal Policy Institute
6. The Colorado Self Sufficiency Standard Calculator – Colorado Center on Law and Policy -
7. Making Work Supports Work Project – National Center for Children in Poverty
   - NCCP's Family Resource Simulator is an innovative, web-based tool that calculates the impact of federal and state work supports on the budgets of low- to moderate-income families. The Simulator concretely illustrates the effectiveness of current policies in rewarding and encouraging work. NCCP also uses this tool to model potential policy reforms. Family Resource Simulators are available (or under development) for 20 states, with more than 100 localities.
   - The Basic Needs Budget Calculator is a related tool that shows how much a family needs to make ends meet without the help of work supports. Users select number of parents and number and ages of children; users may also substitute one or more expense estimates with their own numbers, and the Calculator adjusts the family's tax liability and overall budget totals accordingly. Budgets are provided for 70 localities across 11 states.

QUESTIONS:

- Is there any way the Modern Poverty Measure can be implemented as an eligibility standard in Denver before the bill passes?
- Would implementation of the Modern Poverty Measure impact the cliff effect in any way, either positively or negatively?

RECOMMENDATION #5: BACKGROUND AND BEST PRACTICES

Recommendation #5: Develop a comprehensive resource for education, training, career advancement and business development possibilities that anticipates future employment opportunities, and market trends, and includes alternative education, alternative credentialing, mentoring and youth programs.

I. Develop a comprehensive resource for education

Background:

Self Sufficiency

1. **One in five** Colorado households experience inadequate income
2. Although the majority of families with inadequate income in Colorado are White, the rate of income **inadequacy is higher among households of color**. In Colorado, 16% of non-Hispanic White households lack sufficient income while 43% of Latino households lack sufficient income.
3. **Householders with less education are more likely to have insufficient income.** More than half of those with less than a high school education have income below the Standard, compared to 10% of those with a college degree.
4. Although Latinos generally have the highest rates of income inadequacy, six out of ten households in Colorado with inadequate income are non-Hispanic White, while about 25% are Latino, 6% are African-American, 3% are Asian/Pacific Islander, and 2% are Native American.
5. Among householders in families with inadequate income, only one in five has less than a high school degree, and about 26% have a high school degree as their highest level of education. The remaining householders lacking adequate income have at least some college.
6. **85% of Colorado households with inadequate income have at least one worker, and in about half of these, there is at least one full-time year-round worker.**
7. **Only 6%** of households with inadequate income receive public cash assistance.
8. About 40% of households with inadequate income own their own homes, while nearly all of the rest are renters.
   Source: Pearce, D. (2007). Overlooked and Undercounted: Struggling to Make Ends Meet in Colorado. Seattle, WA: University of Washington.

Minimum Wage

1. The minimum wage $7.28 as of January 1st, 2009 (up from $7.02 in 2008)
2. For employees working for tips, their minimum wage will increase to $4.26 an hour from $4. No more than $3.02 an hour in tip income may offset the minimum wages for tipped employees, so their rate is $3.02 subtracted from the mandated minimum wage.

Entrepreneurialism

1. 20% of Colorado's employment is in Microenterprise
2. An Estimated 360,000 The number of sole-proprietor businesses in Colorado in 2008-- http://www.coloradoalliance.org/

Best Practices:

1. **Reach across populations:** Charlotte, NC City within a City Initiative and San Jose, California's Strong Neighborhoods Initiative. Programs that looked at special populations, such as nurses, re-entry, and youth also had good success according to NLC reviews.
2. **Develop culturally appropriate services:** language- see Access NYC
3. Develop a **continuum of education** from pre-school to graduate school that prepares people for the workforce demands

- Governor's P 20 Council http://www.colorado.gov/cs/Satellite?c=Page&cid=1187772339688&pagename=GovRitter%2FGOVRLayout
- NLC- IYEF: http://www.nlc.org/IYEF/education/K-12_school/resources.aspx and http://www.nlc.org/iyef/education/K-12_school/collegetransition.aspx

4. Single point of entry: Integration of Services and Eligibility Review:
   - http://www.nyc.gov/html/ceo/html/programs/access_nyc.shtml ACCESS NYC is an online resource that promotes self-sufficiency among New York City's residents by providing a single point of entry to City, State, and Federal human service benefit programs. ACCESS NYC allows residents to pre-screen, anonymously, for 35 programs in seven different languages, including Spanish, Chinese, Korean, Russian, Arabic, Haitian-Creole, and English. By entering household information, residents can receive a list of the programs for which they are potentially eligible, print partially-complete application forms, search for office locations, and create an account to access their information at a later time.
5. When working with public assistance recipients make the **goal permanent placement in career ladder positions not quick placement**
6. Use a **systemic approac**h to reducing poverty:
   - *Savannah's Poverty Reduction Initiative*, which offers a systemic approach to reduce poverty through infrastructure improvements, neighborhood community-building, workforce development, as well as addressing barriers to self-sufficiency. http://www.nlc.org/PRESSROOM/PRESSRELEASEITEMS/PovertySurvey10-08.aspx
   - Portland, Oregon's *Economic Opportunity Initiative* includes 21 workforce development projects providing intensive education, training and job placement services for low-income and nearly low-income residents.
   - San Jose, California's Strong Neighborhoods Initiative is focused on improving services, creating economic opportunities and improving the quality of life in nineteen neighborhoods throughout the city. http://www.nlc.org/PRESSROOM/PRESSRELEASEITEMS/PovertySurvey10-08.aspx
   - New York City's Office of Economic Opportunity http://www.nyc.gov/html/ceo/html/home/home.shtml
   - **Focus on multiple workforce options:** Higher education, apprenticeship, GED, continued training and education, certificate programs, and entrepreneurialism.
7. Use a **business-driven approach** to programs-help people develop skills and help businesses strengthen their workforce.
   - The Work Advancement and Support Center (WASC) uses a business-driven approach to develop the skills of working poor adults to increase their job stability and economic self-sufficiency. The Center provides services that assist low-wage workers to advance in the labor market while helping businesses to strengthen their workforce. SBS is piloting two WASC models in fiscal year 2008. http://www.nyc.gov/html/ceo/downloads/pdf/appendixb_wasc.pdf
   - Cross Sector Approach: http://www.workforcealliance.org/atf/cf/%7b93353952-1df1-473a-b105-7713f4529ebb%7d/TWA_SKILLS_PLATFORM.PDF
8. **Career Ladder Model:** Earn More Program NYC Office of Economic Opportunity http://www.nyc.gov/html/ceo/html/programs/earnmore.shtml:
   - WIRED Initiative Metro Denver: The Metro Denver WIRED (Workforce Innovation in Regional Economic Development) Initiative is a partnership among industry, workforce, education, and economic development in the nine-county Metro Denver region. WIRED is strengthening the talent pipeline at all levels to produce a workforce skilled in science, technology, engineering, and math (STEM) for some of the region's fastest growing, high-wage, industries that are also experiencing labor shortages – aerospace, bioscience, energy, and information technology-software. http://www.

metrodenver.org/files/documents/workforce-profiles/wired/brochure.pdf

9. The **Earn** More program provides free personalized services to help working individuals obtain and retain higher-paying jobs, and advance in their careers. The program provides a comprehensive suite of services:
   - A career advancement coach for individualized career assessment, planning, and coaching
   - Free education and training including ESL, GED, Associate's degree completion, skills and certificate-based training
   - Facilitated access to work supports such as the Earned Income Tax Credit
   - Supportive services such as tutoring, financial counseling, and assistance with childcare planning
   - Financial incentives for completing a qualifying training program and achieving career advancement milestones
   - The program is available to city residents who have worked consistently for the past six months in full-time or part-time jobs paying $14 or less an hour.
   - The program works around existing work schedules

Resources:

1. New York City Office of Economic Empowerment
   http://www.nyc.gov/html/ceo/html/home/home.shtml
2. The Work Advancement and Support Center (WASC)
   http://www.nyc.gov/html/ceo/downloads/pdf/appendixb_wasc.pdf
3. NLC poverty research and city models
   http://www.nlc.org/PRESSROOM/PRESSRELEASEITEMS/PovertySurvey10-08.aspx
4. NLC Workforce strategies for Cities
   http://www.nlc.org/ASSETS/5FE4E2653B82408E91343F12B2D9AF01/iyeftransitionaljobsreport.pdf
5. NLC anti-poverty research
   - http://www.nlc.org/ASSETS/FD27CFC5727B4AD180916BFB1ACDE7F9/City%20Practices%20-%20Poverty%20Action%20Nov07.pdf
   - http://www.nlc.org/ASSETS/266082A01DD340B28798502182636C97/PovertySimulation_08.pdf
6. Workforce Development programs around the nation:
   http://www.nlc.org/ASSETS/9FAB44A5DC2A4C3685781C92C2F3F8E1/City%20Practice%20-%20Workforce%20Development%20Oct07.pdf
7. Immediate Steps the Department of Labor (DOL) Can Take to Improve the Workforce Investment Act (WIA) and Trade Adjustment Assistance (TAA)
   http://www.workforcealliance.org/atf/cf/%7b93353952-1DF1-473A-B105-7713F4529EBB%7d/TRANSITION_RECOMMENDATIONS_WIA_TAA.PDF
8. http://www.workforcealliance.org/atf/cf/%7b93353952-1DF1-473A-B105-7713F4529EBB%7d/ERP_RECOMMENDATIONS_OBAMA_TRANSITION_TEAM_12.08.PDF
9. Workforce Alliance Organization Skills Platform, Policy proposals and models:
   http://www.workforcealliance.org/atf/cf/%7b93353952-1df1-473a-b105-7713f4529ebb%7d/TWA_SKILLS_PLATFORM.PDF
10. Middle Skills Jobs:
    http://www.skills2compete.org/atf/cf/%7b8E9806BF-4669-4217-AF74-26F62108EA68%7d/ForgottenJobsReport%20Final.pdf
11. Education and City examples of career and technical education programs:
    http://www.nlc.org/iyef/education/K-12_school/career.aspx
12. Education examples of high school to college transition

http://www.nlc.org/iyef/education/K-12_school/collegetransition.aspx

13. Governor's P-20 Council
    http://www.colorado.gov/cs/Satellite?c=Page&cid=1187772339688&pagename=GovRitter%2FGOVRLayout
14. P-20 Policy Concepts
    http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadername2=MDT-Type&blobheadervalue1=inline%3B+filename%3D393%2F38%2F2009_P-20_Policy_Concepts_drafts.pdf&blobheadervalue2=abinary%3B+charset%3DUTF-8&blobkey=id&blobtable=MungoBlobs&blobwhere=1227308932954&ssbinary=true
15. NLC Institute for Youth, education and families
    http://www.nlc.org/IYEF/index.aspx
16. Self Sufficiency tool and best practices:
    http://www.cclponline.org/pubfiles/SSS2008_ExecSummary.pdf
17. Youth mentoring collaborative:
    http://www.youthmentoringcollaborative.org/
18. Micro Finance:
    http://www.coloradoalliance.org/
19. Entrepreneur:
    http://www.denverentrepreneur.com/
20. Denver's Business Assistance Center:
    http://www.milehigh.com/business/business-assistance-center

APPENDIX B - RESEARCH BIBLIOGRAPHY

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APPENDIX C - OTHER RECOMMENDATIONS

These are the recommendations that the Task Force considered but did not include in its final selection. Although it was generally agreed that all of the ideas proposed were important, the Task Force recognized that it could most effectively promote change by focusing on five actionable recommendations.

1. **Develop a comprehensive communication and marketing effort directed at all socioeconomic levels and focused on increasing the use of financial empowerment tools and options through the use of behavioral economics.**
    - Identify and communicate successful programs and best practices.
    - Provide information about existing tools, products and services, coordinating needs with resources.
    - Communicate market projections to appropriate City, business, educational and nonprofits so they can prepare for upcoming trends and needs.
    - Develop a resource map & an 'if then' logic map which can be widely utilized and accessed.
    - Involve growth industries in conversations for solutions.
    - Develop a "one stop shopping" service where services can be resourced (Milwaukee)
    - Develop a Wiki communication model which can be accessed from kiosks, libraries, rec centers, etc. (Wikipedia is an example. WikiDenver could be an informational data base coordinated by the City, but contributors will come from every segment of government, nonprofit, for-profit, etc.)

2. **Develop an affordable healthcare plan as part of a comprehensive work support program.**
    - Specific focus for work support programs in the area of child care, health care, and transportation.
    - Provide healthcare options to both business owners and individuals.
    - Develop a model which provides opportunity for preventive and clinic care
    - Open Denver Health clinics in the evenings/weekends (Presently, they are open from approximately 8-5)
    - Better management along with increased resourced and coordination of mental health care service delivery and outcomes
    - Evaluate social decisions that may negatively affect the cost of healthcare, i.e. no fault auto insurance.
    - Explore the potential impacts of using behavioral economic techniques to influence healthcare choices
    - Develop tax incentive for basic health care coverage
    - Collaborative opportunities for small business owners to purchase services such as insurance, healthcare, transportation, etc.

3. **Utilize existing city resources to develop multiple points of access and resourcing for business assistance, business development, entrepreneurialism and emerging small businesses.**
    - Provide small business development resources and make them more accessible.
    - Identify and remove hindrances to small business development and growth.
    - Provide focused support to new, legal immigrants in small business entrepreneurialism.
    - Provide mentoring/counseling on maneuvering through the regulatory process.
    - Facilitate connections for entrepreneurs and small business hopefuls.
    - Utilize successful entrepreneurs and small business persons as mentors.
    - Evaluate and address issues hindering workforce development.
    - Provide business incubator space (business development shops).
    - Do 'road shows' for communicating entrepreneurial lessons and learnings.
    - Identify, implement and communicate best practices for service delivery to small businesses.
    - Convene an employer summit identifying and highlighting successful business practices that benefit

the employee (in terms of employee satisfaction, retention, healthcare, etc.) and also improves the "bottom line" for employers.

4. **Gather information that will inform policy recommendations as to the City's ability to leverage its fiscal power in influencing job creation, livable wages, prevailing wages, and mitigating the hidden public costs of low-wage workers.**
    - Collect, evaluate and analyze data regarding wages, leave policies, worker profiles, etc. for City contractors and explore changes to current contracting practices.
    - Use Denver's contracting ability to focus business and city resources to address economic prosperity issues.

Additional ideas

- Position Denver as the top choice for future, federally funded initiatives in the new economy.
- Affordable Housing. This issue impacts almost all of the other areas that we are talking about and in some ways may even be more critical considering the Revenue that property taxes generate for the City & County and school district – that are so key in several of the recommendations.