DOLLARS AND SENSE

Realistic ways policymakers can help
Pennsylvania's working families

Prepared by the
Governor's Task Force for Working Families
January 2005

Co-Chairs
Representative Dwight Evans
Secretary of Banking Bill Schenck

HELPING WORKING FAMILIES
in tight budget times

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The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
225 Main Capitol Building
Harrisburg, Pennsylvania 17120

Dear Governor Rendell,

We eagerly accepted your appointment to co-chair a Task Force that would explore strategies to help the Commonwealth's working families. Over the past several months many people have joined with us in this important work—including a number of working families who shared their thoughts at the two dozen open discussions we convened throughout the summer. More than 60 Task Force members—representing state government, financial entities, educational institutions, community groups, employers, and others—invested their time and lent their expertise to develop the recommendations that we respectfully submit to you today.

We were tough task masters, and they had a tough job. We were not interested in duplicating progress already underway in the Commonwealth's current economic stimulus, workforce development, health care reform, manufacturing modernization, or mortgage foreclosure prevention efforts. Nor were we interested in academic solutions to real-world problems or costly overhauls that could not receive serious consideration in the current fiscal environment. Task Force members took their charge seriously, and the commitment, creativity and passion they brought to this process is evident in its impressive results. This report provides an achievable, cost-effective blueprint that can make a real difference in the lives of Pennsylvania's hard working families.

A number of people are already doing some of this important work. As co-chairs, we would like to add two recommendations of our own to the list compiled by the Task Force. First, we respectfully request that you hold an annual summit and issue annual Governor's awards for excellence in financial education to recognize innovative models, commend practitioners, and welcome nontraditional sectors to the field. The summit and awards will help highlight some of the remarkable people we've had the privilege to get to know—and others like them. Second, we suggest that you find a substantive way to continue the momentum of the Task Force and continue to monitor the Commonwealth's progress in achieving its vision.

Thank you for the opportunity to lead this deeply rewarding effort. We look forward to working and moving together to help Pennsylvania's hard working families.

Best regards,

Dwight Evans
House of Representatives

Bill Schenck
Secretary of Banking

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BACKGROUND

In April 2004, Governor Rendell issued an Executive Order to establish the Governor's Task Force for Working Families and appointed Representative Dwight Evans (D-Philadelphia) and Secretary of Banking Bill Schenck as co-chairmen. The purpose of the Task Force was to:

- identify and explore current and proposed strategies for
    - building incomes and assets for working families;
    - promoting financial education and literacy; and
    - protecting working families from predatory and abusive financial services;
- maximize the coordination of programs that affect working families and create an environment in which they can work together with greater effectiveness and impact;
- work with charitable foundations, local government agencies, advocacy groups, community and religious leaders, academia, policy and research organizations, and other entities as may be appropriate, to carry out the purpose of the Task Force.

The Governor charged Task Force members with identifying strategies to build the incomes and assets of working families, promote financial education, and protect families from abusive financial services. The Task Force included more than 60 members from the public, private, and nonprofit sectors (See Appendix 3). In order to work effectively and efficiently, the Task Force divided its work between four committees, each co-chaired by a Commonwealth and community representative (See Appendix 4). To augment their own unique blend of expertise and experience, Task Force members hosted two dozen roundtable discussions throughout the Commonwealth to garner citizen input (see Appendix 5).

Co-Chairs Evans and Schenck wanted the work of the Task Force to have real and lasting impact. Thus, they charged members with finding strategies that could be employed within the reality of the Commonwealth's current fiscal constraints. The strategies that emerged ranged from the common sense to the complex. Some can be implemented immediately—at low or no cost—and yield instant results. Some require generational investments which could yield returns well worth the wait.

The Task Force's work and recommendations are included in this report. First, the state of working families in Pennsylvania – their challenges and problems and the barriers that keep them from getting ahead – is detailed. Next follows the Task Force's recommendations and the need for each, along with suggestions for implementation. With these recommendations is a blueprint for action that outlines who should take responsibility for each action item within the report. Finally, Appendix 2 includes an abbreviated list of some of the many programs that are already helping Pennsylvania's working families. For ease of recognition, these programs are noted in italics throughout the report.

EXECUTIVE SUMMARY

Pennsylvania is a great place to live and work. Our Commonwealth boasts natural beauty, cultural diversity, and American heritage second to none. Our people have the creativity and drive needed to revolutionize our economy. Our colleges, universities, and technical schools graduate thousands of capable professionals each year. Our cost of living is among the most affordable in the nation, homeownership is attainable, and personal income taxes are low. Our state government works to foster the businesses that help our Commonwealth thrive.

Yet too many of Pennsylvania's working families are struggling. They are losing jobs. Well over half earn less than $27,000 per year. Too many are patching together part-time jobs, when they would rather be working full time. More than a million of our citizens lack health insurance. Pennsylvania's working families are saving less and losing their homes more often. Financial predators exploit families who are worried about making ends meet. Our young people are leaving the Commonwealth at an alarming rate.[1]

The Commonwealth is not unique; across the United States working families are struggling to make ends meet. In real terms, families at the lower end of the wage scale are actually earning less than they did three decades ago. For example, the real value of today's minimum wage is 30 percent below the minimum wage of 1968 and 24 percent lower than 1979. A growth in single parent families and the fall in pay meant that incomes fell dramatically for children in the bottom third of families. For this group, family income is 16 percent lower than it was almost a quarter century ago.[2]

Given this drop in real wages, more working families live "paycheck to paycheck" just to cover housing, child care, transportation, food, and health care. Without some sort of help, they cannot save to build a financial buffer for an

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[1] CFED (2004). *The Development Report Card for the States.* http://drc.cfed.org. Washington DC.
[2] Bernstein, Jared and Lany Mishel (2004). *The State of Working America*, Executive Summary. Economic Policy Institute. Washington, DC.

emergency. Worse, they are having trouble saving to meet their dreams such as buying their own home, starting their own business, or sending their kids to college.

In order to help our working families, the Task Force recommends that Pennsylvania should:

- Connect working families to quality financial education
  - Establish, maintain, and market a clearinghouse with information about financial education resources, income supports, and savings programs.
  - Integrate financial education in the curriculum already taught in Pennsylvania's K-12 schools.
  - Expand community-based financial education and counseling.
  - Help employers provide financial education in the workplace.
  - Encourage financial professionals to volunteer in financial education efforts.
  - Conduct a long-term study to find out which financial education strategies are most effective.

- Move working families beyond living "paycheck to paycheck"
  - Market the federal *Earned Income Tax Credit* and help families claim it.
  - Extend the scale, impact, and flexibility of the Commonwealth's *Family Savings Account* program.
  - Expand use of the federal *Family Self-Sufficiency* program and make it work with the Commonwealth's *Family Savings Account* program.
  - Increase asset limits for families that receive help through the *Temporary Assistance for Needy Families* program.
  - Determine where market conditions are getting in the way as working families try to get ahead.

- Help working families create their own jobs and security
  - Bolster entrepreneurship and small business development.
  - Create PennIRA so that small employers can facilitate retirement savings for working families.

- Make sure that working families are treated fairly by financial institutions
  - Provide a model to ensure responsible credit card marketing on college campuses for full implementation of Act 82.
  - Broker conversations between responsible financial service providers and community advocates to outline what's fair, then make sure all providers comply.
  - Promote programs to develop or re-establish relationships between working families and responsible financial service providers.

The State of Working Families in Pennsylvania

What is the status of Pennsylvania's working families?

Jobs and Income

Pennsylvania was hit hard by the 2001 recession, and our working families continue to struggle through its lingering effects. Long-term employment growth in Pennsylvania is among the lowest in the nation. According to the Bureau of Labor Statistics, growth between 1999-2002 was 9.1%—only eight other states fared worse.[3] During 2002-2003, the Commonwealth actually *lost* 1.8% of its jobs.[4]

Employment Growth: 2002 - 2003

Virginia	+ 1.1%
Ohio	+ 0.7%
New Jersey	+ 0.5%
Maryland	+ 0.1%
New York	- 0.5%
Delaware	- 0.8%
Pennsylvania	- 1.8%
West Virginia	- 2.1%

The manufacturing sector has been especially hard hit. As of July 2004, there were 151,600 fewer manufacturing jobs than we had at the start of the recession—a 17.9% loss, compared to a national average of 14.9%.[5] As a result, many Pennsylvanians are out of work. In 2002, for example, the Commonwealth's unemployment rate was 5.7%, ranking 30th nationwide.[6]

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[3] U.S. Department of Labor, Bureau of Labor Statistics. (2004). *Local Area Unemployment Statistics*. Washington, D.C.
[4] Wial, H. (2004). *The State of Working Pennsylvania*. The Keystone Research Center. Harrisburg, PA.
[5] Wial (2004).
[6] *The Development Report Card for the States* (2004).

There is some good news though. The Commonwealth's average annual pay was around $35,000 in 2002, and over 70% of those in the workforce are covered by an employer-based health plan.[7] Unfortunately, paychecks seem to be stagnating, as average compensation has only grown 2.4%—ranking 28th of the 50 states—for the most recent period for which comparable data is available.[8] The number of Pennsylvanians without employer-based health insurance has increased by 40% since 1999.[9]

It's important, however, not to get lost in the sea of statistics. The challenge to the Governor's Task Force for Working Families was to look at the impact these economic trends have in the kitchens, bank accounts, and communities of real people—and see if there were ways to help. In 24 public roundtables hosted by the Task Force committees during the summer of 2004 people said:

- that the "prevalence of minimum-wage or low-wage jobs" is a problem for people who lost jobs and are trying to find family-wage employment;

- that the "obscurity of resources available to assist working families, including the federal *Earned Income Tax Credit* and state poverty tax exemption" make it hard for families to use some of the tools available to them to get ahead; and

- that the lack of affordable housing as well as the high costs of child care, health care, transportation and other basic needs in certain working-class and poor communities make it even harder for some families to stay financially afloat.

Assets

Most studies of family economic well-being focus on household income, in part, because it is the most readily available data. While income measures give a sense of a household's ability to "get by," they do not reveal if a family has any real chance to "get ahead." Savings and equity—assets—actually create financial security by providing a hedge against a downturn in income, a fund to meet unexpected expenses, and savings for your own or your children's future.

Homeownership Rate: 2003

West Virginia	78.1
Delaware	77.2
Virginia	75.0
Pennsylvania	73.7
Ohio	72.8
Maryland	71.6
New Jersey	66.9
New York	54.3

[7] *The Development Report Card for the States* (2004).
[8] CFED (2002). *State Asset Development Report Card.* http://sadrc.cfed.org. Washington, DC.
[9] *The Development Report Card for the States* (2004).

Mean net worth for Pennsylvania's families is $117,385.[10] While the Commonwealth's homeownership rate is 73.7%, our small business ownership rate is only just over 10%.[11] And almost one in five Pennsylvania households don't have enough savings to live even at the poverty level for three months without other sources of support.

In the 24 public roundtables hosted by the Task Force committees during the summer of 2004 people said:

- that there are "disincentives to save" for some working families, in that "the more saved the less benefit received;"

- that "lack of affordable housing" makes it difficult for some working families to build equity; and that

- some working families have "fear or intimidation in dealing with financial institutions".

Financial Threats

In addition to examining measures of household income and assets, another way to assess the state of working families is to examine the extent to which their household finances are at risk. For example, a lack of financial training and education coupled with the absence of basic forms of asset protection like health and life insurance, can expose working families to serious and often preventable misfortune, limit their opportunities to accumulate assets, hold back their upward mobility, and actually strip them of everything they've worked for.

In Pennsylvania, job loss, increasing health care and insurance costs, and declining wages have combined with other factors to cause us to have the ninth highest foreclosure rate among prime loans and fourth highest rate among sub prime loans in the nation.

But our families do better than those in most other states in managing their outstanding credit card debt with only a two percent increase in credit card liabilities from 2002 to 2003. Pennsylvania and 29 other states share per capita household debt figures between $5,000 and $10,000.

Perhaps the best measure of financial risk or failure is personal bankruptcies. Federal bankruptcy law provides some protections to people who are not able to pay their creditors. Unfortunately, the Commonwealth's bankruptcy rate is above the national average. If we compare total filings nationally from 1995-2003, there was an increase of 79%. If we compare Pennsylvania's total filings of that same period, there is a 143% increase.

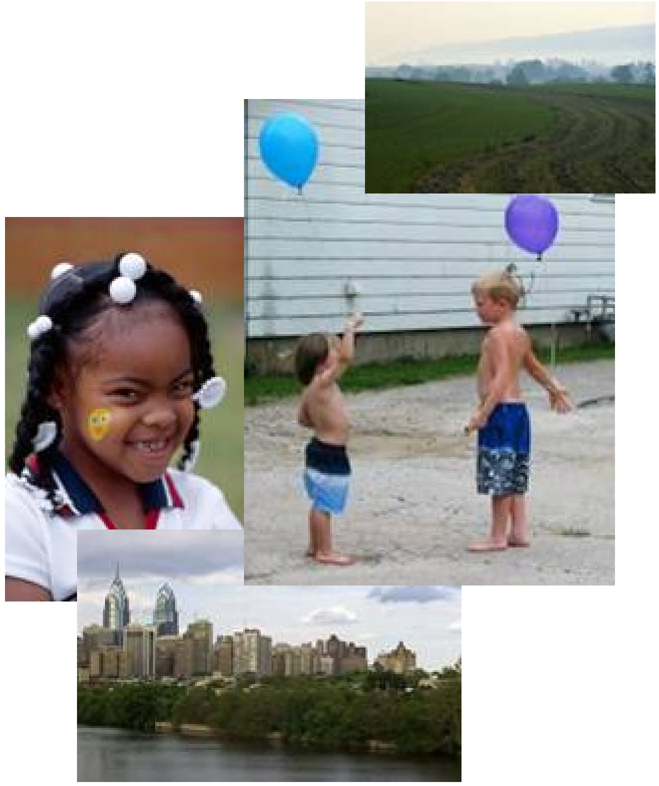
In the 24 public roundtables hosted by the Task Force committees during the summer of 2004 people said that:

- a "lack of budgeting skills or resources to budget" puts working families at increased financial risk;

[10] *State Asset Development Report Card* (2002).
[11] *State Asset Development Report Card* (2002).

- the “lack of financial education and money management, especially at an early age,” and the “consumerism and emotional issues tied to getting help with money management” are real barriers to families who want to move ahead and give their children a chance to “do better;” and

- the “prevalence of predatory lending” and the lack of enforcement by state and local authorities may make it difficult for some families to establish relationships with responsible financial service providers.



RECOMMENDATIONS

As the Governor's Task Force for Working Families, we took our charge seriously. Always at the front of our minds were Pennsylvania's working families. All of them. Urban, rural, and suburban. One parent. Two parents. Blue collar, white collar, self-employed, and unemployed. Old and young. With newborns, college kids, grandchildren or no children at all.

The Commonwealth needs more and better jobs, dynamic career paths, world-class learning opportunities, and growing wages. We are well aware and supportive of the Commonwealth's current economic stimulus, workforce development, health care reform, manufacturing modernization, and mortgage foreclosure prevention efforts—indeed, in our individual capacities, many of us are active in those issues as well. We were not interested in duplicating or second-guessing any good work underway. Instead, the charge to the Task Force was viewed as a unique forum to look at unique issues. Academic solutions to real-world problems and costly overhauls that could not be borne in the current fiscal environment were not considered.

This report provides an achievable, cost-effective blueprint that can make a real difference in the lives of Pennsylvania's hard working families. It is a cost-effective plan, but it is certainly not without significant cost. We believe there are four types of investment needed to bring these recommendations to life. The first are investments that have already been committed by the Commonwealth in the coming year. The second are those that can be realized by examining and shifting current spending priorities. The third requires new commitments on behalf of the Commonwealth, and the fourth includes investments that can be made in cooperation with the private sector, including the philanthropic and business communities. No budget estimates for these recommendations are included as there are a variety of ways to achieve the goals and each method would have differing budget implications.

1. Connect Working Families to Quality Financial Education

There are more than a million and a half families and nearly three million children in Pennsylvania. More than a quarter of our families with children are low-income, despite the fact that more than half of the families have at least one parent who is employed full-time, year-round.[12] The Task Force considered ways to help all family members gain age-appropriate financial skills.

There are more than 3,250 public schools serving K-12 students in Pennsylvania. Our teachers and administrators work hard, and already do a great job teaching mathematics, reading, and writing—all fundamental skills needed for financial education. How can we help them broaden their approach to include more explicit examples of financial education without over burdening them?

There are more than 270,000 employers in Pennsylvania. Our employers already play a pivotal role in the financial lives of their employees, providing more than just paychecks. Many employers also provide opportunities, incentives, and education for their employees, about retirement savings, direct deposit, and savings clubs, for example. How can employers identify teachable moments and help employers expand the information they provide to help working families?

There are more than 1,750 bank and credit union branches staffed by financial professionals, approximately 70,000 licensed insurance professionals, and countless numbers of investment, credit, and financial counselors in Pennsylvania. How can the professionals be encouraged to share their experience and expertise with working families—right in their own communities—who need help?

Consider these stories:

> **Michelle** is a teacher in Philadelphia. Her husband is a police officer. Yet, they're struggling to make ends meet. They were awe struck and delighted at the birth of their new baby, but now they find themselves financially strapped because the costs of newborn care have amplified the financial strain resulting from Michelle's maternity leave. The monthly bills are late, and the mortgage is overdue.
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> **Robert** is 30. He lost his job a while back but tried to keep working through a temporary agency in order to supplement the income his wife earns as a hairdresser. Robert needed more than a minimum wage job in

[12] Columbia University Mailman School of Public Health National Center for Children in Poverty (2003). *Pennsylvania State Profile*. www.nccp.org. New York, NY.

order to keep his household afloat, so he applied for reduced medical coverage for his children while he kept hunting for a good position. He and his wife went without. They pieced things together financially and managed to keep their house until he found a permanent job with benefits. But now he's up to his neck in debt and working with creditors and mortgage companies to get on the right track with his finances.

In Pennsylvania, Michelle and Robert's stories are not uncommon. In the public roundtables held by the Governor's Task Force for Working Families during the summer of 2004, the same stories were heard over and over. In the cities. In the suburbs. In the country. Two-parent families. Single-parent families. Stretching the finances. Losing jobs. Looking for work. Making great strides forward. Building hope. Fighting debt. Doing their best.

But despite the stories of struggle, the families had several things in common. One was determination—even the families that needed to ask the Commonwealth for help were determined only to rely on public assistance to "get through the rough patch." They would rather succeed on their own and be strong role models for their children.

Another thing they had in common was confusion. Despite the numerous resources available to help working families in Pennsylvania—provided by the Commonwealth, community-based agencies, educational institutions, and others—they often did not know what kind of help was available or where to find it. Some families felt that if they were struggling but did not need welfare, there was nowhere to turn and there were no programs to assist them.

These families are also strapped for time. They are often piecing together part-time jobs, a job search, child care, school activities, household duties, and family obligations—sometimes adding in their own educational or skill enhancement pursuits. Is it a wonder that so many families try to go it alone—and end up taking advantage of the "in your face" marketing of credit card companies, expensive check cashers, and profit-motivated companies that offer quick credit repair?

The Commonwealth is uniquely positioned to connect working families to quality financial education. Created at the same time as the Governor's Task Force for Working Families, Pennsylvania's Office of Financial Education is a state-level resource dedicated to coordinating and promoting the Commonwealth's financial education programs and policies. No other state in the nation has such dedicated capacity. Additionally, state agencies can come together and work with their community-based and private-sector partners to create and maintain a clearinghouse to provide information about the wide range of help already available throughout Pennsylvania.

In particular, the Task Force believes that strides have been made in recent years in welfare programs, but that much more information is needed to help working families find out about financial education, saving, and asset-building resources. Made available on line and in print, the clearinghouse must be aggressively and consistently marketed—to both working families and the social service and community-based professionals who serve many of them. The clearinghouse must provide positive alternatives and compete with the bombardment of advertising by organizations that don't have our working families' best interests at heart.

As the gatekeeper of the clearinghouse, the Commonwealth can require that quality standards and minimum performance thresholds are met in order for programs to be listed. Programs that are willing to ensure quality will also benefit from combined outreach and marketing investments that most community-based programs can't afford to conduct by themselves.

A secondary benefit of the clearinghouse will be an accurate and up-to-date inventory of help available in different locations. Some parts of the state already have robust services. Some parts need more. The Commonwealth can support and expand community-based financial education resources where they may be lacking, share information about great models, provide training to financial education providers, and more.

If Pennsylvania is going to help its working families find help, it needs to know what works and target the Commonwealth's investments toward making the most effective strategies widely available. The causes and results of inadequate financial knowledge are well documented, but little is known about what approaches really work in terms of changing financial behavior, for example helping families know how to avoid the escalating-interest-rate-credit-card-trap in times of trouble. Pennsylvania can make sound financial decisions and provide the nation with a wealth of data if we commit to conducting a long-term study on financial education strategies and effects.

In order to connect working families with quality financial education, the Governor's Task Force for Working Families recommends that the Commonwealth:

A. Establish, maintain, and market a clearinghouse with information about financial education resources, income supports, and savings programs.

A multitude of resources already exist to help Pennsylvania's working families build assets, increase incomes, improve financial literacy, and avoid financial abuse, but awareness of these resources is low among both working families and the professionals who provide or coordinate social services. In instances where there is some knowledge that resources exist, people are unsure how to tap into the help that is available. These general levels of ignorance and confusion are compounded by the fact that many of these resources are unconnected, making referrals difficult and duplication almost certain. Most of these resources are supported by small budgets, making marketing a secondary priority that forces dollars away from direct service delivery.

The clearinghouse should be structured so that a working family, or a person assisting a working family, can look for a specific resource—say, a budgeting class. In addition to providing location and content-specific information about a budgeting class, the clearinghouse could augment the listing with cross references to credit counseling, savings, asset-building, and targeted counseling programs for homeownership, business development, education financing, etc.

Two key factors that will influence the long-term success of the clearinghouse. The clearinghouse will only be as useful as it is used. People must know about the resource, and it must be made available in formats, languages, and locations that are useful to people who need the information. To ensure that people know about the resources, the Commonwealth must be aggressive and creative in its marketing efforts. There is a growing movement to conduct financially-oriented social marketing campaigns to help families become more aware of saving, asset-building, and responsible financial choices. The Commonwealth should both promote the clearinghouse and engage with appropriate existing marketing efforts.

Second, people who use the clearinghouse must be pleased with the results. This means more than convenience in getting information. It means that when a working family contacts a program listed in the clearinghouse, the program provides useful, quality services. It is of utmost importance to ensure quality standards and monitoring—perhaps even going as far as a "Good Housekeeping" style seal of approval for every resource listed in the clearinghouse.

Recommendation. The Office of Financial Education with input from other state agencies should develop a comprehensive clearinghouse of financial education, income support, savings, and asset-building resources. Clearinghouse information should be heavily cross-referenced and made available in print, on line, and—ideally-supported by a toll-free phone line. To ensure the integrity of the clearinghouse, minimum standards should be developed as a threshold for inclusion. The Commonwealth should aggressively and creatively market the clearinghouse directly to working families as well as to educators, social service specialists, community-based advocates, financial professionals, and other stakeholders. In addition, the Commonwealth should also maintain close relationships with other social marketing campaigns such as *Pennsylvania Saves*, Don't Borrow Trouble, and the *Campaign for Working Families* in order to leverage their outreach and increase awareness of the clearinghouse.

Implementation. This recommendation can be achieved in 2005 within the existing budget of the Commonwealth's Office of Financial Education. No legislative or regulatory action is required.

B. Integrate financial education in the curriculum already taught in Pennsylvania's K-12 schools.

This theme emerged time and again throughout the Task Force's roundtable discussions. Throughout the Commonwealth and among all groups of people, there was an overwhelming sense that in order to stimulate informed financial decision-making, encourage the accumulation of assets, and break the cycle of financial abuse, sound financial management skills must be taught and reinforced throughout our lives and especially during the formative childhood years.

Alan Greenspan, chairman of the U.S. Federal Reserve Board, said that, "in many respects, improving financial education at the elementary and secondary school level is essential to providing a foundation for financial literacy that can help prevent younger people from making poor financial decisions that can take years to overcome."[13]

Our public school systems are already faced with many challenges. Administrators struggle with fewer resources and more requirements, and hardworking teachers struggle to meet multiple expectations. Thus, the Commonwealth should not place any more demands on educators, but instead promote the inclusion of personal finance into the existing curriculum—specifically mathematics, reading, and writing. Personal finance principles can be integrated in a seamless way, reducing the need for schools and teachers to find room for it on their already full plates.

In addition, it cannot be assumed that all teachers have a full understanding of financial principles themselves. Professional development opportunities must be made available to teachers to enhance their own knowledge and skills. Further, the Commonwealth's postsecondary educational institutions must ensure that future teachers graduate with a deep understanding of financial education.

Integrating financial education into school curricula isn't a new idea—in fact, personal finance is already found extensively in Pennsylvania's academic standards. But the idea goes even farther back. At a symposium held a few years ago by the *National Endowment for Financial Education*, a participant discussed a textbook called "Hamilton's Essentials of Mathematics." Designed largely for elementary school students and published in the early 1900's, the book covered financial concepts such as earning money, paying bills, establishing savings accounts, paying taxes, buying insurance, and understanding the federal budget.

PA Recommendation. The Department of Education and the Commonwealth's Office of Financial Education should develop a comprehensive plan for increasing the extent to which personal finance is being taught in Pennsylvania's K-12 schools. The plan should include a scope and sequence that identifies appropriate personal finance concepts to be taught at each grade level; provide suggestions for how these concepts can be taught within the existing curriculum; and identify supportive materials that are currently available from a variety of sources.

The Department of Education should create a working group to address the financial education needs of schools, teachers, and students and work with the Office of Financial Education to meet these needs—including the development of professional development options for educators in the area of personal finance instruction. Furthermore, the Department of Education should purposefully include personal-finance-related questions in the Pennsylvania State System Assessment tests. Specifically, the mathematics, writing, and reading content should be tested in a personal finance context. The Department should also encourage school districts to implement a personal finance requirement for graduation.

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[13] National Endowment for Financial Education (2002, October). *Motivating Americans to Develop Constructive Financial Behavior*. White paper report.

Implementation. The Department of Education and the Commonwealth's Office of Financial Education can begin to work on these projects in 2005. The development of a scope and sequence can be fully funded by the Office of Financial Education. The working group should require no additional funding. The cost of including personal finance into the statewide assessment tests and of supporting district-level initiatives has not yet been determined, but will be costly.

C. Expand community-based financial education and counseling.

"Financial education" is a broad term. For some working families, it might mean learning to invest in ways that best protect and appropriately grow their savings over the long term. For other working families, it might mean learning how to develop and manage a household budget to stretch their scarce resources. For some educational experts, it might mean a comprehensive classroom-style curriculum integrated into the adult education system. For some social service professionals, it could mean a one-on-one coaching session with stacks of bills or extensive, targeted, and on-going counseling based on specific needs.

In truth, financial education is all of these things.

A previous recommendation is that the Commonwealth support financial education in schools. Teaching financial skills at the earliest ages and reinforcing and expanding financial knowledge with over a decade of school-based instruction will provide citizens with a solid foundation to make informed financial decisions. But school-based financial education, by itself, is not enough. The financial marketplace is constantly changing; new laws, transactions, products, participants, and threats emerge all the time. And, while vital, the Commonwealth's investment in school-based financial education will take a decade or more to fully mature. Many working families need help now.

Recommendation. The Commonwealth should support community-based financial education and counseling for all working families throughout the state. The education should be "commercial free" and provide reliable, trusted resources. The Commonwealth should work with educational and community organizations to develop community models, train local instructors, and designate "financial education centers" within communities to provide information, referrals, and—if appropriate—deliver training locally. If qualified instructors or physical space are not readily available, the Commonwealth should explore distance learning technologies to provide financial education.

The Commonwealth should also seek ways to improve the delivery of financial counseling, including evaluating existing programs such as homebuyer education, mortgage foreclosure assistance, and small business development assistance for "teachable moments" and aggressively integrate extensive and targeted financial counseling into each program. This effort should be coordinated with the Pennsylvania Housing Finance Agency's housing counseling initiative to ensure that quality financial counseling is delivered in conjunction with financial education. In addition, training for financial counselors should be coordinated and offered in greater quantities to increase the number and quality of financial counselors.

Implementation. The Commonwealth's Office of Financial Education can coordinate state agencies, educational institutions, community organizations, and other stakeholders. No legislative or regulatory action is required; however, the quality and consistency with which this recommendation can be implemented are dependent upon the dedication of one full-time staff person who can devote all his or her time to this program. Among other justifications for this expense is the argument that the Commonwealth should invest in programs that prevent financial crisis among working families with at least as much vigor as it responds to and supports working families who are already in crisis.

Support from the philanthropic community should be sought to help fund demonstration or pilot programs.

D. Help employers provide financial education in the workplace.

There are two challenges that nearly all working families face in accessing financial education programs. The first challenge is finding a source they trust to provide information that has their family's best interest at heart and to be sure that the education is not really a sales-pitch in disguise. The second challenge is making time in their busy schedule to learn more about their finances. By developing and encouraging workplace financial education efforts, the Commonwealth can address both of these concerns.

In many respects, a majority of employers already provide financial information, even if they don't consider it "educational." More than ever, employers are providing more access points to savings programs—retirement, medical, and flexible spending accounts, for example. Many employers negotiate beneficial account terms for their employees with specific financial institutions for using direct deposit. The U.S. military, a large number of federal agencies, and some private-sector employers routinely provide financial education to their employees. Unfortunately, they are in the minority.

Number of Employers: 2003

New York	478,270
Pennsylvania	271,459
New Jersey	268,203
Ohio	229,648
Virginia	167,527
Maryland	134,447
West Virginia	37,144
Delaware	25,280

A growing number of studies suggest that workplace financial education efforts benefit both employees and employers and help increase employee productivity, satisfaction, and retention. Some of the state's smaller employers told the Task Force that they would be happy to provide information to their employees and to their small-business-owner colleagues, so long as it was appropriate, affordable, available, and convenient.

Recommendation. The Commonwealth's Office of Financial Education should coordinate with the Governor's Office of Administration, the Department of Community and Economic Development, the

Department of Labor and Industry, businesses, business associations, and labor organizations to identify workplace education models that can be recognized and replicated. The Office of Financial Education should engage the Pennsylvania Chamber of Business and Industry and others to engage employers in the planning of tools, avenues, and—potentially—incentives for providing financial education to employees. The Commonwealth should also deliver financial education through its workforce development programs and to state employees. Finally, the Office of Financial Education should host an annual summit on workplace financial education to keep this important issue at the fore, acquaint employers with the resources available to support their efforts, highlight successful and innovative programs, provide hands-on-training and mentorship opportunities, and more.

PA Implementation. The Commonwealth's Office of Financial Education can begin to assemble stakeholders in the first half of 2005. Initial costs can be funded through the requested 2005-2006 budget for the Office of Financial Education (funded by the Banking Fund). Dedicated staff will be necessary.

E. Encourage financial professionals to volunteer in financial education efforts.

Many effective financial education programs—*Junior Achievement* and *Volunteer Income Tax Assistance* programs, for example—depend on the volunteer efforts of experienced business professionals to reach working families and young people. Typically, these organizations have limited financial resources and devote the lion's share to running their programs. There is little "left over" to recruit and retain volunteers. It is expected that when fully implemented other Task Force recommendations will help these programs stretch scarce resources by creating a clearinghouse, marketing financial education and asset-building resources, connecting financial education resources to one another, and supporting community-based, school-based, and workplace financial education.

The Commonwealth can further assist these programs by providing an incentive for financial professionals to volunteer their time. Many financial professionals are required to be licensed to work in Pennsylvania and, as a condition of licensure, to participate in a pre-determined amount of continuing education (number and activities vary by profession). The Commonwealth could choose to award continuing education credits to professionals who volunteer their time to assist financial education efforts. In addition to providing benefits for the students and the financial education programs, the professionals also benefit from a cost-free option for earning continuing education credits.

PA Recommendation. The Department of State, the Department of Banking, the Department of Insurance, the Securities Commission, and any other appropriate state agency should work with community advocates and industry representatives to review their requirements for licensure and continuing education to determine if it is appropriate for specific professionals who donate time to financial education efforts to be granted continuing education credit. The Commonwealth should identify appropriate industries, determine permissible activities, develop a reliable system to monitor quality of delivery—keeping in mind working families' strong need for "commercial free" education—and a system to keep track of accumulated credits. In addition, when deemed permissible, agencies that support this activity should market allowable financial education programs to their professionals and encourage them to participate. Finally, as agencies review their requirements for licensure, they should take the opportunity to include education for professionals to better understand the scope, scale, and outcomes of the growing problem of financial abuse faced by the commonwealth's working families.

PA Implementation. Examination of policies to determine if legislative, regulatory, or policy change is needed could occur in less than one year with no cost. The recommendation could be piloted with one group of licensed professionals, and then rolled out to others after the process runs smoothly.

F. Conduct a long-term study to find out which financial education strategies are most effective.

Financial education is a hot topic among academics, economists, social service professionals, the media, and others. Growing debt, greater rates of foreclosure and bankruptcy, and reduced household savings have a devastating effect on our economy. Indeed, in response to what is perceived to be a growing problem of "financial illiteracy" in the United States, the federal government signaled that it has a role to play in stemming the crisis and opened an Office of Financial Education at the U.S. Department of the Treasury in May 2002 and a Financial Literacy and Education Commission in January 2004.

Across the nation, the reasons for and outcomes of "financial illiteracy" have been widely studied and often documented. There is consensus that poor financial management has a generational component and is perpetuated in families. Alternative financial systems are emerging in the capital marketplace that provide essential services but also further erode families' financial stability.

Yet, despite the public dialogue, the myriad of studies, and the array of available resources that purport to teach positive money management, negative trends continue. Why?

Intuitively, it appears that families who are better prepared to make sound financial decisions and economically equipped to weather unexpected set-backs will be less likely to fall into crisis and seek public assistance. But little is known about what motivates people to change their financial habits. In short, when it comes to financial education, there is good anecdotal evidence but less certainty about what educational approaches (or combination of approaches) work best. The Commonwealth could lead the nation by commissioning a comprehensive research study to find out.

In previous recommendations, the Commonwealth has been asked to support financial education—in schools, communities, and work places. It is believed that investments in financial education will provide long-term returns for both the Commonwealth and working families. Yet, to be effective stewards of our investment, the Commonwealth should invest in approaches that provide the greatest return. A study will provide the information needed to ensure identify most effective long-term approaches to financial education.

Recommendation. The Commonwealth, in partnership with others, should develop guidelines for evaluating financial education and commission independent research to evaluate and document the long-term effectiveness of various programs and materials.

Implementation. Steps to implement this recommendation can begin immediately, coordinated by the Commonwealth's Office of Financial Education. It is recommended that an independent research firm be retained to ensure that the project is properly constructed and conducted to accurately determine if people who participate in financial education demonstrate a change in behavior—save more, have less debt, keep their houses, don't file for bankruptcy, etc.—and have better outcomes than those without financial education. The Office of Financial Education should guide an independent firm to construct a study so that no Pennsylvania working family is disadvantaged as a result of participation. A comprehensive study could take as long as six or eight years to be developed, completed, and analyzed and could cost more than $1 million to follow a representative sample of Pennsylvania's working families in a longitudinal study. Philanthropic interests may support a significant portion of the cost, but some investment may be required by the Commonwealth.

2. Move Working Families Beyond Living "Paycheck to Paycheck"

In the past few years, Pennsylvania has been losing higher-paying jobs—including almost 18% of our manufacturing jobs—and replacing them with lower-paying employment.[14] Pennsylvania families value work. Nearly 12% are supporting themselves, at least in part, by piecing together part-time work even as they look for more stable situations.

Remarkably, despite these trends, thousands of families—even if their earnings seem very small—are working, sacrificing, and saving to reach their dreams. Over 6,000 families earning roughly $30,000 have saved upwards of $5 million dollars through the Commonwealth's *Family Savings Account* program, so that they can buy a home, pursue advanced education or job training, pay for child care while they're at job training, or start their own business.[15] Thousands of others are putting away as little as $50 at a time in Pennsylvania's *Tuition Assistance Program*, so they can send their kids to college. And, tens of thousands save for retirement little-by-little.

Consider these true stories:

[14] Wial (2004).
[15] Governor's Task for Working Families (2004). *Executive Committee: Recommendations Briefing Book.* Harrisburg, PA.

Sally's husband walked out. She wanted to build a good life for her family, so she took a job as a secretary. She lived with her pre-school-aged son in subsidized housing and enrolled him in a nearby Head Start program. Sally was stunned to find out that she would be worse off financially when she began working, because the assistance she relied upon to make ends meet would be so suddenly and drastically reduced.

John works for a greenhouse, and his wife cleans a local business. They have three children, from six to nine years old. Despite both parents having jobs and perfect credit, the family has trouble making ends meet, so they live in public housing. In order to achieve their homeownership dreams, John and his wife participated in a "Taking Control of Your Finances" series offered by the local housing authority and Penn State Cooperative Extension. They learned sound financial principles and discovered that they could get health coverage for their children and some help from the state to buy groceries each month. It has made all the difference. With the new knowledge and the extra help, they are putting away a little bit of money each month. It looks like they will be homeowners in the new year.

Pennsylvania policymakers have been paying close attention to the overall economic picture. Governor Rendell and others are making significant investments to improve the economic environment in which our families live and work. An economic stimulus package, a comprehensive reform of the Commonwealth's workforce development programs, and manufacturing modernization efforts have recently been developed but will take time to yield results.

While the Commonwealth moves forward on multiple fronts, it must make sure that the existing programs designed to help working families are coordinated and efficient. One state-funded program should not encourage families to sacrifice, save, and invest in themselves while another state-funded program denies help based on the very savings they achieve. Programs must have the funding and staff they need to reach out to working families and serve all the people who need help. Like so many others, Sally and John are working to support their families—we should help them.

In order to move working families beyond living "paycheck to paycheck", the Governor's Task Force for Working Families recommends that the Commonwealth:

A. Market the federal Earned Income Tax Credit and help families claim it.

Targeted specifically at working families the federal *Earned Income Tax Credit* has emerged as one of America's most effective anti-poverty programs over the last 28 years. Yet, eligible Pennsylvania working families didn't claim an estimated $250 million from the credit in 2001. That's a quarter of a *billion* dollars that could help Pennsylvania's hard working families that's just sitting in Washington DC—dollars that could pay mortgages, buy groceries, fix cars, and otherwise help working families meet their day-to-day needs or save to stabilize their futures.

Increasing the uptake of this program by as little as 5% would bring about $13 million into the homes of the Commonwealth's working families. Imagine, then, if it were made easy for families to use their refunds to build assets, through the *Family Savings Account* program, for example. The money could be doubled. That sort of investment could occur without any new state spending or bureaucracy. The money's already there. Families just need to be told about it, find out how to get it, and get connected with the programs that can help them grow it (college savings plans, matched savings plans, etc.).

One proven strategy in increasing the number of families who claim the credit is to provide free, well-trained assistance as they file their annual tax returns. The *Volunteer Income Tax Assistance* program helps working families who earn $35,000 per year or less prepare their tax returns. Sponsored by various organizations, volunteers receive training and help families claim their federal *Earned Income Tax Credit*. In addition, volunteers are trained to help families take advantage of child care, dependent care, education and other tax breaks that may apply. With additional training and materials, volunteers could also help families find financial education, savings programs, and other resources to help them leverage their returns.

This approach is already working in some areas of the Commonwealth. In only its second year in operation, a coalition called the *Campaign for Working Families* in Philadelphia has helped families claim more than $15 million in credits. It manages 19 free tax filing sites and conducts extensive outreach in the communities it serves. Conversely, Cameron County was the only county in Pennsylvania to have no EITC-tax returns prepared with the assistance of a volunteer.

By offering volunteer income tax preparation assistance there is great potential to put more money in the pockets of working families. Even with the significant volume of returns currently prepared (in terms of absolute number of returns filed and refund dollars they represent) it is estimated that volunteers reach fewer than 5% of the people who could use their help.

Recommendation. The Commonwealth should dramatically increase the number of *Volunteer Income Tax Assistance* programs available throughout the state. (This is important more now than ever, as the federal Internal Revenue Service is pulling back their funding for these remarkably successful programs.) At a minimum, the Commonwealth should determine an agency in which to house a full-time professional to coordinate and provide technical assistance to those who offer free tax preparation. The Office of Financial Education should leverage the work of the clearinghouse recommended by the Task Force by providing materials and training to volunteer tax preparers so that, in addition to providing tax counsel, they can advise working families of the financial education and asset-building opportunities that are available to them, including how families can use part of their refund to acquire assets through the Commonwealth's asset building initiatives such as the *Family Savings Account* and *Tuition Assistance Programs.*

In addition, the state should aggressively market the federal *Earned Income Tax Credit* and the availability of free tax preparation assistance for working families, including those who are self-employed. This information should be integrated into the clearinghouse and coordinated with other financially-oriented social marketing campaigns such as *America Saves, Pennsylvania Saves, Faith Saves,* etc. It should be included in any community-based or employer-based financial education. Replicable materials should be created and training should be provided so that volunteers and activists can market specific services within their own communities.

The Department of Banking should broker a dialogue with leading private tax preparers to encourage appropriate outreach, referrals, services, fees, and support for Pennsylvania's federal *Earned Income Tax Credit*-eligible families. And, finally, the Commonwealth should examine its own *Tax Back* program, determine its effectiveness, and study the pros and cons of implementing a state-level *Earned Income Tax Credit*.

PA Implementation. New volunteer tax preparation sites and a communications campaign could be set to launch by January 2006 for next year's tax season. Costs for this recommendation include support of a full-time professional and extensive marketing efforts. Given its potential to leverage hundreds of millions of dollars, the cost-benefit analysis to the Commonwealth suggests that it's an investment worth making. Pennsylvania's economy will reap immediate and on-going benefits.

B. Extend the scale, impact, and flexibility of the Commonwealth's Family Savings Account program.

The Pennsylvania Department of Community and Economic Development runs the *Family Savings Account* (FSA) program to help working families build financial strength. Families that earn 200% of the federal poverty level or below work with community organizations to increase their financial knowledge, set savings goals, and open savings accounts. Families save for up to two years, and their savings are matched to help them reach their aspirations, which may include homeownership, advanced education or job training, child care for job training, business development, or other activities approved by the Department of Community and Economic Development.

Federal Poverty Guideline: 2004
By Family Size, Annually

Size of Family	Percent of Poverty	
	100%	200%
1	$9,310	$18,620
2	$12,490	$24,980
3	$15,670	$31,340
4	$18,850	$37,700
5	$22,030	$44,060
6	$25,210	$50,420
7	$28,390	$56,780
8	$31,570	$63,140

Established in 1997, the program uses state dollars to match 50% of the working family's savings, up to $500 per year or $1,000 over two years. In order to obtain the $1,000 ($500 per year) maximum match, a family would have to save at least $2,000 over two years. For those savers qualifying for another related federal program, even more matching dollars are available. Savers are expected to save $10 per week (a lesser amount must be approved by the Department of Community and Economic Development) during the two-year period. No match is provided to savers who fail to meet the savings requirements.

With their savings accumulated through the *Family Savings Account* program, at the end of two years, working families could finance a $50,000 home, pay tuition at a Pennsylvania community college, provide equity in a business or assist in obtaining a loan for small business. As of June 30, 2004, there were nearly 5,000 active savers with over $3 million saved. In addition, more than 1,000 people had already graduated from the program; approximately 50% had used their savings for home purchase or home repair. Another 40% of the savers used their accumulated savings and match monies towards either education or the purchase of a car. Still others saved for retirement or a small business.[16]

Yet, despite its promise and success, the program needs to be updated. Too few families are able to access the program, and the two-year time frame is too short for some families who are working the hardest to make ends meet. Also, families are only allowed to make one withdrawal at the end of the savings period, making it hard to reach interim goals. And, if a family drops out of the program, the unused money—even though it's already been appropriated—cannot be used to help another family but must instead be returned to the Commonwealth. This single requirement meant that Pennsylvania's working families have missed out on more than $800,000 in savings assistance.[17]

Recommendation. The Commonwealth should make this program available to more working families by appropriating or reallocating from other sources additional funds and also by allowing unused matching funds to be allocated to other families, instead of returned to the Commonwealth. Families who live in different parts of the Commonwealth have different financial needs, so eligibility requirements should be changed to 80% of area median income or 200% of the federal poverty level, whichever is greater. Families should be allowed to save for three years and for retirement, if they want to. Because FSA savings are safeguarded and cannot be used to cover daily household expenses, the Task Force also recommends that the Commonwealth disregard any other household assets in determining eligibility.

The Task Force believes that the program should be changed to increase the amount of support available to community-based organizations that offer financial counseling and account access to a significantly greater percentage of the contract amount. Contracts with community-based organizations should also be lengthened to at least five years, to ensure continuity in service delivery and development of expertise.

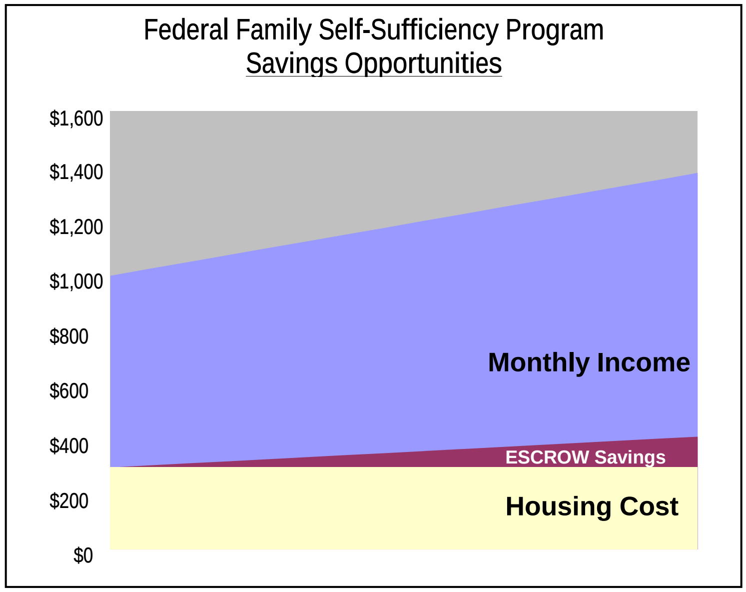
Implementation. Implementing this recommendation will require action by both state legislators and the Department of Community and Economic Development. Legislators should increase the appropriation, change the eligibility thresholds, increase the amount available to support community-based organizations, extend the number of years working families can save and allow unused matching dollars to be used by

[16] *Recommendations Briefing Book* (2004).
[17] *Recommendations Briefing Book* (2004).

other families. The Department of Community and Economic Development should exempt other household assets in determining eligibility, make it possible for families to make approved withdrawals for interim goals, allow people to save for retirement, and increase the length of contracts with community-based agencies.

C. Expand use of the federal Family Self-Sufficiency program in Pennsylvania and make it work with the Commonwealth's Family Savings Account program.

The U.S. Department of Housing and Urban Development offers the *Family Self-Sufficiency* program for working families that use certain kinds of housing assistance to make ends meet.



When a family lives in public housing or uses a Section 8 voucher, their monthly rent is set at 30% of whatever they earn. (For example, if they earn $1,000 per month, their rent would be $300.) If a family chooses to enroll in the *Family Self-Sufficiency* program, they work with a case manager to create and carry out a five-year plan that will lead to financial independence. As they progress toward their goals, it is almost certain that their earnings will increase. Because their rent is set at 30% of their income, their rent rises with their earnings. (For example, if they now earn $1,500 per month, their rent would be $450.) For families enrolled in the *Family Self-Sufficiency* program, the amount that their rent goes up each month (in this case, $150) is placed in a safeguarded savings account.

When they've been employed, not needed public assistance for a year, and met the goals set out in the plan with their case manager, they are given their accrued savings. Most families graduating from the program use their savings to buy their own home. For added flexibility, a case manager can help the family meet key goals by using a little bit of the money along the way for certain things—to keep a car running to get to a job or to take an extra training class, for example.

Despite the fact that there is no limit on the federal money that can be leveraged by Pennsylvania's working families and that Congress appropriated more than $70 million for the program in 2004, less than 25% of the people in the Commonwealth who are qualified to use the program are actually enrolled.[18]

[18] *Recommendations Briefing Book* (2004).

If the case management services and automatic monthly savings of the federal *Family Self-Sufficiency* program were enhanced by the financial education and matching dollars of Pennsylvania's *Family Savings Account* program, the Commonwealth's working families could get a life-changing boost.

Recommendation. The Pennsylvania Housing Finance Agency should use state leverage to encourage Public Housing Authorities to establish or expand *Family Self-Sufficiency* programming in all regions of the state. If necessary, the Commonwealth should provide technical assistance, funding, staff-sharing, or other support to help ramp up and maintain *Family Self-Sufficiency* programs. Also, the Task Force recommends streamlining and—to the extent possible—synchronizing outreach, applications, rules, procedures, and permissible savings goals of the two programs (so long as such synchronization moves the programs toward the widest and most flexible rules of each).

Implementation. Implementing this recommendation will require Public Housing Authorities to apply to the U.S. Department of Housing and Urban Development to become designated *Family Self-Sufficiency* service providers and to build and manage *Family Self-Sufficiency* programs. The Pennsylvania Housing Finance Agency must aggressively reach out to these Housing Authorities, broker a dialogue between Family Self-Sufficiency professionals and *Family Savings Account* program managers, and, if necessary, change rules or procedures to ensure that the programs work together seamlessly to benefit the Commonwealth's working families. Because funds in *Family Self-Sufficiency* accounts are federally provided, the cost of the basic recommendation is neutral to the Commonwealth. If, however, Pennsylvania is serious about providing additional integration and case management support, state funding will be required. This funding, however, could be viewed as a good initial investment to leverage currently untapped federal support for Pennsylvania's working families.

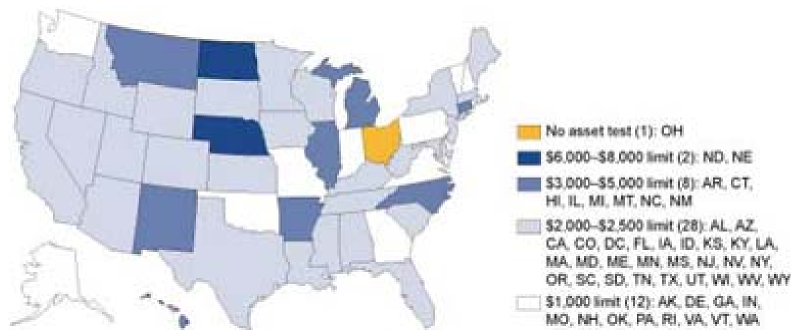
D. Increase asset limits for families that receive help through the Temporary Assistance for Needy Families program.

The *Temporary Assistance for Needy Families* (TANF) program helps move recipients from welfare to work and turn welfare into a program of temporary assistance. Under the welfare reform legislation of 1996, *Temporary Assistance for Needy Families* replaced the old welfare programs known as Aid to Families with Dependent Children (AFDC), the Job Opportunities and Basic Skills Training (JOBS) program and the Emergency Assistance (EA) program. The law created a block grant that provides states and Native American tribes with federal funds each year. Federal and state dollars cover benefits, administrative expenses, and services targeted to needy families. As it stands, the program helps thousands of Pennsylvania's working families, but it could be improved.

When working families encounter a crisis—job loss, serious illness, disruption of child care, unexpected major home repair—they often weather the storm by drawing upon their savings. Indeed, a big focus of the Governor's Task Force for Working Families has been to determine how the Commonwealth can help people become more sophisticated consumers and create a financial environment so that our families can keep—and save—more of their hard-earned money.

Yet, for some working Pennsylvania families, a series of complex rules mandates that if they have more than $1,000 in the bank, they lose out on opportunities to help meet their most basic household needs.[19] So, if a working family gets a tax return boosted by the *Earned Income Credit*, the rules say that they must spend it within two months or lose their food stamps. Even if the family would like to save the windfall—maybe to build a cushion against crisis, to help build a down payment on a house, or to send their child to college, for example—they are not able to do it. At one roundtable discussion held by the Task Force, a man honestly pointed out, “Why would I even have a bank account? If I save anything in it, it will just count against me.”

Asset Limits for TANF Applicants



(Graphic courtesy of the National Center for Children in Poverty)

On the one hand, savings helps to stabilize working families. On the other hand, some working families have to choose between saving and eating.

Recommendation. The Commonwealth should change the rules that limit assets under the *Temporary Assistance for Needy Families* program so that working families can save more—ideally $5,000 but potentially higher. (Given the significant cost associated with this recommendation, a gradual lessening of the asset restriction may be in order. If so, at a minimum, the Commonwealth should make a first step to make the *Temporary Assistance for Needy Families* rules align with the Food Stamp rules, which allow families to have $2,000 in assets.)

The Task Force also recommends that the Commonwealth exempt certain savings all together, if the savings are in safeguarded accounts earmarked for specific purposes that help families invest in themselves. For instance, existing tuition assistance, individual development, and family savings accounts have mechanisms to make certain that families are using the savings wisely, to go to college, buy a home, support a business, make a home repair, buy a reliable car, or other approved goals. Finally, the Task Force recommends that the Commonwealth not count tax refunds, especially those that result from the federal *Earned Income Tax Credit*, against working families who are trying to get ahead.

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[19] Columbia University Mailman School of Public Health, National Center for Children in Poverty. (2003) *State Policy Choices: Assets and Access to Public Assistance*. www.nccp.org. New York, NY.

Implementation. Implementing this recommendation will require action by both state legislators and leaders of the Department of Public Welfare. Legislators must increase the allowable asset limit under the *Temporary Assistance for Needy Families* program. Leaders of the Department of Public Welfare must not count earned income tax refunds and savings in safeguarded accounts when evaluating opportunities to help working families. The cost of this recommendation can vary dramatically, depending upon the determination of a new, appropriate asset ceiling.

E. Determine where market conditions are getting in the way as working families try to get ahead.

Given the limited choices that some families face in trying to work, save, and spend wisely, it's easy to understand why some families believe that they will never get ahead.

Throughout the United States, it has been documented that working families who live in poor communities actually pay more than people in more affluent communities for basic necessities including food, shelter, child care, transportation, credit and financial services. In some instances, fundamental services such as health care are not present at all. Economic disparities between urban and rural areas are also well documented and particularly troublesome.

If a working family lives in the city and uses public transportation, for example, there is a large and growing chance that the best employment opportunities are not accessible via the public transportation system. If the family buys a car in order to get to the best employment opportunities, their insurance is more expensive than their suburban or rural counterparts, even if they have a perfect driving record. Similarly, a rural working family is unlikely to have a large supermarket chain retailer nearby; often the prices of their basic grocery items are 15% or more higher than in suburban stores.[20]

Some communities are less likely to be served by mainstream banks and credit unions and more likely to have check-cashing outlets and pay day lenders. If a working family earns $20,000 per year, for example, they may be charged two percent of the value of the check (a conservative estimate) to cash their paycheck. That's $400 per year to get their own money that they have worked so hard to earn.[21]

A variety of public and private organizations are studying and addressing various aspects of this issue. For example, the nationally renowned Brookings Institution is working in partnership with the Greater Philadelphia Urban Affairs Coalition and others to document place-based economic barriers in Philadelphia and several other communities throughout the country. Also, the *Pennsylvania Fresh Food Financing*

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[20] Massachusetts Citizens for Children (nd). *High Cost of Being Poor Threatens Gains Made in Child Well-Being*. www.masskids.org. Boston, MA.

[21] Barr, Michael (2004, September). *Banking the Poor: Policies to Bring Low-Income Americans into the Financial Mainstream.* The Brookings Institution. Washington, DC.

Initiative is a public-private partnership that works to increase the number of supermarkets or other grocery stores in underserved communities across the Commonwealth. So far, though, important efforts like these remain unconnected. A more holistic assessment and approach is needed to make sure communities work for working families.

Recommendation. The Commonwealth should study a cross section of its own urban and rural communities to determine if market conditions in some communities are getting in the way of working families trying to get ahead. The study should evaluate the cost and accessibility of basic services against those provided in suburban communities and national averages. The study should address any negative findings with a detailed action plan—including, for example, targeted economic development (such as strategic placement of a grocery store) or a legislative model (such as limits on financial entities that may be considered predatory). Planning for the study should include, at a minimum, professionals from the Departments of Transportation, Community and Economic Development, Public Welfare, Labor and Industry, and Banking.

Implementation. Implementing this recommendation will require the creation of an interagency Task Force to study the cost and accessibility of basic services in urban and rural areas. The Task Force recommends that this be implemented once the Brookings Institution study is complete and its recommendations are in hand. Costs of the interagency group would be minimal. However, should the Commonwealth undertake a full scale study, appropriation and philanthropic support would be needed.

3. Help Working Families Create Their Own Jobs and Security

Pennsylvania's working families, like those all across the nation, continue to suffer from problems in the job market. In fact, according to several studies, the Commonwealth's economic recovery is taking longer and has been somewhat weaker than the nation as a whole because of its traditional reliance on manufacturing jobs. State government has invested significantly in a number of programs to help shift the overall economic picture, including realignment of the manufacturing sector, modernization of workforce development, and redirection of economic stimulus. While these programs take time to mature, there are a number of working families who—with a little help and a little money—could create their own jobs.

In 2003, there were approximately 23.7 million businesses operating in the United States. Ninety-nine percent of these had fewer than 500 employees. Small businesses generated $4 trillion in economic output, 68 million jobs, and one-third of all foreign trade. Significantly, businesses with fewer than 100 employees constitute nearly one quarter of all sales.[22]

[22] OECD (2002). *Small and Medium Enterprise Outlook.*www.oecd.org. Paris, France.

Conventional wisdom used to say that working families were not entrepreneurial, but that thinking has changed radically over the past 25 years. Many families have turned part-time hobbies into full-time jobs or recieved the help they need to follow a business dream that they always nurtured but didn't believe was attainable. Entrepreneurship is a viable solution to help re-connect some people to the economic mainstream.

According to Inc. Magazine, 69% of its 500 fastest growing firms in the United States started with less than $50,000 in capital; 50% had businesses that were non-technology-related; and 56% started their businesses at home.[23]

Consider some true stories:

> **Rebecca** is a 27-year-old mom with two young sons. Her husband has been in and out of prison throughout her marriage and she's had enough. She's moved in with her parents and is seeking a divorce. Despite the fact that she works full time as a cook at a "mom and pop" restaurant, she doesn't earn benefits to cover herself or her boys. Rebecca has earned an associate's degree in restaurant management and has dreams of "running things" herself one day.
>
> **Gerry** was employed with a health service agency until the program in which she worked was ended in 2000. A 49-year-old mother of three, she took part in training through the Self Employment Assistance program. She combined her education and work experience to start a private duty and staffing agency to provide home-based services to clients. She started her business from her home with a $2,500 loan that she received from the Women's Opportunities Resource Center's Loan Fund. She now employs 40 people with plans for five new hires.

According to newly released U.S. Census data, 4.2 million Americans worked from home in 2000, a 23 percent increase in the number of home-based workers in 1990. In Pennsylvania, it is estimated that six percent of workers of people are self-employed. These people generate new economic activity, increase public revenues, and reduce dependence on public assistance. In the best scenarios, as their businesses grow, they also create new jobs for others.[24]

Of course, being self-employed also has its drawbacks. In this country, employers are the gateway to many social benefits. Employers typically pay some portion of taxes and insurance premiums, for example, and provide convenient withholding mechanisms for taxes. Large employers also generally offer access to retirement and other tax-deferred savings accounts, for child and medical care, for example. Yet many entrepreneurial small employers can't afford to offer the same benefits to their hard-working employees. Thus, a large segment of the state's working families—those who work for themselves and those who work in small enterprises—face extra barriers in trying to work and save toward stable financial futures.

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[23] National Commission on Entrepreneurship (2002). *Entrepreneurship: A Candidate's Guide: Creating Good Jobs in Your Community*. www.ncoe.org.

[24] *Recommendations Briefing Book* (2004).

In order to help working families create their own jobs and security, the Task Force recommends that the Commonwealth:

A. **Bolster entrepreneurship and small business development.**

Nationwide, small businesses maintain 50% of all private-sector jobs and generate between 60% and 80% of the new jobs created each year. Expanded investments in entrepreneurship and small business development will complement existing economic stimulus work and enhance the tax base. Such investments have proven results:[25]

- Pennsylvania's *Small Business Development Centers* have helped clients open more than 2,700 new businesses and increase sales by over $450 million, creating 5,700 new jobs and $27 million in new state tax revenue.

- From 1998-2002, the *Self Employment Assistance Program* has helped to create more than 1,000 businesses with incomes of more than $33 million and employee income of nearly $5 million.

SBIC Financing: 2003
investment fund dollars targeted to disadvantaged entrepreneurs, per worker

Delaware	$121
New York	$40
New Jersey	$25
Pennsylvania	$21
Virginia	$20
Maryland	$19
Ohio	$7
West Virginia	$4

- As of November 2002, *Community Development Financial Institutions* have made approximately 500 business loans totaling nearly $20 million and creating at least 500 jobs.

- Programs that belong to the *Pennsylvania Microenterprise Coalition* serve high percentages of nontraditional entrepreneurs (including low-income people, women, people of color, people with disabilities, and others). These programs estimate that there are more than 770,000 businesses (each with five or fewer employees) that provide more than 15% of all employment opportunities in the state.

PA **Recommendation.** The Commonwealth should increase the productivity, skills, and number of staff that serve potential and existing entrepreneurs at the state's *Small Business Development Centers, Ben Franklin Technology Partners,* business incubators, and other resources. The legislature should increase funding for the *Self Employment Assistance* Program and allow people with part-time businesses to be eligible for the program. The Commonwealth should earmark specific funds to help nontraditional

[25] *Recommendations Briefing Book* (2004).

entrepreneurs by supporting programs that provide in-depth entrepreneurial training and targeted capital to people who might require assistance in growing a business idea until it fits into the economic mainstream.

Also, since the northern tier is not serviced by a *Community Development Financial Institution*, the Pennsylvania Community Development Bank should create one to fill this void. Additionally, development of existing and new *Community Development Financial Institutions* should be supported through an additional appropriation each year. Finally, all agencies of the Commonwealth must assure that self employment is offered as a viable option (in welfare-to-work, for example) and is supported as an important economic development activity for the state (in economic stimulus decision-making, for example). Self-employment must not be undermined by other state policies (in strategic sourcing decision making, or counting business income as personal income for the determination of welfare benefits, for example).

Implementation. This recommendation requires a shift in current resources and the designation of new resources. Compared to the other recommendations of the Task Force, bolstering entrepreneurship and small business seems relatively expensive. But when viewed in conjunction with the shift away from the manufacturing sector, this investment is vital and will pay long-term dividends to both working families and the state's economy. One possible first step would be to require that a specific percentage of state purchasing come from the Commonwealth's own small businesses.

B. Create PennIRA so that small employers can facilitate retirement savings for working families.

Currently 50% of all working Pennsylvanians do not have a retirement plan. In the past the Commonwealth has taken a leadership position in identifying solutions and opportunities for such challenges. One such example is the administration of the *INVEST Program*, which offers local governments, municipalities, fire departments, public libraries and nonprofit organizations the opportunity to participate in a pooled investment fund. Under the *INVEST Program* the State Treasurer contracts with a private company to manage the fund, while the Treasury Department is responsible for overseeing the contract and marketing the program. The program offers local governments a prudent way to handle the short-term cash management responsibilities of tax-payer funds.

The Task Force believes that the *INVEST Program's* concept of pooling money is an excellent model for a Pennsylvania's small businesses to offer their employees the opportunity to participate in a state-administered deferred compensation program and secure a retirement fund that is both safe and flexible.

The State Treasurer could create "PennIRA," a similar program that small employers could voluntarily offer to their employees who could, in turn, voluntarily enroll in it. The relationship with employers could potentially allow for payroll deduction deposits. After initial start up costs, the system should be virtually self-sustaining.

Such a plan could enhance retirement security for Pennsylvania's working families and encourage business competitiveness in Pennsylvania by providing small business owners with an attractive benefit that they may not otherwise be able to offer hard-working employees.

Recommendation. The legislature should provide authority and funding for the State Treasurer to create a state-run system of voluntary retirement accounts for employers with fewer than 100 employees. The Treasurer should identify and contract with a private-sector entity to administer the accounts. The Pennsylvania Treasury should administer the contract and market the program.

Implementation. This recommendation requires legislative authorization and appropriation. If enacted, the main stakeholder would be the Pennsylvania Treasury. Start-up costs are estimated at nearly $1 million but that the program should become self-sustaining without additional state appropriation. With aggressive development, the program could be in place in 2007.

4. Make Sure that Working Families Are Treated Fairly by Financial Institutions

Financial service providers are in a state of flux. Banks are gobbling up other banks. Neighborhood branches are closing. Growing numbers of check cashers, so-called "pay-day" lenders, and tax preparers/refund anticipation lenders are setting up shop. While many financial service providers work to meet their customers' needs with quality and integrity, an increasing number are interested only in their own bottom line.

By some accounts the "alternative financial sector" didn't even exist ten years ago. By 1998 it was estimated that the fledgling industry was making about $800 million nationwide. By 2002, that number had jumped to more than $45 *billion* across the country.[26] Now, though, the lines between financial sectors are blurring. It is not always easy to tell which companies are "alternative" and which are "mainstream." It used to be that a bank was a bank and an insurance company was an insurance company and an investment broker was an investment broker. Now many of these financial services are seamlessly integrated. The agencies that regulate these services and protect Pennsylvania's working families have not been able to adapt as quickly as the market has changed.

If providers are offering more services and filling a void left by more traditional institutions, then what is the problem? At least there are convenient financial services in all of our neighborhoods, right? Why does it matter to Pennsylvania's working families? Why should the Commonwealth intervene?

Consider this story:

[26] Barr (2004).

Imagine that **Kimberly** is a single mother of two, working as a secretary and earning Pennsylvania's typical wage of $13.30 an hour. She's getting by, paying day care and rent, groceries and utilities; but she lives paycheck to paycheck. The car she needs to get to work breaks down and needs a $200 repair. She does not have the money until she gets paid the week after next. In trying to make a responsible decision for her family, she visits a local pay-day lender. She provides some basic information and, in less than an hour, walks out with $200. She gets the car fixed and keeps her uninterrupted perfect attendance at work.

During the next six months, she pays $25 every two weeks – all that she can afford – and yet never begins to pay off the principal. She has already paid $300, but still owes the original $200.

How is this possible? Why would she choose this option over—for example—using a credit card? Even if Kimberly had a credit card on which to charge the car repair, the structure of many credit agreements is such that one missed payment can cause an otherwise typical interest rate to skyrocket to 20% or higher. Late payments also have detrimental implications for her credit rating. Thus, some options—which, from the outside, might appear more sensible—have long-term consequences that can be equally devastating.

Even reputable providers of financial services sometimes market questionable, if legal, products. Some specifically target young people, encouraging them to apply for credit with only vague information about the terms. Some target home buyers, taking advantage of their optimism and burying important details in the mountain of legal paperwork.

It is vital that the Commonwealth deal aggressively with such financial service providers and make sure that all financial service providers treat Pennsylvania's working families fairly.

To ensure that all financial service providers treat working families fairly, the Task Force recommends that the Commonwealth:

A. Provide a model to ensure responsible credit card marketing on college campuses for full implementation of Act 82.

According to a study by Nellie Mae, a national provider of higher education loans, 96% of students graduating from college had credit cards. On average, each student had more than *six* credit cards with an average total debt of $3,262.[27] Worse, nearly one-third of college seniors had balances between $3,000 and $7,000.[28]

[27] Helm, Mark (nd). *Credit Card Debt Stalks College Students*. Hearst Newspapers. www.costeffectivecollege.com.
[28] Draut, Tamara and Javier Silva (2004). *Generation Broke: The Growth of Debt Among Young Americans*. Demos. www.demos-usa.org. New York, NY.

Credit card marketing on college campuses is pervasive. In addition to direct mail, credit card companies place tables outside the student unions and at the stadiums during sporting events, among other sales approaches. They offer tote bags, t-shirts and other premiums just for signing up. They pressure kids to simply fill out the form. . .forget reading the fine print. . .forget shopping around. A two-second decision to get a t-shirt can have devastating consequences for years to come as students amass debt, multiple cards, additional fees, and higher interest rates.

Before many young people even start working and building their family in Pennsylvania, they are already financially behind. In trying to strike a balance between allowing reputable companies to responsibly reach a profitable market and protecting young people from overly aggressive sales, the Pennsylvania legislature passed Act 82 in July 2004. The Act requires all institutions of higher education—both public and private—to develop and implement a policy regarding the marketing of credit cards on campus.

Recommendation. The Department of Education in cooperation with the Office of Financial Education should prepare a model policy to ensure that all students are provided with clear, up-front information about credit terms and potential long-term impacts as well as enough time to make reasonable and informed decisions. The Department of Education should ensure that every institution of higher education complies with the law.

Implementation. This recommendation can be achieved in 2005 if the Department of Education works with the Commonwealth's Office of Financial Education and other stakeholders to develop the model policy. No legislative or regulatory action is required.

B. Broker conversations between responsible financial service providers and our communities to outline what's fair, then make sure all providers comply.

Thousands of financial service providers in Pennsylvania operate with integrity, and they have clout. They do not want their reputations tarnished by the bad apples of their industry any more than we want the bad apples to take advantage of the Commonwealth's working families. The state is uniquely positioned to bring reputable providers together and encourage them to talk with community leaders to figure out how to curb unfair practices.

The challenge is complex, given that the rules that govern financial services are both federal and state, and that most parts of the alternative financial sector don't fall into typical "financial services" categories. A broad coalition could help bridge these divides and determine a set of principled operating standards and norms that could be codified by Pennsylvania law.

Even before a new law is in place, the Commonwealth can encourage financial service providers to voluntarily act to start helping working families. Financial service providers could, for example, agree to offer “basic banking” accounts to low-income working families, despite a family’s status in CheckSystems—a private clearinghouse that lists nearly 7 million households nationwide that have had an account closed for prior problems. They could identify certain topics and provide additional training for all of their customer-service staff. They could provide all customers with a one-page fact sheet, written in plain English, which describes all the individual terms in the financial agreement they are about to sign. The coalition could help educate consumers and publicize the practice through independent and co-operative marketing. Using its collective clout the coalition could encourage other vendors to use the same approach such as requiring the car dealers for whom they provide loans to adopt the same practice as well. The possibilities are endless.

A voluntary coalition could provide opportunities for officers of financial institutions to meet with peers and community representatives around the state. Collaboration would allow reputable financial service providers to realistically assess community needs, reduce duplication, and reach economies of scale in some activities such as supporting community-based financial education efforts.[29]

Recommendation. The Department of Banking should broker a conversation between responsible financial service providers, their associations, and community leaders to develop legislation to set forth reasonable norms and standards in the financial marketplace. (A common understanding and set of definitions about key activities should be outlined to set a threshold to determine what financial practices are unfair and abusive.) In tandem, the Commonwealth should establish a high-profile, widespread working group to develop and implement voluntary actions to support Pennsylvania’s working families.

Implementation. The Department of Banking should coordinate financial service providers, community leaders, and other stakeholders to develop legislative language. Of course, then, the legislature must debate and pass the measure. In other states, similar voluntary programs have been institutionalized, perpetuated, and financially supported by the participating financial service providers.

C. Promote programs to develop and re-establish relationships between working families and responsible financial service providers.

Too many of Pennsylvania’s working families do not have bank accounts. Some cannot meet minimum balance requirements or afford the potential costs of bouncing a check. Others have had past problems with a bank and are denied a new account because they appear in CheckSystems. Still others have no bank branches in their communities or are not aware of the benefits of responsible financial services compared to the multitude of check cashing and pay day lending organizations. And some people just do not like, trust, or feel welcome in banks.

[29] Massachusetts Community and Banking Council (2003). *Don’t Borrow Trouble: Frequently Asked Questions*. www.masscommunityandbanking.org. Newton, MA.

Whatever the cause, the dollars-and-cents costs of being unbanked are big. The most obvious costs are the significantly-higher fees for money orders in lieu of checks to pay bills, for example, or for charges to cash paychecks by alternative financial service providers. When working families are living paycheck-to-paycheck, these fees eat into the real income they need to support their families. Less obvious costs include the barriers that unbanked families face in trying to save money to build a financial buffer to withstand crisis or the increased difficulty in establishing credit or applying for a loan.[30]

Many banks are working to re-introduce themselves and re-establish relationships with unbanked working families. Across the nation, nearly 500 traditional financial institutions offer low-cost Electronic Transfer Accounts to nearly 98,000 people. These accounts can be used to direct deposit Social Security and other federal benefits, only cost $3.00 per month, and have no minimum balance requirements.[31]

There are also several innovative private-sector examples worth noting. Here in Pennsylvania, the *Consumer Credit Counseling Service of Delaware Valley* has implemented a "Get Checking" program that gives certificates to people who attend a banking education class. When they complete the class, participants can take the certificate to one of several participating financial institutions, who have agreed to help these folks get started with a positive banking relationship. In another instance, a bank is working with *Volunteer Income Tax Assistance* (VITA) programs so that working families can open bank accounts on the spot and thus direct deposit their tax refunds instead of awaiting a refund check. Another bank has created a debit product to move employees away from payroll checks and into bank accounts. The accounts require no minimum balances or monthly fees, and allow free ATM withdrawal from the bank's network. Yet another example includes a credit union that has begun a partnership with a local check casher. In order to encourage people to have longer-term banking relationships, credit union members can make free deposits and receive discounted check cashing at any Rite Check or Pay-O-Matic. Members can cash credit union checks for free and other checks at a discount equal to 1.01%. This creative arrangement is currently the subject of study.

PA **Recommendation.** The Department of Banking should seek out, document, and highlight programs that link unbanked working families to more responsible financial service providers. These programs and the benefits of being "banked" should be highlighted in any financial education or social marketing efforts. The Commonwealth should use its unique position to strongly encourage banks that operate within Pennsylvania to provide products, services, outreach, and convenient points of contact to unbanked working families. The Department of Banking, the Commonwealth's Attorney General, and others should aggressively investigate and enforce all existing consumer protections, with a special emphasis on policing the alternative financial sector. Violations should be widely publicized to better inform working families of the dangers associated with their financial choices.

[30] Barr (2004).
[31] Barr (2004).

Implementation. This recommendation can be achieved in 2005 within the plans and existing resources of the Department of Banking.

BLUEPRINT FOR ACTION

In order to fully implement the recommendations of the Governor's Task Force for Working Families:

The Governor should. . .

- Grant awards for excellence in financial education
- Provide leadership on the Governor's Task Force for Working Families' legislative agenda
- Encourage Governor's Task Force for Working Families recommended regulatory changes
- Establish an interagency Task Force to study the cost and accessibility of basic services in urban and rural areas compared to suburban areas. Including but not limited to the Departments of Transportation, Community and Economic Development, Welfare, Insurance, Banking, Labor and Industry
- Include representatives of working families in all discussions regarding realignment of investments in the Commonwealth's economy
- Ensure an on-going commitment and structure to implement the vision of the Governor's Task Force for Working Families

The Legislature should. . .

- Increase asset limits in the *Temporary Assistance for Needy Families* program
- Amend *Temporary Assistance for Needy Families* IDA program to more closely align with *Family Savings Account* program

- Modernize the *Family Savings Account* program to include more flexible eligibility measures, more realistic administrative and counseling costs, longer savings periods, lower deposits and the reassignment of unused match funds
- Appropriate and dedicate increased funding for *Family Savings Account* program
- Develop and enact legislation to create PennIRA
- Appropriate "start-up" funds for PennIRA
- Increase appropriations for *Community Development Financial Institutions* and the *Self-Employment Assistance Program*
- Establish a line-item to expand microenterprise services
- Allocate funding for a statewide federal *Earned Income Tax Credit* outreach program and volunteer tax preparation assistance

The Attorney General should. . .

- Collaborate with the Department of Banking to investigate and enforce all existing consumer protections, with a special emphasis on policing the alternative financial sector
- Work with the Department of Insurance to determine if there is an appropriate role for an office of financial consumer advocate

The Department of Banking should. . .

- Continue support of the Office of Financial Education and the statewide clearinghouse
- Investigate the offering of continuing education credits to financial professionals who volunteer to deliver quality financial education in their communities
- Broker dialogue between responsible financial service providers and their industry groups, consumer advocates, and community representatives to establish consensus about reasonable norms and standards in the financial marketplace
- Identify, document, and highlight programs and products that link unbanked working families to more responsible financial service providers
- Collaborate with the Attorney General to investigate and enforce all existing consumer protections with special emphasis on policing the alternative financial sector

The Department of Community and Economic Development should. . .

- Support the financial education clearinghouse—providing programmatic information and marketing the clearinghouse to their constituency
- Help the Office of Financial Education identify and promote financial education programs
- Modify the *Family Savings Account* program by: disregarding certain assets when determining eligibility, allowing for more than one withdrawal, allowing people to save for retirement, and offering longer contract terms for service providers
- Market the *Family Savings Account* program and link with state tuition assistance programs, federal *Earned Income Tax Credit* outreach, and other initiatives

- Collaborate with the Pennsylvania Housing Finance Agency to encourage expansion of Family Self-Sufficiency programming
- Link the *Family Savings Account* and Family Self-Sufficiency programs
- Increase staff at *Small Business Development Centers*
- Provide information on financial education, savings, asset building programs for inclusion in the clearinghouse, train staff on the availability and use of the clearinghouse, and aggressively market the clearinghouse to clients
- Market the federal *Earned Income Tax Credit* and educate families about how to use part of their refund to acquire assets through the *Family Savings Account* program
- Promote volunteer income tax preparation to working families

The Department of Education should. . .
- Partner with the Office of Financial Education to develop a comprehensive plan to increase financial education in Pennsylvania K-12 schools
- Incorporate financial education related questions into the PSSA's in mathematics, reading, and writing
- Establish a working group to address financial education needs of school teachers and students
- Offer professional development opportunities for educators to improve their knowledge of financial concepts and pedagogy
- Support school districts that implement a financial education requirement for graduation
- Create a model policy regarding marketing credit cards on college and university campuses
- Monitor the implementation of Act 82 regarding marketing credit cards on college and university campuses
- Provide information on financial education, savings, asset building programs for inclusion in the clearinghouse, train staff on the availability and use of the clearinghouse, and aggressively market the clearinghouse to clients

The Insurance Department should. . .
- Investigate the offering of continuing education credits to insurance professionals who volunteer to deliver quality financial education in their communities
- Provide information on financial education, savings, asset building programs for inclusion in the clearinghouse, train staff on the availability and use of the clearinghouse, and aggressively market the clearinghouse to clients

The Department of Labor and Industry should. . .
- Expand the *Self-Employment Assistance Program*
- Help the Office of Financial Education identify and promote replicable workplace models that promote financial education
- Incorporate financial education into workforce development programs
- Provide information on financial education, savings, asset building programs for inclusion in the clearinghouse, train staff on the availability and use of the clearinghouse, and aggressively market the clearinghouse to clients
- Market the federal *Earned Income Tax Credit*
- Promote volunteer tax preparation efforts to working families

The Department of Public Welfare should. . .

- Exempt savings in restricted savings/asset-building accounts when determining eligibility
- Ensure that Earned Income Tax Refunds can be saved and do not count against families
- Promote use of special allowance for employment and training
- Create a culture that encourages families to build assets by training caseworkers and promoting flexibility
- Ensure that self-employment is included as a realistic option for people transitioning from welfare to work
- Provide information on financial education, savings, asset building programs for inclusion in the clearinghouse, train staff on the availability and use of the clearinghouse, and aggressively market the clearinghouse to clients
- Link Individual Development Account programs with *Family Savings Account* and Family Self-Sufficiency programs
- Market federal *Earned Income Tax Credit*
- Support volunteer income tax preparation efforts for working families
- Dramatically expand the COMPASS website

The Department of State should. . .

- Investigate the offering of continuing education credits to financial professionals who volunteer to deliver quality financial education in their communities
- Help the Office of Financial Education identify and promote replicable workplace models that promote financial education

The Department of Treasury should. . .

- Develop parameters and identify a private sector entity to manage PennIRA
- Oversee contract and ensure quality of private sector delivery of PennIRA
- Aggressively market PennIRA to employers and potential retirement savers
- Help the Office of Financial Education identify and promote replicable workplace models that promote financial education

The Office of Financial Education should. . .

- Create a statewide clearinghouse with information about financial education, savings, and asset-building programs and ensure that the clearinghouse is available in print, online and over the phone
- Develop quality standards for programs included in the clearinghouse
- Take the lead in promoting the clearinghouse through mass media and public relations
- Link the clearinghouse with social marketing initiatives such as *Don't Borrow Trouble* and *Pennsylvania Saves*
- Help financial educators network and grow professionally by coordinating an annual summit
- Partner with the Department of Education to develop a comprehensive plan to increase financial education in Pennsylvania K-12 schools and in other educational settings
- Collaboratively develop a model community-based workshop series in financial education and train members of the community to deliver it
- Identify and promote replicable workplace financial education models

- Seek funding from outside sources to research and evaluate financial education
- Collaboratively develop guidelines for financial education research efforts
- Commission research to evaluate the effectiveness of financial education
- Assist Governor in recognizing excellence in financial education
- Help the Department of Education devise a model policy regarding marketing credit cards on college and university campuses
- Hire staff to provide additional training and technical assistance to volunteer income tax preparation sites, increase the number of sites, and run outreach campaigns

The Securities Commission should. . .

- Give continuing education credits to financial professionals who volunteer to deliver quality financial education in their communities
- Provide information on financial education, savings, asset building programs for inclusion in the clearinghouse, train staff on the availability and use of the clearinghouse, and aggressively market the clearinghouse to clients

The Pennsylvania Housing Finance Agency should. . .

- Encourage Public Housing Authorities to take part in Family Self-Sufficiency program
- Assist Public Housing Authorities in developing Family Self-Sufficiency programs
- Support Public Housing Authorities in their efforts to run Family Self-Sufficiency programs
- Collaborate with the Department of Community and Economic Development and others to aggressively link Family Self-Sufficiency, *Family Savings Account* , and Individual Development Account programs
- Coordinate a statewide counseling network to provide information and services to communities

Public Housing Authorities should. . .

- Support the financial education clearinghouse—providing programmatic information and marketing of the clearinghouse to their constituency
- Apply to the U.S. Department of Housing and Urban Development to provide Family Self-Sufficiency programming
- Link Family Self-Sufficiency programs with Individual Development Account and *Family Savings Account* programs
- Market the federal *Earned Income Tax Credit*
- Promote volunteer tax preparation efforts to working families

Colleges and Universities should. . .

- Craft, implement, and enforce policies to ensure responsible marketing of credit cards to students on college and university campuses
- Integrate financial education into training for new teachers

School Districts should. . .

- Support the financial education clearinghouse—providing programmatic information and marketing of the clearinghouse to their constituency
- Integrate financial education content in mathematics, reading, and writing instruction
- Implement a financial education requirement for graduation

Community Organizations should. . .

- Support the financial education clearinghouse—providing programmatic information and marketing of the clearinghouse to their constituency
- Deliver quality financial education—including extensive and targeted financial counseling—using resources provided by the Office of Financial Education, if necessary
- Engage in a dialogue brokered by the Department of Banking about reasonable norms and standards in the financial marketplace
- Market the federal *Earned Income Tax Credit*
- Provide volunteer income tax preparation for working families

Employers should. . .

- Support the financial education clearinghouse—providing programmatic information and marketing of the clearinghouse to their employees
- Assist the Office of Financial Education to identify and promote replicable workplace financial education models
- Establish financial education programs in the workplace
- Encourage other employers and use business associations to promote financial education
- Participate in annual Office of Financial Education coordinated summit
- Encourage business associations to work with the Office of Financial Education to help plan and deliver financial education through the workplace
- Provide and market PennIRA to employees
- Market the federal *Earned Income Tax Credit*
- Promote volunteer income tax preparation to employees

Responsible Financial Service Providers should. . .

- Support the financial education and the clearinghouse
- Engage in a dialogue brokered by the Department of Banking about reasonable norms and standards in the financial marketplace
- Offer flexible low- or no-cost transaction and savings products and market these products to working families
- Strengthen relationships in working communities, study perceptions and barriers that make it challenging for working families to access responsible financial services
- Actively market the federal *Earned Income Tax Credit*
- Promote volunteer income tax preparation efforts to working families

Financial Professionals should. . .

- Volunteer to deliver quality financial education
- Engage in a dialogue brokered by the Department of Banking about reasonable norms and standards in the financial marketplace

APPENDIX 1: RECOMMENDATIONS AT-A-GLANCE

The Task Force recommends that Pennsylvania should:

1. Connect working families to quality financial education
   a. Establish, maintain, and market a clearinghouse with information about financial education resources, income supports, and savings programs.
   b. Integrate financial education in the curriculum already taught in Pennsylvania's K-12 schools.
   c. Expand community-based financial education and counseling.
   d. Help employers provide financial education in the workplace.
   e. Encourage financial professionals to volunteer in financial education efforts.
   f. Conduct a long-term study to find out which financial education strategies are most effective.

2. Move working families beyond living "paycheck to paycheck"
   a. Market the federal *Earned Income Tax Credit* and help families claim it.
   b. Extend the scale, impact, and flexibility of the Commonwealth's *Family Savings Account* program.
   c. Expand use of the federal Family Self-Sufficiency program and make it work with the Commonwealth's *Family Savings Account* program.
   d. Increase asset limits for families that receive help through the *Temporary Assistance for Needy Families* program.
   e. Determine where market conditions are getting in the way as working families try to get ahead.

3. Help working families create their own jobs and security
   a. Bolster entrepreneurship and small business development.
   b. Create PennIRA so that small employers can facilitate retirement savings for working families.

4. Make sure that working families are treated fairly by financial institutions
   a. Provide a model to ensure responsible credit card marketing on college campuses for full implementation of Act 82.
   b. Broker conversations between responsible financial service providers and community advocates to outline what's fair, then make sure all providers comply.
   c. Promote programs to develop or re-establish relationships between working families and responsible financial service providers.

APPENDIX 2: NOTES ABOUT KEY RESOURCES FOR WORKING FAMILIES

The following list of programs is meant to provide background on some key resources to help Pennsylvania's working families. It is not intended to be an exhaustive listing. To obtain additional information regarding any of these programs call or visit the web address provided.

Campaign for Working Families (Philadelphia)

The Campaign for Working Families is managed by the Greater Philadelphia Urban Affairs Coalition. The Campaign is a partnership between organizations such as the Consumer Credit Counseling Service of Delaware Valley, the City of Philadelphia and the Mayor's Office of Consumer Affairs, The Free Library, the Internal Revenue Service. It promotes free filing of the federal Earned Income Tax Credit (EITC) and connects Philadelphia residents to other tax credits, public benefits and asset-building resources. The goal is to increase the number of people who receive free tax filing assistance and do not have to pay high fees to commercial tax preparers.

In 2003, the Campaign brought in more than $10 million in federal tax credits directly to Philadelphia families. The preparation of tax returns by Campaign volunteers resulted in a savings of $1.5 million for low-income working families. Volunteer tax preparers filed for the EITC on behalf of 2,708 individuals; and brought in a total of $3,924,622 EITC dollars. Also, 280 people received six hours of training on the basics of financial literacy and more than 3,000 people received information about food stamps, childcare and health benefits. Another similar program is available in Pittsburgh.

Greater Philadelphia Urban Affairs Coalition
215-851-0110
www.gpuac.org

Community Development Financial Institutions

Community Development Financial Institutions (CDFIs) are financial institutions that have community development as their primary mission. There are five CDFI types:

- Community Development Banks: Provide capital to rebuild economically distressed communities through targeted lending and investment;
- Community Development Credit Unions: Promote ownership of assets and savings and provide affordable credit and retail financial services to low-income people with special outreach to minority communities;

- Community Development Loan Funds: Aggregate capital from individual and institutional social investors at below-market rates and use funds to loan money primarily to nonprofit housing and business developers in economically distressed urban and rural communities
- Community Development Venture Capital Funds: Provide equity and debt with equity features for community real estate and medium-sized business projects;
- Micro Enterprise Development Loan Funds: Foster social and business development through loans and technical assistance to low-income people involved in very small businesses or are self-employed and unable to access conventional credit.

National Community Capitol Association
215-923-4754
www.communitycapital.org

Consumer Credit Counseling Service Agencies in Pennsylvania

Consumer Credit Counseling Service (CCCS) agencies set the national standards for quality credit counseling, debt reduction services, housing counseling and education for financial wellness throughout the state of Pennsylvania.

Professional, certified counselors assist consumers in determining the best options to provide a solution to current financial and/or housing problems. Jointly, a personalized plan is developed to help the consumer and prevent future difficulties.

In addition, CCCS agencies provide a range of educational programs, helping individuals of all ages, learn practical information on money management, credit, and asset building, so they can achieve their financial goals.

Consumer Credit Counseling Service of Delaware Valley
1515 Market Street, Suite 1325
Philadelphia, PA 19102
800-989-2227
Offices: Philadelphia, NE Philadelphia, Bristol, BlueBell, Jenkintown, Media, West Chester and Cherry Hill (NJ)

Consumer Credit Counseling Service of the Lehigh Valley
3671 Crescent Court East
Whitehall, PA 18052
610-821-4011
Offices: Quakertown, Pottstown, Reading, Pottsville, Tamaqua, Jim Thorpe, Pen Argyle, Easton and Whitehall

Consumer Credit Counseling Service of Western PA
River Park Commons
2403 Sidney Street, Suite 400
Pittsburgh, PA 15203
888-511-2227

Offices: Harrisburg, Erie, Meadville, Altoona, Beaver(Aliquippa), Butler, Greensburg, Johnstown, Uniontown, Washington, York

Consumer Credit Counseling Service of Northeastern PA
1400 Abington Executive Park, Suite 1
Clarks Summit, PA 18411
800-922-9537
Offices: Clarks Summit, Bloomsburg, Hazleton, Honesdale, Milford, State College, Stroudsburg, Sunbury, Wilkes Barre, Williamsport

Consumer Credit Counseling Service of Central PA
439 East King Street
Lancaster, PA 17602
800-788-5062
Offices: Lancaster, Lebanon

Consumer Federation of America

The Consumer Federation of America (CFA) is a national advocacy, research, education, and service organization that works to advance pro-consumer policy on a variety of issues before Congress, the White House, federal and state regulatory agencies, state legislatures, and the courts. The organization works with public officials to promote beneficial policies, to oppose harmful policies, and to ensure a balanced debate on important issues in which consumers have a stake. As a research organization, CFA investigates consumer issues, behavior, and attitudes using surveys, polling, focus groups, and literatures reviews. As an education organization, CFA disseminates information on consumer issues to the public and the media, as well as to policymakers and other public interest advocates. CFA provides support to national, state, and local organizations committed to consumer advocacy, research, and education.

Consumer Federation of America
202-387-6121
www.consumerfed.org

Federal Earned Income Tax Credit

In 1975 Congress created the Earned Income Tax Credit (EITC) to offset the burden of social security taxes and to provide an incentive for low-income wage earners to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. Eligibility is dependent on several factors such as an individuals filing status, income level, and the number of qualifying children an individual may have, if any.

Internal Revenue Service
800-829-1040
www.irs.gov

Federal Low Income Home Energy Assistance Program

The Low Income Home Energy Assistance Program (LIHEAP) is a federally-funded program administered by the Pennsylvania Department of Public Welfare that helps low-income households with their home energy bills. The federal government does not provide energy assistance directly to the public. Instead, LIHEAP operates in the 50 States, the District of Columbia, Indian tribes or tribal organizations, and the U.S. territories. Pennsylvania LIHEAP helps low-income residents of the Commonwealth pay their heating bills through energy assistance grants. Program participants can receive this assistance without being on welfare. Participants do not need to have an unpaid bill to receive energy assistance. If a person is eligible for LIHEAP, a payment will be sent directly to the utility/fuel dealer, and the payment will be credited to the person's bill. Additional money is available to individuals if they have an emergency situation and are in jeopardy of losing their heat.

Department of Public Welfare
800-692-7462
www.dpw.state.pa.us

Federal Reserve Bank of Philadelphia

The Federal Reserve System is the nation's central bank and is accountable to Congress. Twelve reserve banks serve financial institutions, businesses, consumers, investors, educators, and community groups in an effort to create the financial conditions that foster economic growth: stable prices, sound banking practices, and a reliable payments system.

The Philadelphia Fed promotes economic and financial literacy and an understanding of the Federal Reserve System. The bank provides teachers and students with resources to help them better understand important economic concepts. The Federal Reserve System also maintains a website dedicated to personal financial education.

Ten Independence Mall
Philadelphia, PA 19106
215-574-6000
www.phil.frb.org/education

National Endowment for Financial Education

The National Endowment for Financial Education (NEFE) is a nonprofit foundation dedicated to helping Americans acquire the information and gain the skills necessary to take control of their personal finances. NEFE partners with other organizations to provide financial education to members who assist underserved communities with financial education. In all of its partnerships, NEFE provides funding, logistical support and financial planning expertise needed to create personal finance programs and materials for the public. NEFE also underwrites grants, fellowships, and research projects; and it facilitates the research of innovative ideas in the field of personal financial planning by sponsoring events for professionals throughout the financial services industry.

National Endowment for Financial Education
303-741-6333
www.nefe.org

Pennsylvania's Ben Franklin Technology Partners

Ben Franklin Technology Partners (BFTP) is an international model for innovation in technology-based economic development. It seeks to diversify and strengthen Pennsylvania's economy by focusing on entrepreneurial development and technological innovation. With a focus on the entrepreneur as the ultimate engine of growth, BFTP delivers crucial resources for technology-driven enterprises in sectors such as information technology, life sciences, communications, advanced manufacturing, advanced materials and environmental technology by: investing risk capital in emerging technology-based enterprises and established businesses; providing hands-on technical and business expertise to spur enterprise growth and accelerate commercialization activities; and, delivering customized solutions that draw on an extensive network of public and private resources, including universities, federal laboratories and research institutions.

200 North Third Street Suite 400
Harrisburg, PA 17101
717-234-1748

Pennsylvania Community Development Bank Program

The Pennsylvania Community Development (PCD) Bank Program is administered by the Pennsylvania Economic Development Financing Authority. The PCD Bank provides grant and loan assistance to Community Development Financial Institutions (CDFI) and other community-based organizations. The PCD Bank makes capital available for community and economic development in the form of loans and grants, to revitalize disadvantaged areas and provide economic opportunities for low-income people. The loans primarily offer debt financing for CDFIs. Twenty-five percent of the loan pool is public funds and the remaining 75 percent is matched with private sector funds. Capacity Building Grants are provided to community development organizations which are attempting to obtain Federal CDFI certification and PCD Bank accreditation.

Department of Community and Economic Development
Economic Development Financing Authority
800-847-4872

Pennsylvania's Family Savings Account Program

The Pennsylvania Family Savings Account (FSA) Program is administered by the Pennsylvania Department of Community and Economic Development (DCED). FSA provides grants to community based non-profit organizations to establish programs that assists individuals, whose income is at or below 200% of the federal poverty level, in building their personal financial strength by learning the value of saving money and developing a fundamental knowledge of financial opportunities. FSA's are matched savings programs that can be used to help finance the purchase of a new home, pay for education expenses, day care to enable job training, start a new business, or other activities with the approval of DCED. Agencies that receive the FSA grants must provide participants with technical assistance in financial management, mortgage counseling and micro-enterprise training services. FSA supports asset development and savings by promoting economic self-sufficiency. It also encourages local community institutions to increase investment and buying power in low-income areas.

Department of Community and Economic Development
717-720-7436
www.inventpa.com

Pennsylvania Fresh Food Financing Initiative

The Pennsylvania Fresh Food Financing Initiative is a partnership with The Reinvestment Fund (TRF), The Food Trust and the Greater Philadelphia Urban Affairs Coalition. The initiative was created in response to the rising concern over the lack of access to fresh foods in underserved communities. Their primary goal is to work to increase the number of supermarkets or other grocery stores in underserved communities across the Commonwealth. It meets the financing needs of supermarket operators that plan to operate in underserved communities where infrastructure costs and credit needs cannot be filled solely by conventional financial institutions. Fresh Food Financing provides financing resources from pre-development grants and loans, to land acquisition and equipment financing, to capital grants for project funding gaps and construction and permanent finance. The Fresh Food Financing Initiative will leverage the $10 million from the State with private funding and TRF's New Markets Tax Credit allocation, to form a $40 million multi-faceted pool for fresh food retailers in underserved communities across Pennsylvania.

The Reinvestment Fund
215-568-0830
www.trfund.org

Pennsylvania's Homeowners' Emergency Mortgage Assistance Program

In 1983, Governor Dick Thornburgh signed H.B. 500 into law (Act 91), creating the Homeowners' Emergency Mortgage Assistance Program (HEMAP). Act 91 was passed in the wake of consecutive recessions in the early 1980's that severely hit Pennsylvania with widespread layoffs in the steel industry and others. HEMAP is administered by the Pennsylvania Housing Finance Agency and funded by state appropriations and loan repayments and was created to protect families and individuals from losing their homes to mortgage or tax foreclosures as a result of circumstances beyond their control.

The program provides short-term, temporary funding to cure loan delinquencies by making mortgage payments to lenders on behalf of qualifying homeowners for up to 24 months. Recipients must meet eligibility guidelines and repayment of assistance is required. To be considered for a HEMAP loan, homeowners must have received an Act 91 Notice from their lender informing them of their delinquent status and advising them that help may be available through the program. Applicants must also be suffering financial hardship, at least 60 days delinquent on monthly mortgage payments, residents of Pennsylvania, occupants and owners of the home in foreclosure, and able to demonstrate reasonable prospects of being able to resume normal mortgage payments after assistance ends. Homeowners must also seek repayment and refinance options once they have established better credit and equity in their property.

Pennsylvania Housing Finance Agency
800-342-2397
www.phfa.org

Pennsylvania's INVEST Program

The INVEST Program is a family of highly rated investment pools designed specifically for Pennsylvania's local governments and nonprofit groups. INVEST is similar in concept to money market funds, offering four rated pools with short-term maturity as well as periodic custom investment opportunities for longer-term investment needs.

The INVEST Program was created by the Pennsylvania Treasury and is managed by Evergeen Investments, one of the premier fixed-income managers in the nation as ranked by independent ratings agencies. The program is monitored on a daily basis by the Pennsylvania Treasury's investment staff, which also oversees the investment and custody of nearly $80 billion in public funds.In addition to daily monitoring by Treasury, INVEST is monitored by and has earned the highest rating from two of the financial world's premier rating companies: Standard & Poor's and Fitch Ratings.

Pennsylvania Treasury Department
866-300-4603
INVEST@tre.state.pa.us

Pennsylvania Jump $tart Coalition

The Pennsylvania Jump$tart Coalition is an affiliate of the National Jump$tart Coalition for Personal Financial Literacy based in Washington, D.C. The Pennsylvania Jump$tart Coalition brings together businesses, government agencies, and educators to improve the personal financial literacy of the Commonwealth's youth. The Coalition accomplishes their goal by promoting the teaching of personal finance to students in kindergarten through twelfth grade. Their objectives are to increase financial literacy among the youth of Pennsylvania; enhance professional development in financial literacy; raise public awareness of need for financial literacy; create a clearinghouse of financial literacy educational resources; and assist other charitable and educational organizations in the conduct of financial literacy efforts.

Pennsylvania Jump $tart Coalition
www.pajumpstart.org

Pennsylvania's Self-Employment Assistance Program

Pennsylvania's Self-Employment Assistance (SEA) Program was established in 1997 and is funded by the Pennsylvania Department of Labor and Industry. SEA provides entrepreneurial assistance and training to enable qualified Unemployment Compensation claimants to consider self-employment as part of their reemployment plan. Through SEA, eligible individuals receive SEA benefits in lieu of Unemployment Compensation benefits at the same rate, interval, and duration while engaging in entrepreneurial training and assistance to create their own jobs through self-employment. This program provides the training and support for individuals to contribute to the building of communities resulting in enterprises that support the local economy; and, potentially, provide employment opportunities to others within the community.

Department of Labor and Industry
717-787-4326
www.dli.state.pa.us

Pennsylvania Small Business Development Center (SBDC)

The Pennsylvania SBDC is a state-wide network of sixteen colleges and universities providing education, information, and management development assistance to current and prospective small business owners. SBDCs offer one-stop assistance to individuals and small firms in the form of consulting, training, and management development with respect to feasibility analysis, accounting, finance and financial management, marketing, production, human resources, engineering, and organizational issues. Additional SBDC programs offer assistance in procurement, international business, environmental management and energy conservation, and product commercialization.

The Pennsylvania SBDCs are an economic development partnership funded by the U.S. Small Business Administration, the Commonwealth of Pennsylvania, the participating colleges and universities, local governments and development agencies, and the private sector.

Since 1990, the SBDCs have helped Pennsylvania entrepreneurs start more than 13,000 new businesses; obtain $1.3 billion in start-up and expansion funding; expand sales by $5.8 billion, including $1.5 billion in government contracts and $1 billion in export sales; create over 70,000 new jobs at an average cost of $926 per job; and generate nearly $500 million in new tax revenues.

Pennsylvania Small Business Development Centers
Wharton School, University of Pennsylvania
215- 898-1219
www.pasbdc.org

Pennsylvania's "Tax Back" Forgiveness Program

In 1974, the General Assembly determined that certain citizens in the Commonwealth, because of poverty, needed special tax provisions. The General Assembly decided that the imposition of the personal income tax on such persons would deprive them and their dependents of the basic necessities of life, and the legislature provided special tax provisions for eligible individuals to relieve their economic burden.

Depending on income and family size, taxpayers can receive a rebate of 10 to 100 percent on their state income taxes. Single parents with one child can receive a complete refund on their state income tax if they earn $15,500 or less. Married couples with one child can receive a complete refund if they earn $22,000 or less. For each additional dependent, the income limit rises by $9,000, so that a family of four earning $31,000 a year qualifies for 100 percent state income tax forgiveness. Individuals and families that earn slightly higher incomes can qualify for partial state income tax forgiveness.

Pennsylvania Department of Revenue
800-728-2937
www.revenue.state.pa.us

Pennsylvania Tuition Assistance Program

The Pennsylvania Tuition Assistance Program (TAP 529) is administered by the Pennsylvania Department of the Treasury. TAP 529 accounts can be used to pay for higher education at public and private colleges nationwide. The program offers two ways to invest. The Guaranteed Savings Plan guarantees that a participant's account value will grow with college tuition costs. The Investment Plan allows a participant to invest in one or more investment options based on the age of the child, the investor's risk tolerance, or socially responsible criteria. TAP 529 offers special benefits for Pennsylvania residents including state income and inheritance tax breaks, guaranteed tuition discounts at nearly 160 private colleges, better state financial aid treatment and protection from creditors. Qualified low-income families may be eligible for state matching funds. In addition, community and business organizations can establish TAP 529 scholarships.

Department of the Treasury
800-440-4000
www.treasury.state.pa.us

Pittsburgh Financial Education Consortium

The Financial Education Consortium is a coalition of financial institutions, nonprofit organizations and government agencies, gathered to exchange expertise about best practices and coalition-building efforts to promote financial literacy in Pittsburgh and throughout Western Pennsylvania. Since June 2003, the Federal Reserve Branch in Cleveland/Pittsburgh has been coordinating the Consortium with Hosanna House, Neighborhood Housing Services of Pittsburgh, Pittsburgh Community Reinvestment Group, the Urban League of Pittsburgh and others.

Federal Reserve Bank of Cleveland/Pittsburgh Branch
www.clevelandfed.org
412-261-7800

"Saves" Campaigns

America Saves is a nationwide campaign managed by the Consumer Federation of America. A coalition of nonprofit, corporate, and government groups that help individuals and families save and build wealth. They assist those who wish to pay down debt, build an emergency fund, save for a home, an education, or save for retirement.

Consumer Federation of America
202-387-6121
www.americasaves.org

Philadelphia Saves is a local campaign to encourage savings and wealth in low-moderate income households throughout the Greater Delaware Valley. The goal of Philadelphia Saves is to motivate individuals to save and build wealth for their future. The campaign is concerned about the lack of savings among low- and moderate-income area families, which contributes to issues such as their financial insecurity, lower worker productivity and overall neighborhood instability.

Philadelphia Saves
215- 563-7858
www.phillysaves.org

Faith Saves has received support from U.S. Senator Rick Santorum (R-PA), Countrywide Home Loans, Building United of Southwestern Pennsylvania, and Fannie Mae. The initiative, in association with participating churches, provides congregants who are prospective homeowners with the education and motivation to save for homeownership and wealth building and mortgage loans available under the initiative.

Consumer Federation of America
202-387-6121
www.americasaves.org

Temporary Assistance for Needy Families Program

Temporary Assistance for Needy Families (TANF) is a block grant program created to help move recipients into work and turn welfare into a program of temporary assistance. Under the welfare reform legislation of 1996, the Temporary Assistance for Needy Families program replaced the old welfare programs known as Aid to Families with Dependent Children (AFDC), the Job Opportunities and Basic Skills Training (JOBS) program and the Emergency Assistance (EA) program. The law ended federal entitlement to assistance and created a block grant that provides annual funds to states and tribes. The program is funded by federal and state dollars that cover benefits, administrative expenses, and services targeted to needy families.

Pennsylvania TANF offers cash assistance to any low-income person/family, based on rules and standards established by the Department of Public Welfare. To qualify for this benefit program, persons must be a resident of Pennsylvania, be either pregnant or responsible for a child under 19 years of age, a U.S. national, citizen, legal alien, or permanent resident, have low or very low income, and be either under-employed (working for very low wages), unemployed, or about to become unemployed. Receipt of TANF is limited to 60 months (five years) in a person's lifetime.

Pennsylvania Department of Public Welfare
1-800-692-7462
www.dpw.state.pa.us

Volunteer Income Tax Assistance

The Volunteer Income Tax Assistance (VITA) program is a 35-year-old federally funded program that offers free tax preparation services to low- to moderate-income (under $35,000) people who cannot prepare their own tax returns. Volunteers, sponsored by various organizations, receive training to help prepare basic tax returns in communities across the country. VITA sites are generally located in areas such as community and neighborhood centers, libraries, schools and shopping malls.

Internal Revenue Service
1-800-829-1040
www.irs.gov

APPENDIX 3: MEMBERS OF THE GOVERNOR'S TASK FORCE FOR WORKING FAMILIES

Irv Ackelsberg
Managing Attorney
Community Legal Services

Ines Almendarez
Philadelphia Territory Manager
Internal Revenue Service

John J. Amrhein
Chairman
Mortgage Bankers Association of Pennsylvania

Carmen A. Anderson
Program Officer
The Heinz Endowments

Francis V. Barnes
Secretary
Department of Education

Raymond Bell
Vice President
Creditors Interchange Receivable Management, LLC.

Cathy Faulcon Bowen
Associate Professor and Consumer Issues Specialist
The Pennsylvania State University/Cooperative Extension

Aggie Brose
Chairwomen
Anti-Predatory Lending Initiative
Pittsburgh Community Reinvestment Group

Esther L. Bush
President and CEO
Urban League of Pittsburgh

Donna Cooper
Secretary
Governor's Office of Policy and Planning

Susan Cornell
Member
Pennsylvania House of Representatives

Pedro A. Cortes
Secretary
Department of State

Cheryl Croxton
Managing Director
Fannie Mae

Don Cunningham
Secretary
Department of General Services

Lynne Cutler
President
Women's Opportunities Resource Center

Barry L. Denk
Executive Director
Center for Rural Pennsylvania

Daniel Desmond
Deputy Secretary
Department of Environmental Protection

Michael DiBerardinis
Secretary
Department of Conservation & Natural Resources

Nancy A. Dischinat
Executive Director
Lehigh Valley Workforce Investment Board, Inc.

Nora Dowd Eisenhower
Secretary
Department of Aging

Kathryn J. Engebretson
President
William Penn Foundation

Dwight Evans
Member
House of Representatives

Greg C. Fajt
Secretary
Department of Revenue

Karen Wolk Feinstein
President
Jewish Healthcare Foundation

Barbara J. Fortney
President/CEO
LANCO Federal Credit Union

Jeffrey E. Gatter
Vice President
Public Finance Service, Inc.

William A. George
President
Pennsylvania AFL-CIO

Mauree Gingrich
Member
Pennsylvania House of Representatives

Carol Goertzel
President & CEO
PathWaysPA

Barbara Hafer
Treasurer
Pennsylvania Treasury Department

Patricia Hasson
President
Consumer Credit Counseling Services of the Delaware Valley

Vicki Cervino Henn
Senior Vice President and
Managing Director
PNC Bank

Lydia Hernandez-Velez
Deputy Secretary
Department of Banking

Gregory L. Higgins
State Director
Pennsylvania Small Business
Development Centers

Brian A. Hudson
Executive Director
Pennsylvania Housing Finance
Agency

David R. Hunsicker
Chairman
Pennsylvania Association of
Community Bankers
President/CEO
The New Tripoli National Bank

Hilary L. Hunt
Director
Office of Financial Education

Calvin B. Johnson
Secretary
Department of Health

Shirley Kitchen
Member
Senate of Pennsylvania

M. Diane Koken
Commissioner
Pennsylvania Insurance
Department

Michael Masch
Secretary
Office of Budget and Administration

Sharmain Matlock-Turner
President/Executive Director
Greater Philadelphia Urban Affairs
Coalition

Thomas A. Michlovic
Commissioner
Pennsylvania Securities
Commission

Ernest C. Morris
President
Black Clergy of Philadelphia &
Vicinity

Phyllis Mundy
Member
Pennsylvania House of
Representatives

Jeremy Nowak
President and CEO
The Reinvestment Fund

Jane Orie
Member
Senate of Pennsylvania

John Rafferty
Member
Senate of Pennsylvania

Estelle Richman
Secretary
Department of Public Welfare

Anthony M. Santomero
President
Federal Reserve Bank of
Philadelphia

Carol R. Scheman
Vice President of Government,
Community, and Public Affairs
University of Pennsylvania

Bill Schenck
Secretary
Department of Banking

Stephen M. Schmerin
Secretary
Department of Labor & Industry

Kevin Shivers
Pennsylvania State Director
National Federation of Independent
Businesses

Stephen Steinour
Chairman and CEO
Citizens Bank of Pennsylvania

Sandra L. Strauss
Director of Public Advocacy
Pennsylvania Council of Churches

Rev. Joseph A. Tracy
Secretary for Catholic Human
Services, Archdiocese of
Philadelphia

Derenda S. Updegrave
Director of Government Affairs
Pennsylvania Association of
Realtors

Floyd Warner
President
Pennsylvania Chamber of Business
and Industry

Richard E. Willey
President & CEO
Pennsylvania Higher Education
Assistance Agency

Valerie J. Williams
Community Affairs Officer
Federal Deposit Insurance
Corporation

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Senior Vice President,
Communications & Marketing
Pennsylvania Credit Union
Association

John Wozniak
Member
Senate of Pennsylvania

Jessica L. Wright
Adjutant General
Department of Military and Veteran
Affairs

Dennis Yablonsky
Secretary
Department of Community &
Economic Development

Alternates

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Pennsylvania Department of State

Verona Blaine
Pennsylvania Higher Education Assistance Agency

Ronnie Bloom
William Penn Foundation

Robert Bobincheck
Pennsylvania Housing Finance Agency

Lee Burket
Department of Education

Ali Cleveland
Department of Labor & Industry

Joseph Conrad
Department of Military and Veteran Affairs

Christian Conroy
Pennsylvania Small Business Development Centers

Deborah Cooper
Consumer Credit Counseling Services of the Delaware Valley

Robert P. Coyne
Department of Revenue

Deanna Dare
Office of Representative Mauree Gingrich

Dennis Darling
Department of Community & Economic Development

Jim Daugherty
Internal Revenue Service

Marla Davis
Department of Health

Carl Dillinger
Pennsylvania AFL-CIO

Brian Ebersole
Department of Health

Susan Enfield
Department of Education

Susan Felker
Department of Conservation & Natural Resources

Ronald Gallagher
Pennsylvania Insurance Department

Jason Gerard
Office of Senator John Wozniak

Ira Goldstein
The Reinvestment Fund

Darin Hall
Office of Senator Shirley Kitchen

Gary Harke
Pennsylvania Council of Churches

Lydia Hess
Department of Education

Lee Hipps
Urban League of Pittsburgh

Carole Huberman-Talerico
Pennsylvania Treasury Department

Richard Irvin
Pennsylvania Higher Education Assistance Agency

Alan Jennings
Lehigh Valley Workforce Investment Board, Inc.

Jonathan Johnson
Center for Rural Pennsylvania

William Johnston-Walsh
Department of Aging

Donald Kelly
Greater Philadelphia Urban Affairs Coalition

Jennifer Kennedy
Pennsylvania Housing Finance Agency

Tina Kotsalos
Pennsylvania Securities Commission

David Kreider
Pennsylvania Chamber of Business and Industry

Marcia Leithauser
Women's Opportunities Resource Center

Nikki Lopez
Office of Representative Phyllis Mundy

Dawn Maglicco
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Senator Jane Orie's Office

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Pennsylvania Treasury Department

Dede Myers
Federal Reserve Bank of Philadelphia

Michael Nardone
Department of Public Welfare

Cathy Niederberger
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Denis Payne
City Finance Company

Bettina Pearl
PathWaysPA

Frank Pinto
Pennsylvania Association of Community Bankers

Sally Proto
Citizens Bank of Pennsylvania

Vincent Racculia
Pennsylvania Higher Education Assistance Agency

Mary Ramirez
Department of Education

Keith Richardson
Pennsylvania Department of Revenue

Anne Rung
Department of General Services

Jennifer Shockley
Pennsylvania Association of Realtors

Greg Simmons
Pittsburgh Community Reinvestment Group

Edward Sinal
Mortgage Bankers Association of Pennsylvania

Margaret Taylor
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Archdiocese of Philadelphia

Lori Tavana
Fannie Mae

Duane Tolson
Department of General Services

Rick Wargo
Pennsylvania Credit Union Association

Pamela Wayde
LANCO Federal Credit Union

Laura Yeiser
Pennsylvania Treasury Department

Renu Zaretysky
Jewish Healthcare Foundation

Jeffrey Zeiders
Department of Education

APPENDIX 4: COMMITTEES

Executive Committee

Co-Chairs: Dwight Evans and Bill Schenck

Members: Francis Barnes, Cathy Faulcon Bowen, Aggie Brose, Donna Cooper, Lynne Cutler, Michael DiBerardinis, Brian Hudson, Hilary Hunt, Michael Masch, Sharmain Matlock-Turner, and Lydia Hernandez-Velez

Building Assets Committee

Co-Chairs: Lynne Cutler and Brian Hudson

Members: Barry Denk, Jim Daugherty, Greg Fajt, Barbara Hafer, Brian Hudson, Kevin Shivers, Stephen Steinour, Valerie Williams, and Dennis Yablonsky

Improving Financial Education Committee

Co-Chairs: Cathy Faulcon Bowen and Hilary Hunt

Members: Ines Almendarez, Carmen Anderson, Francis Barnes, Raymond Bell, Barbara Fortney, Patricia Hasson, Vicki Cervino Henn, M. Diane Koken, Ernest Morris, Jane Orie, Anthony Santomero, Richard Willey, and Michael Wishnow

Increasing Incomes Committee

Co-Chairs: Michael DiBerardinis and Sharmain Matlock-Turner

Members: Donald Cunningham, Daniel Desmond, Nancy Dischinat, Kathryn Engebretson, Karen Wolk Feinstein, William George, Carol Goertzel, Gregory Higgins, Jr., Calvin Johnson, Shirley Kitchen, Phyllis Mundy, Jeremy Nowak, Estelle Richman, Carol Scheman, Sandra Strauss, Fr. Joseph Tracy, and Floyd Warner

Preventing Financial Abuse Committee

Co-Chairs: Aggie Brose and Lydia Hernandez-Velez

Members: Irv Ackelsberg, John Amrhein, Esther Bush, Susan Cornell, Pedro Cortes, Cheryl Croxton, Nora Dowd Eisenhower, Jeffrey Gatter, Mauree Gingrich, David Hunsicker, Thomas Michlovic, and Derenda Updegrave

APPENDIX 5: SNAP SHOT OF PUBLIC INPUT

SCHEDULE OF ROUNDTABLE DISCUSSIONS

Increasing Incomes	Building Assets	Improving Financial Literacy	Preventing Financial Abuse
Public Roundtable 1A July 22nd 6:30 p.m. – 8:30 p.m. Center City Philadelphia	Public Roundtable 1A June 29th 10:30 a.m. – 12:30p.m. Lancaster	Public Roundtable 1A June 2nd 6:30 p.m. – 8:30 p.m. Lewisburg – CSIU	Public Roundtable 1A July 20th 6:00 p.m. – 9:00 p.m. Pittsburgh
Public Roundtable 1B July 23rd 8:30 a.m. – 10:30 a.m. Center City Philadelphia	Public Roundtable 1B June 29th 5:30 p.m. – 7:30 p.m. Lancaster	Public Roundtable 1B June 3rd 8:30 a.m. – 10:30 a.m. Lewisburg – CSIU	Public Roundtable 1B July 21st 10:00 a.m. – 12:30 p.m. Pittsburgh
Public Roundtable 2A July 29th 10:30 a.m. – 12:30 p.m. Harrisburg	Public Roundtable 2A June 22nd 6:30 p.m. – 8:30 p.m. Philadelphia	Public Roundtable 2A June 24th 10:30 a.m. – 12:30 p.m. Westmoreland Co. Extension	Public Roundtable 2A July 27th 9:30 a.m. – 12:30 p.m. Erie
Public Roundtable 2B July 29th 3:00 p.m. – 6:00 p.m. Harrisburg	Public Roundtable 2B June 23rd 8:30 a.m. – 10:30 a.m. Philadelphia	Public Roundtable 2B June 24th 3:00 p.m. – 6:00 p.m. Westmoreland Co. Extension	Public Roundtable 2B July 27th 2:00 p.m. – 4:00 p.m. Erie
Public Roundtable 3A August 5th 1:00 p.m. – 4:30 p.m. Scranton/Wilkes-Barre	Public Roundtable 3A July 13th 2:00 p.m. – 4:00 p.m. State College	Public Roundtable 3A July 19th 1:00 p.m. – 4:30 p.m. Exton, Chester Co. Extension	Public Roundtable 3A August 4th 1:00 p.m. – 4:30 p.m. Lehigh Valley
Public Roundtable 3B August 5th 6:00 p.m. – 8:30 p.m. Scranton/Wilkes-Barre	Public Roundtable 3B July 13th 6:00 p.m. – 8:00 p.m. State College	Public Roundtable 3B July 19th 6:00 p.m. – 8:30 p.m. Exton, Chester Co. Extension	Public Roundtable 3B August 4th 6:00 p.m. – 8:30 p.m. Lehigh Valley

TOP 30 PROBLEMS

AS IDENTIFIED BY ROUNDTABLE PARTICIPANTS

		Committee Roundtables				
	Problems and Barriers	Abuse	Incomes	Assets	Literacy	Total
1	Lack of budgeting skills or resources to budget		3	10	10	*23*
2	Obscurity of resources available for working families (understanding federal Earned Income Tax Credit, state poverty exception and tax credits)	1	14	6	1	*22*
3	Lack of financial education and money management, especially at early age	1	2	4	13	*20*
4	Need for financial and market education (saving, insurance, budget and assets), need for financial literacy not recognized by working family	4	1	6	8	*19*
5	Credit issues and consequences (consumer and company)	7	1	5	4	*17*
6	No outward signs they have money other than spending habits; instant gratification	2		6	7	*15*
7	Consumerism and emotional issues tied to getting help with money management	1	1	1	12	*15*
8	Easy to obtain credit cards and the uncontrolled usage; company responds and abuses cardholders with high interest rates	6		2	5	*13*
9	Working family with minimal education and misinformation about higher education	1	2	3	6	*12*
10	Complexities of system and processes make accessing benefits difficult	5	2	2	3	*12*
11	Prevalence of predatory lending and the use of data mining in its perpetuation/lack of enforcement by federal government	8		2	1	*11*
12	Lack of trust in people, programs, financial institutions, and government		2	5	4	*11*
13	Limited employment, training and lending opportunities for low income and minorities	2	4	3	2	*11*
14	Lack of affordable housing (includes rentals, rent to own and homeowner issues)	2	1	7		*10*
15	Working families with no clear goal, vision or plan	1	2	6	1	*10*
16	Lack of motivation, hope, self-esteem, values, sense of being financially stuck	1	1	4	4	*10*
17	Fear or intimidation when dealing with financial institutions	4		6		*10*
18	Working family's need for privacy			1	9	*10*
19	Lack of affordable healthcare, mental health services, dental and dental plans (including those self employed), and spiraling cost of healthcare to the employer		4	2	4	*10*
20	Lack of knowledge and problem-solving skills	1	2	1	5	*9*
21	High cost of child care/Rearing and medical (includes lost time w/sick kids, and child support)		2	7		*9*
22	Lack of delineation between needs vs. wants and/or prioritization	1	1	4	3	*9*
23	The use of high pressure media marketing to encourage targeted groups to spend	5			4	*9*
24	Too much debt which results in the use of credit cards for basic needs	1		4	4	*9*
25	Prevalence of minimum wage/low income positions due to skill market demand	1	1	6		*8*
26	Disincentives to save: low interest rates on investments, savings are taxed, and the more saved the less benefit received			5	3	*8*
27	Entitlement mentality, temperament and attitudes of job seekers on state/public assistance		2	1	5	*8*
28	Unemployment /underemployment/effect of globalization further reducing wage potential	1	2	4	1	*8*
29	Government regulation makes it difficult for entrepreneurship and is viewed as consumer unfriendly in the sub prime market	5	2	1		*8*
30	Transportation and mobility issues		2	5		*7*

TOP 30 SOLUTIONS

AS IDENTIFIED BY ROUNDTABLE PARTICIPANTS

		Public Roundtables				
	Solution	Abuse	Incomes	Assets	Literacy	Total
1	Encourage or require school based financial education programs	5	4	3	6	*18*
2	Marketing initiative to promote financial education and wise money habits	3	3	3	4	*13*
3	Create & promote a statewide clearinghouse of programs to coordinate awareness	3	2	3	2	*10*
4	Promote or encourage workplace financial education programs (include tax prep)		3		3	*6*
5	Use individuals that have compelling success stories to serve as models			3	3	*6*
6	Increase the minimum wage		1	3	1	*5*
7	Fund school based financial literacy programs		1		4	*5*
8	Expand FSA program and parameters			4	1	*5*
9	Train teachers in financial literacy			1	3	*4*
10	Institute a financial help hotline - like 911, 311	1	1	1	1	*4*
11	Encourage use of sound credit counseling	1		2	1	*4*
12	Increase post-purchase counseling	1		2	1	*4*
13	Emphasize use of tax credits to support nonprofits and schools with regard to f.e.				3	*3*
14	Implement "Train the Trainer" programs for financial education programs				3	*3*
15	Provide incentive/reward for individuals completing financial education programs				3	*3*
16	Use faith communities to promote or provide financial education				3	*3*
17	Provide funding for a statewide EITC/tax credit PR campaign		2	1		*3*
18	Improve COMPASS and Benefit Bank		2	1		*3*
19	Decrease barriers to starting a business/Encourage new startups		2	1		*3*
20	Tighter regulatory control of predatory lending		1	1	1	*3*
21	Provide entrepreneurship training		2	1		*3*
22	Increase administrative money for FSA programs			2	1	*3*
23	Educate school district administrators about the value of financial education				2	*2*
24	Standardize K-12 financial literacy curricula				2	*2*
25	Financial institutions should start incentives for children to save (stickers, savings book)	1			1	*2*
26	Promote financial education programs available through Scouts and 4H				2	*2*
27	Get word out to non-profits about tax credits for which they may be eligible				2	*2*
28	Create a peer testimony/financial literacy speakers bureau				2	*2*
29	Fund collaborative, community based demonstration programs				2	*2*
30	Encourage partnerships between financial institutions and social service orgs	1			1	*2*

APPENDIX 6: SOURCE LIST

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Employment Growth: Short Term	Percentage change in annual average employment, by place of residence, from 2002- 2003.	U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Office. www.bls.gov/lau. Washington, D.C.: 2004.
Unemployment Rate	Annual average unemployment rate, 2003.	U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Office. www.bls.gov/lau. Washington, D.C.: 2004.
Mass Layoffs	Extended mass layoff events per business establishment, 2003.	U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Office. www.bls.gov/lau. Washington, D.C.: 2004.
Poverty Rate	Percentage of population living in households with incomes below the poverty line, average 2001-2002.	U.S. Department of Commerce, Bureau of the Census, Poverty in the United States: 2002. Washington, D.C.: 2004.
Disparity of Rural and Urban Areas	Composite index score of six economic performance measures that compare absolute value differences between nonmentropolitan and metropolitan counties within a state. Measures include long-term employment growth (1999-2003), short-term employment growth (2002-2003), unemployment rate (2003), average earnings (2002), long-term average earnings growth (1998-2002), and short-term earnings growth (2001-2002).	CFED: "Disparity of Rural and Urban Areas Index." The 2004 Development Report Card for the States. Washington D.C.: 2004. Calculated from data provided by the Economic Research Service, U.S. Department of Agriculture.
Average Annual Pay	Average annual pay (in dollars) for all workers covered by unemployment insurance, by location of establishment, 2002.	U.S. Department of Labor, Bureau of Labor Statistics, Covered Employment and Wages Office, Washington, D.C.: 2004.
Change in Average Annual Pay	Percent change in average annual pay for all workers covered by unemployment insurance, by location of establishment, 2001-2002.	U.S. Department of Labor, Bureau of Labor Statistics, Covered Employment and Wages Office, Washington, D.C.: 2004.

Employer Health Coverage	Percent of non-elderly population covered by employer-based health plans, 2003.	Paul Fronstin. Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2003 Current Population Survey. Washington D.C.: Employee Benefit Research Institute, December 2003.
Working Poor	Percent of working parents earning 150% of the poverty line or below. 2000-2002.	U.S. Department of Commerce, Bureau of the Census. 2000-2002 March Current Population Survey Data. Calculations by the Center on Budget and Policy Priorities. Washington D.C.: 2001, 2002, and 2003.
Involuntary Part Time Employment	Percent of employees who work part-time for economic reasons, 2002.	U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Office. www.bls.gov/lau. Washington, D.C.: 2004.
Net Migration	Net domestic migration rate, July 1, 2002- July 1, 2003.	U.S. Department of Commerce, Bureau of the Census. Current Population Survey: Demographic Components of Change. Washington, D.C.: 2004
Uninsured Low Income Children	Percent of children under 19 years of age at or below 200% of the poverty line without health insurance, three-year average 2000-2002.	U.S. Department of Commerce, Bureau of the Census. Current Population Survey: Health Insurance Statistics. Washington, D.C.: 2004.
Homeownership Rate	Homeownership rate, 2003.	U.S. Department of Commerce, Bureau of the Census. Housing Vacancy Survey Annual Statistics: 2003. Washington, D.C.: April 2004.
Business Closings	Percentage rate of firm terminations, 2003.	U.S. Small Business Administration, Office of Advocacy, Small Business Economic Indicators 2003, August 2004, from data provided by the U.S. Census Bureau and U.S. Department of Labor (ETA).
New Companies	Number of companies applying for new employment identification numbers per 1,000 workers in 2003.	U.S. Small Business Administration, Office of Advocacy. Small Business Economic Indicators 2003, August 2004, from data provided by the U.S. Department of Labor (ETA) and U.S. Census Bureau.
Change in New Companies	Percentage of change in companies applying for new employment identification numbers, from 2002 to 2003.	U.S. Small Business Administration, Office of Advocacy. Small Business Economic Indicators 2003, August 2004, from data provided by the U.S. Department of Labor (ETA) and U.S. Census Bureau.
Job Growth due to New Businesses	Number of jobs created by new establishments with fewer than 500 employees between 2000 and 2001.	Office of Advocacy, U.S. Small Business Administration. Dynamic Data, Births, Deaths, Growth, and Decline. Data provided by U.S. Census, Statistics of U.S. Businesses 2000-2001.

Basic Educational Skills Prof-Reading	Percent of 4th grade students proficient in reading, 2003.	U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. The Nations Report Card: Reading Highlights 2003. NCES 2004452, by P. Donahue, M. Daane, and W. Grigg, Educational Testing Service. Washington, D.C.: November 2003.
Basic Educational Skills Prof- Math	Percent of 4th grade students proficient in math, 2003.	U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. The Nation's Report Card: Mathematics Highlights 2003, NCES 2004451, by J. Braswell, M. Daane, and W. Grigg, Educational Testing Service. Washington, D.C.: November 2003.
Average Teacher Salary	Average teacher salary, adjusted by the 2001 ATF interstate cost of living index, 2001-2002.	American Federation of Teachers. Survey and Analysis of Salary Trends 2002. Washington, D.C.: 2003.
K-12 Educational Expenditures	Per pupil expenditures, adjusted by 2001 ATF interstate cost-of-living index, for preK-12 students, 2001-2002 school year.	U.S. Department of Education, National Center for Education Statistics. Washington, D.C.: 2003. Technical documentation for the AFT cost-of-living index is in F. Howard Nelson, "An Interstate Cost-of-Living Index," Educational Evaluation and Policy Analysis. Index values for Alaska, Hawaii, and Washington, D.C. come from American Chamber of Commerce Researchers Association, Intercity Cost-of-Living Index, Louisville, Kentucky: ACCRA
High School Completion	High school completion rate of 18-24 yr olds, October 1998-2000.	U.S. Department of Commerce, U.S. Census Bureau, Current Population Survey, October 1998, 1999, 2000.
Venture Capital Investments	Venture capital investments, dollars per worker, 2003.	VentureOne. 2004 Venture Capital Investment Report. San Francisco, CA.
SBIC Financing	Total SBIC financing in a state, per worker, 2003.	U.S. Small Business Administration, Investment Division. Financing to Small Businesses by State. Washington, D.C.: 2004.
Private Lending to Small Businesses	The dollar amount of loans under $1million made in 2002, per worker.	U.S. Small Business Administration, Office of Advocacy, Office of Economic Research, from 2000 CRA data. Washington, D.C.: 2003.
University R&D	Research and development expenditures at doctorate-granting institutions, dollars per capita, fiscal year 2002.	National Science Foundation, Division of Science Resource Statistics. Academic Research and Development Expenditures: Fiscal year 2001. NSF 03-316, Project Officer, M. Marge Machen (Arlington, VA: 2004).
Federal R&D	Federal obligations for research and development per capita, fiscal year 2001.	National Science Foundation, Division of Science Resource Statistics. Federal Funds for Research and Development: Fiscal Years 2001, 2002, and 2003. NSF 02-321, Project Officer, Ronald L. Meeks (Arlington, VA: 2002).
Private R&D	Amount of private R&D, in dollars, per worker. 2001.	National Science Foundation, Division of Science Resource Studies. 2000. Survey of Industrial Research and Development. Washington, D.C.: 2002.

SBIR Grants	SBIR grants awarded, in dollars, per worker, Fiscal Year 2002.	U.S. Small Business Administration, Office of Technology. Washington, D.C.: 2003.
Employer firms and Self-employment data		SBA Office of Advocacy: www.sba.gov/advo; Small Business Indicators

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