

November 9, 2009: **The Two-Generation Approach**

By Frank Farrow, Director, Center for the Study of Social Policy

- Helping Low-Income Families Survive the Recession

Discouraging recent data from the U.S. Census Bureau make clear that the recession has fallen particularly hard on low-income Americans.

The latest Census reports showed that from 2007 to 2009, 2 million more children were plunged into poverty. According to the [Center on Budget and Policy Priorities](#), nearly 5 million more people are receiving food stamps since the recession started, while the number of homeless families – currently at 1.6 million – is likely to climb.

At the same time, millions of middle-class families struggle not to fall further behind as they contend with high health care costs, failing schools, fragmented job training and rising college tuitions. Overall, the nation's median household income fell 3.6 percent in 2008, the largest drop on record.

In the months ahead, the spending and policy choices that state and local officials make can have an important effect on the futures of low-income Americans. While budgets will be tight, now is not the time to pull back on investments that foster economic opportunities for those in need.

Indeed, more than ever, policymakers should support and, where possible, expand such investments. With taxpayer resources stretched thin, however, we need to focus on policies that are smart, effective and show evidence of providing a good return on public dollars.

We believe the most effective strategy is a “two-generation” effort, focused on promoting the economic well-being of parents and simultaneously ensuring that young children are healthy, safe and succeeding in school. That means effective programs that help more low-income, low-skilled adults get and hold jobs, and access available public benefits like food stamps, Temporary Assistance for Needy Families, child care, education and tax credits, that can add up to sufficient income to provide for their families. It also means making sure that their children get the best possible start in life, are reading by third grade, and move forward with successful school careers, including post-secondary education.

The recession has reinforced the importance of giving adults the tools to gain skills, hold jobs and build careers by crafting effective workforce development and educational initiatives. Continuing education is especially critical now to ensure that those most vulnerable, with the lowest skills, education and English language levels, are not left permanently behind in this tough job market. Investing more in community colleges, where dramatic enrollment increases could otherwise push less qualified students out, is a good place to start. And states should make sure their educational efforts and job-training initiatives meet the needs of industries or employment sectors where jobs are available and where future job growth is most likely to occur.

States that have taken steps toward a sectoral employment focus have seen positive results. In a 24-month study by Public/Private Ventures of initiatives that prepare low-skill workers for targeted industries in Massachusetts, New York and Wisconsin, participants in these sector-specific programs earned \$4,500 more over a two-year period than those in a control group, with most gains occurring in their second year of employment. Not only were participants more likely to retain their jobs, they were also more likely to work in jobs with benefits such as health insurance, paid vacation and sick leave and tuition reimbursement.

States can also make post-secondary education more convenient and directed to adults looking to improve their skills—the crucial bridge to help some workers through these difficult times. Kentucky and Washington have led the way in establishing more seamless educational pathways for adults, allowing students to move easily from basic adult education courses into courses that lead to certificates and degrees. In Washington, participants in the statewide I-BEST program and similar initiatives have earned five times more college credits than traditional basic-literacy students, and are 15 times more likely to complete job training.

Other states are demonstrating the value of building strong supports for young children's pre-school years and early school success. Massachusetts has looked carefully at the needs of young kids and offers health care, nutrition, family support, early childhood mental health consultation services and preschool education to assist low-income parents ensure their children are ready for school. Recognizing the importance of preserving these supports even in an economic crisis, Massachusetts used federal Recovery Act funds to maintain these investments amid sharp budget cuts in other areas. Massachusetts also provides **public health insurance for children and their parents—critically important supports for low-income working families facing layoffs or stagnant wages.**

Having young children prepared for school is just the first step. Increasingly, state policymakers recognize that reading well by third grade is the key to later school success: Massachusetts and others are establishing or expanding early-literacy initiatives, to make sure that all children meet this milestone.

Effective programmatic investments have to be maintained, but they are not enough. Federal and state tax policies have a profound effect on low-income families' financial stability and thus on children's health and development. In particular, the Earned Income Tax Credit (EITC), which bolsters low-wage workers' incomes, has proven to be effective at pulling families out of poverty. Recognizing the enormous value the credits provide to parents and children, 23 states have added state tax credits to supplement the federal EITC.

The challenge for state policymakers is to pull together the many parts of "what works" to help low-income working families—learning from other states' success and forging a two-generation policy strategy that fits their state's needs.

To help policymakers, the [Center for the Study of Social Policy](#) has created, with support from the Annie E. Casey Foundation and other funders, a public policy resource that provides information about the most effective, results-based policies for children and families struggling to move out of poverty and build economic security. The [PolicyforResults.org](#) website gives governors, state legislators and agency administrators examples of effective policies and offers help tailoring those policies to specific state needs.

State and local policymakers must continue to confront these problems with investments and effective programs that address the needs of both parents and children. Without this two-generation approach to state policy, we cannot expect to fix the problems that keep families mired in poverty and prevent our nation from achieving a full economic recovery.

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