

STRENGTHENING RURAL FAMILIES

An Overview of Rural Family Economic Success: Earn it, keep it, grow it

THE ANNIE E. CASEY FOUNDATION

Children do well when families do well; families do better when they live in supportive communities. Far too many children in the rural U.S. experience this premise as more wish than reality. These are children whose families are disconnected from the opportunities and supports they need to succeed, and whose communities struggle to mobilize the resources and connections that strengthen families. In rural America, being isolated and disconnected—socially and/or geographically—from opportunity and support can thwart the efforts and aspirations of even the most resourceful families and lengthen the odds against their children doing well.

At the Annie E. Casey Foundation we believe that building more promising futures for vulnerable rural children begins with improving the present circumstances of their parents. Parents who have access to economic opportunities and who are supported by strong informal networks and accessible, effective services are much more likely to be able to provide the better futures they want for their children.

Rural family economic success

Perhaps the most critical connection for families is the connection to economic opportunity and the achievement of family economic success.

Rural family economic success means that families can meet their immediate needs, can envision a stronger and more secure financial future and can move steadily toward achieving that vision for themselves and their children. Meeting current expenses, being able to weather unexpected events, saving for advanced education or retirement, and acquiring assets that build equity and can be leveraged, all are signs of family economic success.

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Despite working harder and longer, far too many low-income parents in rural communities still find serious obstacles in their path toward financial stability and economic success. Even as they expend their best efforts in the workplace, many find it nearly impossible to build the savings and assets that are, for all families, the critical ingredients for achieving genuine economic security. They may be families who have long lived on the margins in “persistently poor” rural areas, or families newly impoverished by changes in global and regional economies or in their own personal situations, or families

unable to take advantage of the “rising tide” in more affluent places. For all of these families, we believe that greater family economic success can be achieved when they are able to make progress towards three goals, simultaneously—to **earn it**, to **keep it** and to **grow it**.

Rural family economic success (RuFES) is less a new idea or methodology than it is a lens for focusing and a framework for connecting or augmenting existing efforts in order to achieve better results—by moving families to the center. Putting families at the center means asking how existing or proposed strategies will benefit low-income working families and acknowledging that not all pathways are likely to lead to this result. It has been said that rising tides do not lift all boats. Family-centered approaches pay attention to helping vulnerable families acquire boats, or repair leaky ones, while also working to help raise the local or regional economic tide.

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Earn it, keep it, grow it

Promoting rural family economic success is most successful when three goals are pursued simultaneously in a way that is sustained over time—helping families increase their income (“earn it”), stabilize their finances (“keep it”), and acquire assets and build wealth (“grow it”).

Earn It strategies, which are intended to increase family income, address three areas—readiness to earn, opportunities to earn, and supports that help close the gap between earnings and expenses.

- **Readiness to earn**—In the current and emerging economy, individuals must have a sound basic education and the specific skills needed by existing employers in order to get and keep a good job with family-supporting wages. In rural communities where traditional jobs in agriculture, timber, mining, textiles and other industries are waning, it is crucial to retrain the existing workforce as well as prepare young people to succeed.
- **Opportunities to earn**—A family-supporting labor market offers parents high quality jobs and career advancement opportunities. High quality jobs pay a family-supporting wage and benefits that help families meet their needs. Workforce development and economic development systems that work together seamlessly to help match well-prepared workers with available jobs are essential. While workers may start out at a lower wage (making the gap-filling strategies below all the more important), continuing opportunities for skill development and career advancement are key to family economic success.
- **Closing the earnings gap**—As mentioned above, available jobs may not pay a family-supporting wage or provide needed benefits. “Patching” strategies include generating additional income through multiple jobs or microenterprise, or decreasing expenses through sharing homes or cars with other families, or relying on kin for child care or other necessities. Where these strategies help achieve other family goals such as reinforcing bonds with extended family, facilitating them may make sense. By far the most effective and family-supporting gap-filler is the Earned Income

Tax Credit (EITC), along with other credits such as the child credit. Making sure that eligible families claim the EITC, file their tax return for free or at low cost, and have financially sound choices for using the refund can give families—and the communities where they live—a meaningful economic boost. Helping working families access other work-related public benefits—especially families transitioning from welfare to work—also can help close the gap.

Keep It strategies aim to help families get ahead. Those who have a measure of stability in their financial lives, and some savings to help weather unexpected expenses, are able to move ahead. They also are less vulnerable to “money traps” such as payday loans and other quick fixes that can trap them in a spiral of debt. To build stability and acquire savings, families need information and opportunity, including access to affordable goods and services and fair and affordable financial services.

- **Decreasing costs**—Low-income working families constantly struggle to make too few dollars stretch to meet too many expenses. Expanding affordable options for the costs of working (transportation, child care) and meeting basic family needs (housing, utilities, health care, food, clothing) can help hard-working rural families provide basic necessities, respond to emergencies and still build a nest egg.
- **Making good choices, having good options**—In many communities, families face poor—often predatory—choices for financial services, and other risks and obstacles that complicate the task of building a stable financial life. Building financial literacy can equip families to make smart financial choices, and making fair financial services available can give them better options from which to choose. Enforcing anti-predatory legislation can help reduce risks and protect the

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assets that families own. Helping families devise and implement a plan to clean up their credit can further reduce barriers to getting ahead.

Grow It. Families can parlay their hard work and prudent financial management into long-term economic success when the communities in which they live are economically thriving places, with access to opportunity for all. This means that all families have a range of good opportunities for accumulating savings and investing in homes and businesses, and that these investments are likely to appreciate in value over time. It means that parents and young adults who seek post-secondary education and training have good opportunities to put those skills to use. Achieving these goals requires a set of family and place-based community strategies:

- **Increasing family assets**—The difference between a lifetime of struggling to make ends meet and steady progress toward financial security rests on being able to build a nest egg. Accumulating resources that grow in value over time, and can be leveraged, is critical for building long-term financial success. Low-cost savings options are an important building block, and Individual Development Accounts (matched savings) can be especially effective. As families accumulate resources, increasing opportunities and decreasing costs/barriers to investing in durable assets such as homes, small businesses and higher education can make a big difference.

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- **Positive climate for businesses and entrepreneurs**—A community that retains and expands existing businesses, grows new ones, and attracts others, creates the kind of environment in which families can build long-term financial success. Business development assistance, access to capital and technology, and support for start-ups all can play a role.
- **Attractive places to live and work**—Success and sustainability of economic expansion strategies like those described above are more likely to succeed when attention is also paid to developing the kinds of amenities, services, sound infrastructure and inclusiveness that make communities attractive places to live and work.
- **Linkages to the regional economy**—Just as the viability of local businesses is inextricably linked to the regional economy, families’ access to a range of employment opportunities, affordable goods and services, and work supports depends on regional conditions. Labor and consumer markets are regional, and the cluster or network-based eco-

nomie development strategies that can help boost rural economies and support families require coordinated regional approaches to succeed.

Delivery systems

The strands outlined above—earn it, keep it, grow it—must be braided together and sustained over time to be effective. The best delivery systems may be those that offer a variety of convenient access points for families: the work place, community centers, schools and colleges, credit unions and community banks, community action programs and social services agencies, outreach efforts, faith-based programs, transportation hubs and many others. And, in many rural communities, call-center or internet-based programs can help provide a “virtual” access point for large numbers of distant families.

Conclusion

Helping low-income working parents increase their income, build assets and accumulate wealth over time can help give their children what they need most—strong, capable and economically successful families. To do so is a practical, achievable goal for rural communities, policymakers, practitioners, civic leaders, funders and advocates.

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today’s vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit the Foundation’s website at www.aecf.org.