



CONNECTING THE DOTS: GROWTH, WORK, AND PROSPERITY



CONNECTICUT ASSOCIATION FOR HUMAN SERVICES



CONNECTICUT ASSOCIATION FOR HUMAN SERVICES

OUR MISSION

CAHS works to end poverty and to engage, equip and empower all families in Connecticut to build a secure future.

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**DEDICATED TO THE MEMORY OF LISL STANDEN (1916-2006)
ACTIVIST, ADVOCATE AND FRIEND OF CAHS**

Lisl Standen, who passed away on November 4, 2006, worked locally and at the state level on many issues including housing, health, and peace. During her long advocacy career, she received a number of awards including the Distinguished Service Award from the Connecticut Commissioner of Housing in 1988. In 1991, CAHS presented Lisl with the Director's Award for commitment and vision in guiding the development of the organization. The Connecticut Housing Coalition named her "Housing Heroine" in 1999 for her tireless commitment to affordable housing and social justice.

EXECUTIVE SUMMARY

The purpose of *Connecting the Dots* is to illustrate the interconnection among working families, Connecticut's prosperity, and the state's economic future. It is also a call for new ideas and policies which foster that interconnection and support the interests of all sectors of society.

Problems that beset a number of Connecticut's systems provide policymakers with the opportunity to turn around the situations that contribute to negative economic indicators. Ultimately, the continued prosperity of the majority is dependent upon fixing our systems and extending prosperity to all.

Connecting the Dots maps out the findings and recommendations of a number of groups—government, business, philanthropic, and nonprofit—that have analyzed topics affecting the well-being of our state. In all cases, their recommendations are thoughtful and worthy of consideration. We hope to demonstrate the convergence of conclusions from different perspectives and suggest that these sectors and others come together at the same table as a catalyst for action.

Among the groups, organizations, and agencies whose work is cited in *Connecting the Dots* are: 1000 Friends of Connecticut; Connecticut Early Childhood Education Cabinet and the Governor's Early Childhood Research and Policy Council; Connecticut Economic Resource Center; the Connecticut Office for Workforce Competitiveness; Connecticut Permanent Commission on the Status of Women; Connecticut Regional Institute for the 21st Century; Connecticut Voices for Children; and HOMEConnecticut.

The key points presented in *Connecting the Dots* include the following:

- To ensure the state's long-term economic health, Connecticut leaders must address an array of issues that traditionally have not been directly associated with the economy.
- To solve Connecticut's economic, workforce, and social problems, stakeholders from business, labor, nonprofits, municipal and state government, philanthropy, faith-based organizations, academia, and communities must be at the planning table.
- To guarantee success, poverty reduction and revitalization of core cities must be components of our economic development plan.



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Waterbury

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INTRODUCTION: YOUR GUIDE TO *Connecting the Dots*

Chapter One Challenges and Opportunities

Find out about changes in the state's economy that have happened over time and why we should connect the dots now. Read about the convergence of views that is reflected in the state and national reports cited in *Connecting the Dots*.

Chapter Two Returning to Growth

Learn about population changes, how they affect Connecticut employers, and how the business community is responding. Read about other areas of concern to state and local planners that affect Connecticut's economy, including smart growth, transportation, housing, and urban revitalization.

Conclusion Building Prosperity for All

The road to prosperity does not end here. Learn what must come next for Connecticut to remain a leader among the 50 states and for prosperity to truly be available for all.

Chapter Four Families, Work Supports, and Prosperity

Balancing work with family responsibilities and making ends meet are required of all working parents. Learn who is not income sufficient, what work supports benefit families, and what efforts are underway to reduce poverty in Connecticut and the U.S.

Chapter Three Working and Learning

High skill and advanced education have been the hallmarks of Connecticut's workforce. Learn how the preK-12, adult education, and higher education systems can respond to the 21st Century knowledge economy.



CHAPTER ONE: CHALLENGES AND OPPORTUNITIES

Great changes are taking place around the world. Here at home, the state of Connecticut is facing enormous challenges arising from a global economy, shifting demographics, and growing income disparities. To address these challenges, Connecticut leaders can harness the state's enormous wealth—both our finances and our people—for the benefit of all.

Over the past two years, diverse groups from the business, government, nonprofit, and philanthropic sectors have examined these challenges. Reports and recommendations have been produced that reflect each group's vantage point. When these analyses and perspectives are examined, it is clear there is a convergence of views around actions Connecticut leaders should take. Overall, the reports accurately point out that, as a state, we are facing a critical period, and it is time for Connecticut leaders to think and operate differently.

Connecting the Dots draws these disparate voices together. Their collective message is simple: It is time for many interested parties to come together to develop a plan for our state. Working with nontraditional stakeholders, Connecticut leaders can build a brighter future—for Connecticut's economy, our workforce, and our children and families who do not currently share in the state's prosperity.

Overview of Reports

Several themes emerge repeatedly in the state reports included in *Connecting the Dots*:

- Connecticut is losing time as well as ground; our lack of concerted action is compounding the challenges we face.
- We will not be able to solve our problems unless we understand the full extent of their causes, and we see their interconnection.
- The involvement of new actors will bring energy and insight into the decision-making process.
- At this point, Connecticut ranks high on many indicators for individual and collective wealth and economic strength, but other states will surpass us unless we take aggressive action.
- No one is expendable. Our economy and quality of life are dependent on the well-being of all our residents.

STATE AND NATIONAL REPORTS FEATURED IN *CONNECTING THE DOTS*

Connecticut Reports

- *Achieving the Dream in Connecticut: State Policies Affecting Access to, and Success in, Community Colleges for Students of Color and Low-Income Students*; Lumina Foundation for Education
- *Communities, Connecting to Compete*; Connecticut Economic Resource Center, Inc. and Connecticut Regional Institute for the 21st Century
- *Connecticut Economic Vitality and Competitive Cities*; Connecticut Regional Institute for the 21st Century
- *Connecticut Housing Program for Economic Growth*; HOMEConnecticut
- *Developing Connecticut's Economic Future: A Proposal to Modernize Land Use and Fiscal Policy*; 1000 Friends of Connecticut
- *Holding Up Half the Sky: A Report on the Status of Women and Girls in Fairfield County*; Fairfield County Community Foundation
- *Overlooked and Undercounted: Where Connecticut Stands*; Connecticut Permanent Commission on the Status of Women and Connecticut General Assembly
- *Ready by 5 & Fine by 9: Connecticut's Early Childhood Investment Framework*; Connecticut Early Childhood Education Cabinet with the Connecticut State Department of Education
- *Sowing Prosperity: Low-Income Working Families and Connecticut's Economic Future*; Connecticut Association for Human Services
- *The State of Working Connecticut, 2007*; Connecticut Voices for Children
- *A Talent-Based Strategy to Keep Connecticut Competitive in the 21st Century: Growing, Using and Enriching Connecticut's Talent Pipeline*; Connecticut Office for Workforce Competitiveness
- *Mapping Health Spending and Insurance Coverage in Connecticut*; Universal Health Care Foundation of Connecticut

National Reports

- *Early Intervention on a Large Scale*; Federal Reserve Bank of Minneapolis
- *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half*; Center for American Progress Task Force on Poverty
- *Poverty in America: A Threat to the Common Good*; Catholic Charities USA
- *Repairing the Economic Ladder: A Transformative Investment Strategy to Reduce Poverty and Expand America's Middle Class*; U.S. Conference of Mayors
- *Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities*; The Brookings Institution
- *The Science of Early Childhood Development: Closing the Gap Between What We Know and What We Do*; National Scientific Council on the Developing Child

Rather than focusing on one proposal or one set of solutions, state leaders should examine these reports together. In doing so, some obvious questions become apparent. How do we retain the state's economic status *and* improve the economic well-being of all residents? What proposals can be combined to achieve the most comprehensive and positive outcomes? What are the costs and benefits of policy and program cross-fertilization? How can these combined objectives be prioritized and broken into short, intermediate and long range actions?

We must connect the dots at several levels:

- **Connect programs and policies.** A number of linkages can be made, including tying affordable housing to smart growth and transportation; integrating workforce and economic development more fully; and producing a state economic development plan coordinated with local and regional efforts.
- **Connect sectors.** We must bring business, government, and members of civil society including labor, faith-based communities, nonprofits, academia, and residents to the table to craft a viable plan for Connecticut's future.
- **Connect growth, work, and prosperity.** By changing the way we approach our challenges, we will build an educated and skilled workforce, attract businesses with high-paying jobs to the state, and bring opportunity and prosperity to all Connecticut's residents and communities.
- **Connect families, business, and the state's economy.** The well-being of each is interconnected and should be supported by strong public policies.

Connecticut has started to connect the dots in each of these areas, but the pace of change is slow. Greater speed is needed to stay ahead of other states and nations and to assure our success in creating an economy and workforce that provide prosperity for all.



Supportive Housing: A Model of Cross-Sector Collaboration

Supportive housing began in the early 1990s in large cities across the country as the necessity for housing, treatment, and services for people who were homeless or at risk of homelessness began to escalate. In 1993, the Melville Charitable Trust approached the Corporation for Supportive Housing (CSH) about opening an office in Connecticut. The resulting Connecticut Supportive Housing Demonstration Project, a joint effort of CSH, human service providers, and housing developers, created 281 units of housing and provided services for homeless and at-risk families and individuals.

In 2000, the state of Connecticut established the Supportive Housing Pilots Initiative with the intent of expanding supportive housing across the state. To reach its goals, the Initiative brought together CSH with six state agencies and representatives from philanthropy, nonprofits, health care, academia, and business.

Connecticut's Supportive Housing Pilots Initiative received the Harvard University Kennedy School of Government's 2006 Innovations in American Government award for building a network of state, federal, and nonprofit stakeholders to create new housing and provide support services for residents.

Partnership for Strong Communities. (2007). *The History of Supportive Housing in Connecticut*. Hartford, CT. Retrieved September 24, 2007 from http://www.ctpartnershiphousing.com/index.php?option=com_content&task=view&id=679&Itemid=42

New Means to New Ends

Of equal importance to policy and program development are the collaborations among government, business, and the civil sector that will support effective implementation.

Currently, local and state agencies frequently function as silos and joint problem solving does not happen as often as it should. A cross-sector approach to policy development and program implementation involving public, private, and civic sectors would generate more effective solutions and a greater feeling of engagement and ownership among stakeholders.

**Connecticut Hourly Wages
1981 - 2006**

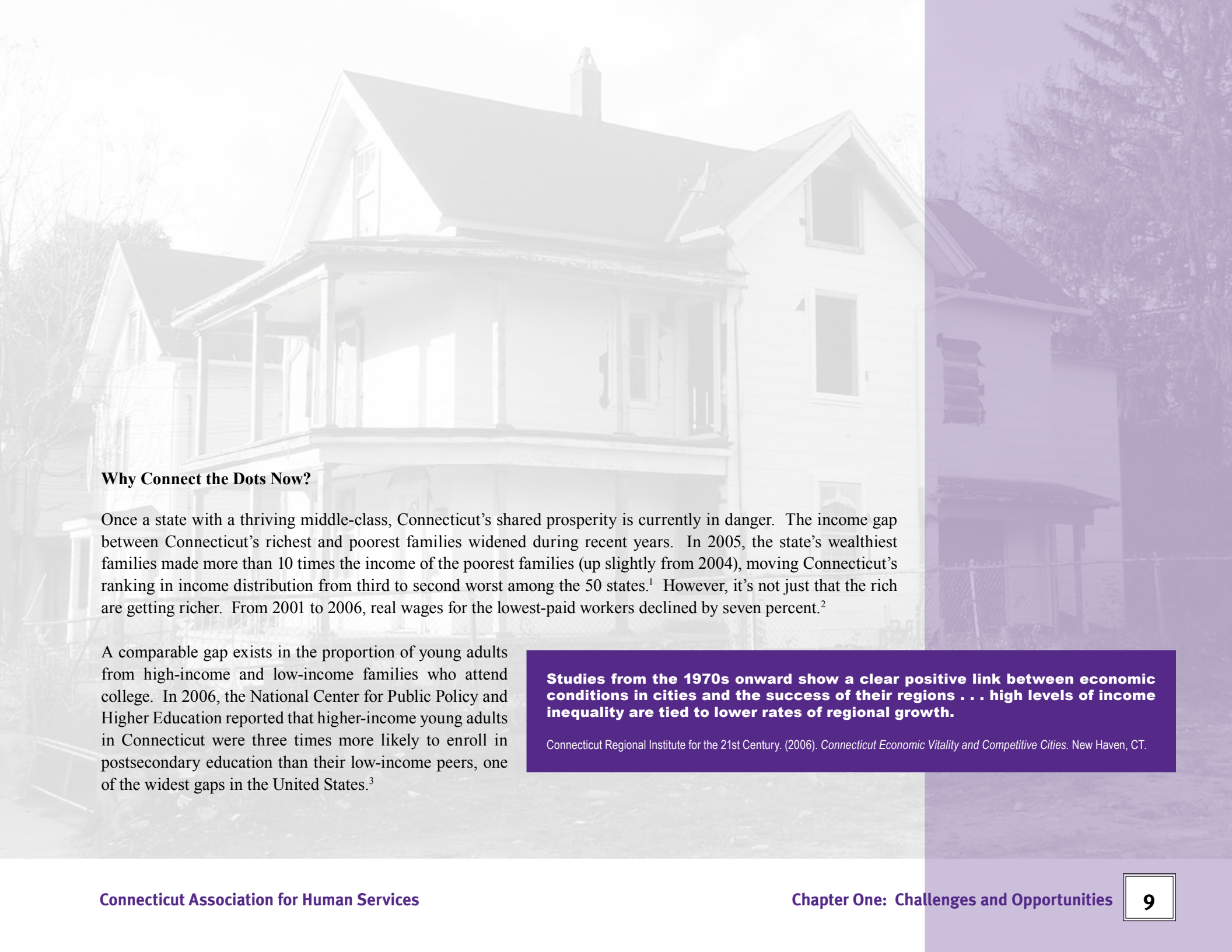


Figure 1. Hero, J., Hall, D., & Geballe, S. *The State of Working Connecticut, 2007*. New Haven, CT: Connecticut Voices for Children.

Linking Families, Business, and the Economy

Whether we are talking about guaranteeing the healthy growth and development of children, the ability of families to move out of poverty, or a favorable business climate in the state of Connecticut, there is an interconnection among our collective levels of prosperity. Strong parallels can be seen in child well-being, family economic security, and the economic success of business.

Restoring economic growth requires better educating students in public schools, especially in our urban centers; developing more affordable housing; improving transportation to move people and goods; addressing sprawl and an obsolete tax system; and creating more dynamic cities that will attract businesses and young people who currently are migrating out of state. Connecting low-income people with quality education and family-supporting employment is also fundamental to our economic prosperity and a necessary part of any plan to develop a highly skilled workforce.



Why Connect the Dots Now?

Once a state with a thriving middle-class, Connecticut's shared prosperity is currently in danger. The income gap between Connecticut's richest and poorest families widened during recent years. In 2005, the state's wealthiest families made more than 10 times the income of the poorest families (up slightly from 2004), moving Connecticut's ranking in income distribution from third to second worst among the 50 states.¹ However, it's not just that the rich are getting richer. From 2001 to 2006, real wages for the lowest-paid workers declined by seven percent.²

A comparable gap exists in the proportion of young adults from high-income and low-income families who attend college. In 2006, the National Center for Public Policy and Higher Education reported that higher-income young adults in Connecticut were three times more likely to enroll in postsecondary education than their low-income peers, one of the widest gaps in the United States.³

Studies from the 1970s onward show a clear positive link between economic conditions in cities and the success of their regions . . . high levels of income inequality are tied to lower rates of regional growth.

Connecticut Regional Institute for the 21st Century. (2006). *Connecticut Economic Vitality and Competitive Cities*. New Haven, CT.

Connecticut Economic Ranking Among the 50 States 2006

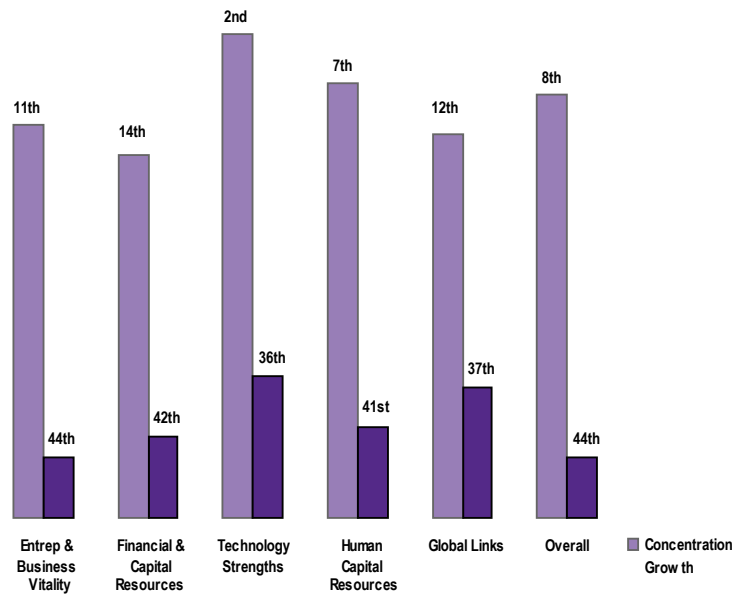


Figure 2. Connecticut Economic Resource Center, Inc. *Benchmarking Connecticut 2006: Determinants of Economic Growth*. Rocky Hill, CT.

Similarly, while some school districts in Connecticut have very high rates of students meeting the reading and math goals for the Connecticut Mastery Test (CMT), rates of students meeting the goals in many districts are very low. When examined by family income, students who fall on the wrong side of our academic achievement gap live disproportionately in our poorest school districts.⁴ According to the U.S. Department of Education’s National Assessment of Educational Progress (NAEP), in 2007, Connecticut had the largest achievement gap by income among the 50 states in reading and math for fourth and eighth graders.⁵

Figure 2 at left was developed from data collected and analyzed by the Connecticut Economic Resource Center (CERC), a nonprofit institution primarily funded by utility companies with a mission of promoting Connecticut as a competitive business location. The data illustrate Connecticut’s present and future economic situations—high ranking on a number of current economic indicators (concentration) but projected poor performance on future economic variables (growth). This demonstrates the challenges we face from other states and countries that are competing in the market place. It also anticipates a decline in our ability to maintain an educated workforce, create new technology, and connect to international markets.

Connecticut is doing very well economically *now*, but this success will be difficult to sustain if we continue with outmoded ways of doing business—especially with regard to public education. While the state’s standard of living is very high and our per capita income is the highest in the country, the future is uncertain.

Without targeted action soon, Connecticut could move from being an economic leader among the 50 states to being a truly forgotten outpost of “cold and old” New England.⁶ Certainly Connecticut has the resources and ingenuity to rebuild its economy so that it works for everyone—as it did in many ways through the booming post-World War II economy. For all our residents to thrive in the future, it will be important to create a path to prosperity for everyone. Inventive thinkers *can* craft a new vision for our state.

Endnotes

- 1 Population Reference Bureau. *Analysis of 2005 American Community Survey*. Washington, D.C.
- 2 Hero, J., Hall, D., & Geballe, S. (2007). *The State of Working Connecticut, 2007*. New Haven, CT: Connecticut Voices for Children.
- 3 The National Center for Public Policy and Higher Education. *Measuring Up 2006*. Washington, D.C. Retrieved July 7, 2007 from http://measuringup.highereducation.org/_docs/2006/statereports/CT06.pdf
- 4 Sternberg, B. J. (2006). *State Releases 2006 Connecticut Mastery Test Results*. Press release, August 31, 2006. Hartford, CT: Connecticut State Department of Education.
- 5 U.S. Department of Education, *National Assessment of Educational Progress* as cited in *Progress, Setbacks Leave Achievement Gap Unchanged*. Press release, September 25, 2007. New Haven, CT: Connecticut Coalition for Achievement Now. Retrieved October 3, 2007 from <http://www.conncan.org>
- 6 Connecticut Economic Resource Center, Inc. *Benchmarking Connecticut 2006: Determinants of Economic Growth*. Rocky Hill, CT. Retrieved May 6, 2006 from http://www.cerc.com/pdfs/Benchmarking06_fullreport.pdf





SIDEWALK
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CONSTRUCTION
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GENERAL STATUTES SEC. 124 - 118, 124 - 145
COMM. DIVISION OF TRANSPORTATION

CHAPTER TWO: RETURNING TO GROWTH

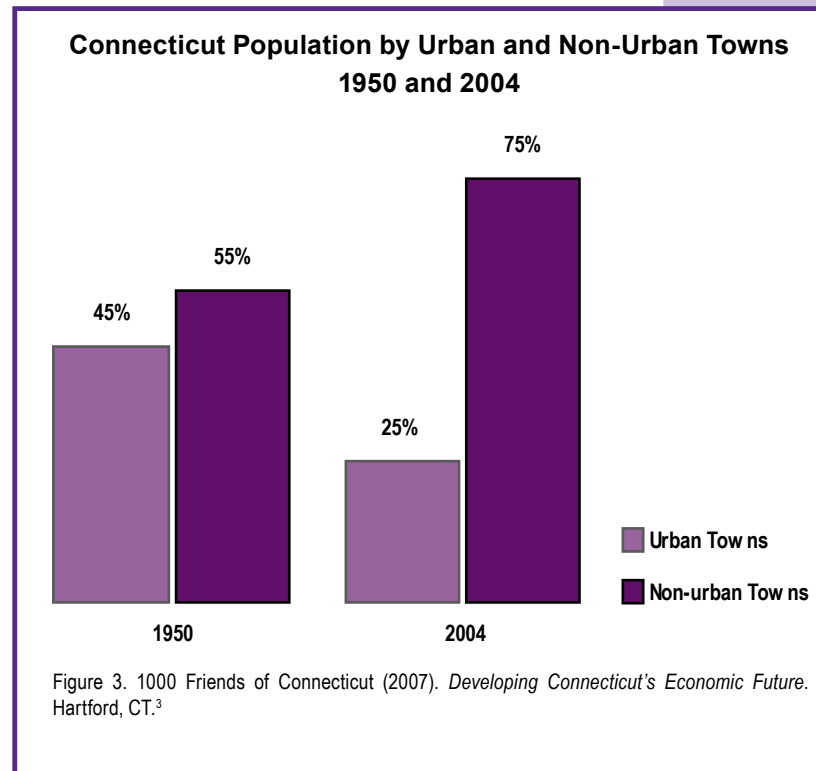
Back in the late 1940s and 1950s, new homes were springing up across Connecticut and returning soldiers were attending college in unprecedented numbers. Manufacturing jobs were plentiful, cities were booming, and the road to the middle class beckoned many families.

When manufacturing started to decline in some states, Connecticut continued to thrive because of continued strength in our defense industry and growth in finance and insurance. Jobs in technology, supported by a skilled and educated workforce, were part of the state's stability.

Manufacturing and other industry first moved from Connecticut's cities to our suburbs, beginning in the late 1950s. Workers followed them out of the cities. This migration of jobs and workers created a comfortable commute for those living outside city limits, but drained downtowns of their energy and focus. With the out-migration, poverty as well as racial and ethnic isolation took over in our older core cities.

From Connecticut suburbs, owners and investors next moved their factories, offices, and jobs to the Sunbelt and then on to countries beyond our borders. Two types of employment replaced these disappearing jobs—upper-level service sector positions that required more education and paid high wages and lower-level service jobs that required little or no training and paid low wages. The middle class who subsequently found themselves in lower-level replacement work began to feel financially vulnerable from the loss of income and benefits.

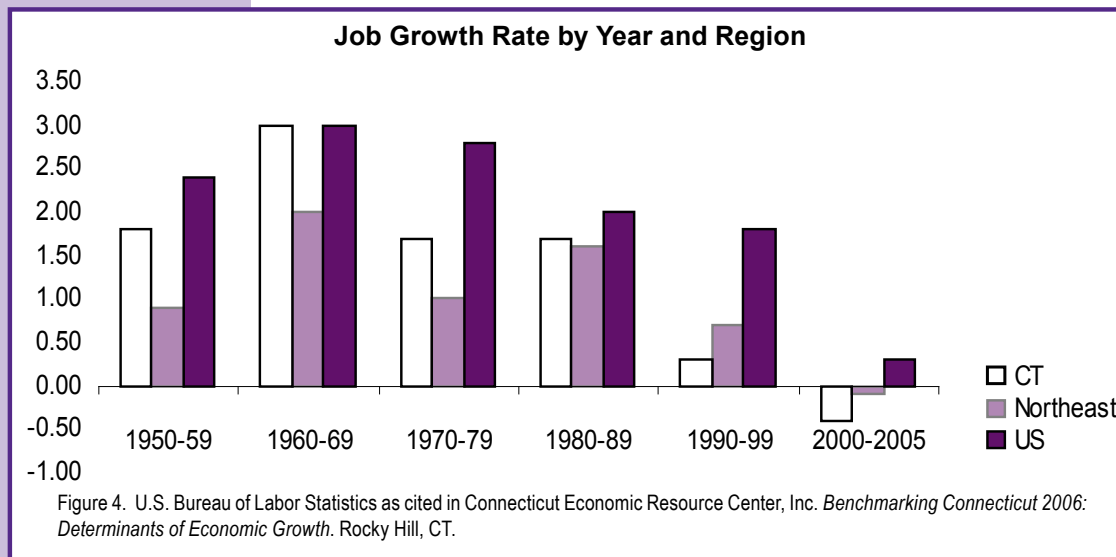
By the early 1990s, with the decline of the defense industry and loss of insurance and banking jobs, the state experienced economic weakness and uncertainty about the future. During the economic slowdown of the early 2000s, Connecticut and the nation lost thousands of jobs. By 2003, when the rest of the country was rallying back, Connecticut had replaced only half of those positions.¹ By the end of 2004, the U.S. had replaced all lost jobs, but it took Connecticut until 2007 to do the same.²



Population Shifts in Connecticut

Like the rest of New England, Connecticut has experienced a number of population changes that have had major implications for the economy.

Between 1990 and 2000, a large number of residents, particularly those of working age, left the state. Connecticut lost approximately 85,000 workers between 40 and 64 years of age. This out-migration was largely among white residents. Overall population growth during the 1990s was due to an in-migration of minority groups. However, despite this increase in Connecticut's minority population, the state ended the decade with a negative migration pattern.⁴



Among those leaving the state today are a large number of young professionals between 18-34 years of age, a trend demographers say could continue to 2020.⁵ According to the Office for Workforce Competitiveness, between 1990 and 2005, the number of Connecticut workers in this age group dropped by 211,000 (23 percent).⁶

A great many of the young adults who remain in-state lack a postsecondary education and the problem-solving and soft skills that are needed by Connecticut's current and future workforce.⁷ This situation also

is predicted to continue over the next decade, resulting in a sharp decline in the average educational attainment of Connecticut's residents. In order to stay competitive with other states and countries, Connecticut's leaders will need to correct the academic achievement gap, increase college graduation rates, and support current workers in their efforts to gain workplace skills.⁸

Barriers for Business

Along with pointing to the global economy and changing demographics, business leaders are identifying other concerns affecting the growth or decline of business and the state's economy.

For the past 30 years, the increasing cost of energy, transportation, taxes, and technological retooling have made Connecticut less affordable for both small and large companies. For a business to stay profitable and remain in Connecticut, many owners have had to reduce labor costs while increasing productivity. That means fewer jobs and more work for those who are employed.⁹

While Connecticut is known for its affluence—particularly for having the highest per capita income of the 50 states—most of its largest cities have been in decline for decades. This decline and the gap between income groups weaken regional markets and dampen business vitality, further reducing the state’s ability to attract new or expand existing industry.¹⁰

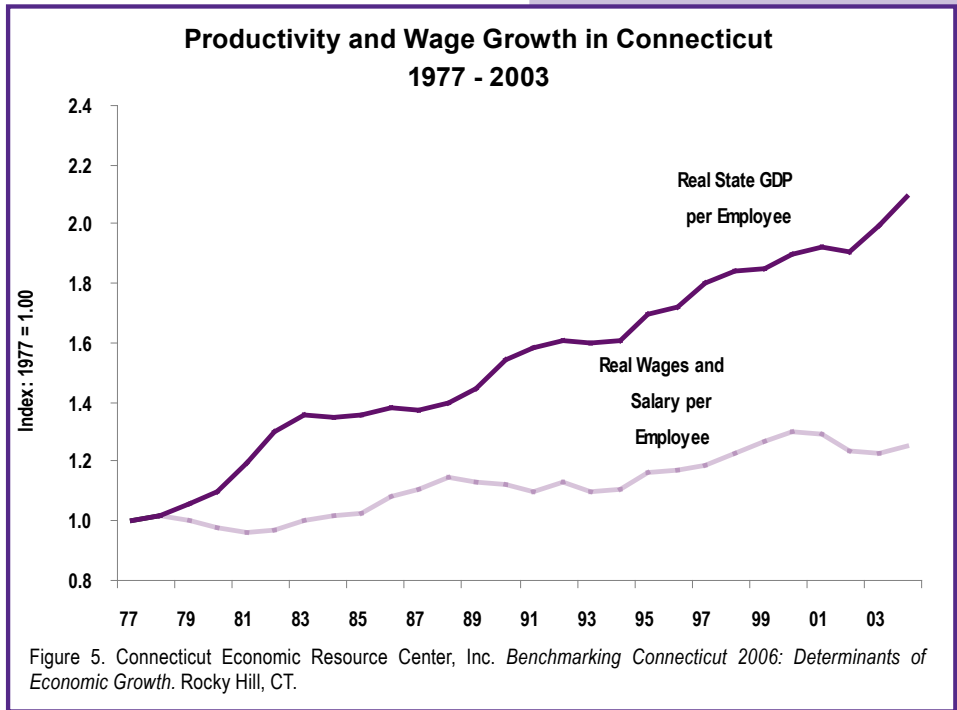
The current condition of the state’s transportation system has not helped in this regard. Seventy-nine percent of products delivered to or from the state come by way of trucks. The state’s rail system is underutilized.¹¹ Connecticut’s spending on transit is less per person than several other Northeast states with similar operating environments.¹²

Economic growth in Connecticut is threatened by congestion in key transportation corridors and the diminishing or inadequate connections to national and global markets by air, sea, rail, and road.

Legislative Program Review and Investigations Committee, Connecticut General Assembly. (2000). *Economic Development Considerations in Transportation Planning*. Hartford, CT.

and innovation. Industry leaders are well aware of the interconnections between business success and systemic challenges.

According to the Connecticut Regional Institute for the 21st Century, an organization of business and government representatives dedicated to providing opportunities for its members to examine and understand economic activity in the state, business leaders are calling on state-level policymakers to improve preschool-12 and adult education and to move away from silver bullet economic development strategies. Rather, the Institute is calling for an investment in livable cities and attention to housing, transportation, and workforce development.¹³



The Call for Change

Seeing the road signs ahead and anticipating a future characterized by a declining economy and quality of life, business analysts and leaders have called on government for new thinking

Growing the Workforce: Meeting Employer and Employee Needs

During the fall and winter of 2006-2007, a series of roundtable discussions and a public forum were held in Fairfield County to address issues facing business and workers in the southwest region of Connecticut. The events were sponsored by The Business Council of Fairfield County, Norwalk Community College, and the Connecticut Association for Human Services. Through their individual efforts to link education and training with economic development, the three sponsoring entities were aware of the varying workforce concerns held by employers, employees, and educators. While modest in scale, this effort to bring together business, academia, and nonprofits signals the kind of collaboration needed to create coordinated solutions to the state's challenges.

The Business Council of Fairfield County, Connecticut Association for Human Services, Norwalk Community College. (2007). *Growing the Workforce: Meeting Employer and Employee Needs*. Fairfield County Workforce Forum. Norwalk, CT.

Regional Efforts

The business community in several regions of the state has begun discussions and planning activities to address their most pressing problems. For example, in Fairfield County, leaders from industry, government, academia, and the nonprofit sector are working together to improve economic and workforce development as well as the infra-structure in southwestern Connecticut.

Coastal Fairfield County—One Coast, One Future is a consortium of mayors, chambers of commerce, and economic development experts from 15 municipalities within the region. The group was established to spark regional economic growth, job creation, and individual economic opportunity. Supported with a federal grant secured by U.S. Representative Christopher Shays, the consortium is managed in a partnership between the Bridgeport Regional Business Council and The Business Council of Fairfield County.

The opportunity for Fairfield County to develop a truly comprehensive economic and workforce plan occurred when the U.S. Department of Labor chose Fairfield, Westchester, and Putnam Counties to participate in the Workforce Initiative in Regional Economic Development (WIRED). To be chosen to participate in WIRED, projects are required to focus on correcting local economic conditions such as unemployment, low wages, or low levels of job creation.

The Connecticut-New York partnership proposes to: (1) create a regionally based talent development system for high-growth sectors; (2) enhance regional productivity; and (3) create a culture of innovation and entrepreneurship. Immigrants, low-wage workers, and youth are among the targeted populations that will receive training in the three counties.¹⁴



Interconnecting Solutions

To grow the economy, Connecticut must give young people a reason to stay. And, to draw new business to the state, it is important for Connecticut policymakers to seek answers from among an interconnected set of issues, including:

- Smart growth
- Tax reform
- Affordable housing
- Transportation

- Work supports
- Pre-K-12 and adult education
- Urban revitalization

Smart Growth and Tax Reform

Connecticut's 169 towns have 169 sets of municipal budgets, services, and employees; 169 mill rates, zoning boards, and development plans. All this competition results in more residential and commercial development, reductions in farmland and open space, greater commuter time for workers, and a general reduction in our quality of life.

Responsible Growth and Economic Development

In 2006, Governor M. Jodi Rell established the Office of Responsible Growth (ORG) within the Office of Policy and Management by executive order.

During the 2007 Connecticut legislative session, Governor Rell and the General Assembly passed legislation expanding the responsibilities of ORG and directing the Connecticut Department of Community and Economic Development with others to produce a state economic development plan.

Statutory language includes reference to promoting economic development and opportunity, fostering effective transportation, protecting the environment, maximizing the workforce, promoting the use of technology, and balancing resources through sound management. The Responsible Growth Task Force is required to report their findings and recommendations to the Governor by February 15, 2008, at which time the Task Force will be disbanded.

Connecticut State Library. (2007). *Public and Special Acts and General Statutes of Connecticut*. Hartford, CT. Retrieved September 17, 2007 from <http://www.cga.ct.gov/2007/ACT/PA/2007PA-00239-R00HB-07090-PA.htm>

Smart growth is a national movement with a common set of principles and strategies related to the environment, planning and zoning, transportation, and economic development. Members of 1000 Friends of Connecticut, the state's smart-growth group, are calling on the state to lead regional and local planning and land-use efforts, re-vamp the state's existing tax structure, eliminate reliance on local property taxes to fund public and special education, and encourage the development of affordable housing and transportation redesign.

Along with these proposals, 1000 Friends recommends the establishment of a statewide economic development plan in coordination with those of Connecticut's municipalities. Given the state's weak economic growth, it is surprising that such a plan is not already in place. The creation of industry clusters, coordinated business

Developing Connecticut's Economic Future

Among the recommendations contained in the report issued by 1000 Friends of Connecticut were the following:

- Reform funding of the state's education system by removing reliance on local property taxes.
- Work with local authorities to reduce zoning requirements in order to minimize sprawl, long-distance commutes to work, and ultimately the cost of housing.
- Require every town to join a council of governments (COG) made up of chief elected officials.
- Establish state grants to towns for planning and zoning upgrades, streamlining governance and service delivery, and sharing sales tax revenues.
- Provide incentives to towns for adopting affordable housing programs.

1000 Friends of Connecticut. (2007). *Developing Connecticut's Economic Future*. Hartford, CT.

and higher education curriculum development, and an information technology pipeline—all of which have been the focus of state planning to date—are necessary elements of a statewide plan. In reality, however, far more than these individual efforts is required to address the economic challenges facing the state. In 2007, the Connecticut Department of Economic and Community Development was given the charge of producing a state economic development plan every five years.

Affordable Housing

The Northeast’s “brain drain”—the out-migration of the region’s young adults, ages 18-34—is well known. Young adults, both those starting families and those who are single, often leave Connecticut because of the state’s limited job opportunities and high housing costs.¹⁵

According to the Fairfield County Community Foundation, between 2000 and 2005 housing values in Fairfield County rose almost 65 percent, a faster increase than that experienced by the rest of the state or the country. During that same period, wages rose by only 20 percent.¹⁶

**Hourly Wage Needed for a 2-Bedroom Apartment
Connecticut 2006**

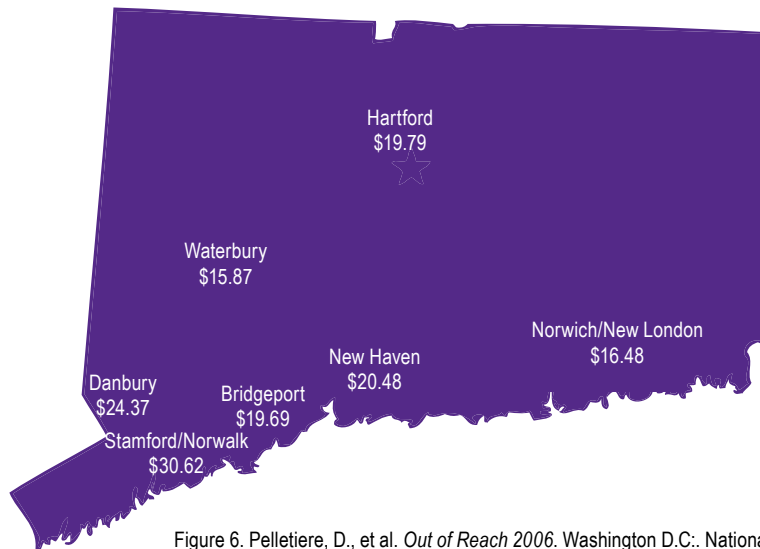


Figure 6. Pelletiere, D., et al. *Out of Reach 2006*. Washington D.C.: National Low-Income Housing Coalition.

In 2006, Connecticut was ranked as the sixth most expensive rental market of the country. Specifically, the rental market in Stamford-Norwalk was the most expensive of all metropolitan areas in the country. As a result, almost 50 percent of renters in Fairfield County were paying more than 30 percent of their income on housing costs, according to the 2005 American Community Survey.¹⁷

Several factors contribute to Connecticut’s lack of affordable housing: (1) state and federal contributions to housing development have been greatly reduced since the late 1980s; (2) housing costs are rising much faster than earnings; and (3) local zoning regulations inhibit development of affordable and multi-family housing, while encouraging construction of high-end, single-family homes.¹⁸ By 2005, a family earning the median income in most Connecticut towns could not qualify for a mortgage to buy a median-priced house in that town.¹⁹

HOMEConnecticut is a statewide campaign to increase the stock of affordable housing. This group of educators, regional planners, bankers, state government and business representatives, and advocates is working to strengthen the state economy and improve housing for a wide spectrum of Connecticut residents.

During the 2007 Connecticut legislative session, HOMEConnecticut members introduced a bill designed to create 60,000 affordable units over the next 15 years, attracting new jobs and new tax revenue to the state.²⁰ The General Assembly passed parts of the proposal.

Governor Rell and the General Assembly established the Blue Ribbon Commission on Housing and Economic Development in 2007. The Commission will study the effects of housing shortages on economic development and report interim findings to the state legislature by February 1, 2008.



Transportation

As concern about smart growth and environmental impact increases, more Connecticut residents have become interested in public transportation for their work and personal commuting needs. Unfortunately, they are often disappointed with what they find. Historically, the state has invested more in road and bridge expansion than infrastructure repair. And a seamless, statewide mass transit system has yet to be created.²¹

According to analysts, over one-third of the state's bridges require repair and have been rated as deficient by the Federal Highway Administration's National Bridge Inventory, and little has been done to diversify the transportation system. Bicycle and pedestrian traffic have been largely left out of system planning.²²

Governor Rell and the Connecticut General Assembly have taken steps to improve the state's transportation system by creating the Transportation Strategy Board and beginning projects to improve rail service in southwest Connecticut, but more work is needed. Transportation advocates are calling for the development of a system that would more efficiently move materials and people. Such a system would include public transportation that would accommodate commuters and lower-income, elderly, and disabled people as well as an expansion of train service.²³

Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities

The Metropolitan Policy Program of The Brookings Institution conducted a study of 80 U.S. cities, including Bridgeport, Hartford, and New Haven, and made the following recommendations:

- Fix the basics, including improving K-12 education, curbing crime, and creating a cost climate competitive with the city's surrounding towns.
- Build on a city's economic strengths.
- Improve the physical assets and infrastructure.
- Grow the middle class by improving the income of residents and attracting higher income residents to mixed-income centers.
- Create neighborhoods of choice by supporting mixed-income housing, growing inner city markets, and investing in preservation and rehabilitation.

Vey, J.S. (2007). *Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities*. Washington, D.C.: Metropolitan Policy Program, The Brookings Institution.

More than any other actor, the state has the policy interest, resources, institutional mechanisms, and legal powers to promote, develop, and maintain healthy urban communities. The state must convene stakeholders, establish a vision for its cities, and develop a strategy to support urban development.

Connecticut Regional Institute for the 21st Century. (2006). *Connecticut Economic Vitality and Competitive Cities*. New Haven, CT.

Revitalizing Cities

The need for revitalizing our core cities is perhaps most emblematic of the challenges facing the state of Connecticut. If Connecticut is to move forward in the years ahead, we need to improve the basic services of our cities, while providing the diversity, mix of uses, and modern conveniences that make urban living attractive.²⁴

Many cities in New England are years ahead of Connecticut's—even some with similar challenges. Since opening up the three rivers that run through the city, Providence and the state of Rhode Island have continued their urban renewal efforts. Providence 2020, a study of the greater downtown area commissioned in 2004, was designed to assist in the development of an action plan for public and private investment. The intent of the new plan is to invigorate the city's industrial district as well as invest in neighborhoods, creating a link between them and the waterfront. More recently, Providence Tomorrow has been created as an inclusive planning process to develop a framework for growth and preservation.

The Rhode Island state legislature established the Historic Preservation Tax Credit, an economic development strategy to stimulate redevelopment and reuse of approximately 900 historic commercial properties throughout the state. In 2005, it was estimated that for every \$1 of investment associated with the credit, \$5.47 has been gained in total economic output. Also in 2005, it was determined that 75 percent of the projects and 83 percent of the total investment occurred in areas where family income was below the state median.²⁵

There are some signs of new life in Connecticut's cities, especially in New Haven, Norwalk, and Stamford. But for the most part, efforts in Hartford, Bridgeport, and Waterbury are too limited to draw new life of any magnitude to those cities. Investments in downtown building have been the priority, rather than investing in neighborhoods where people live.

The Metropolitan Policy Program of The Brookings Institution recently studied the economic and residential well-being of 80 U.S. cities considered to be weak economically. Bridgeport, Hartford, and New Haven were among them. *Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities* stresses the important role state leaders, planners, and financing play in revitalizing our largest and poorest municipalities.

While Bridgeport, Hartford, and New Haven are similar in several ways to other cities categorized as weak, the three are exceptional because each is located in a moderately strong or strong metropolitan area, a factor that could be exploited to help restore their economic health. By creating regional economic plans that revive the inner core, we can begin to minimize the gap between rich and poor and draw more business to an economically rejuvenated state.²⁶

Endnotes

- 1 Hero, J., Hall, D., & Geballe, S. (2007). *The State of Working Connecticut, 2007*. New Haven, CT: Connecticut Voices for Children.
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- 3 Urban towns are defined here to include Ansonia, Bridgeport, Derby, Hartford, Meriden, Middletown, Naugatuck, New Britain, New Haven, New London, Norwich, Torrington, Waterbury, and Windham.
- 4 Coelen, S. & Berger, J. (2006). *New England 2020: A Forecast of Educational Attainment and Its Implications for the Workforce of New England States*. Washington, D.C.: Nellie Mae Foundation. Retrieved July 12, 2007 from http://ceea.uconn.edu/studies/New_England_2020.pdf
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- 7 Connecticut Economic Resource Center, Inc. *Benchmarking Connecticut 2006: Determinants of Economic Growth*. Rocky Hill, CT. Retrieved May 6, 2006 from http://www.cerc.com/pdfs/Benchmarking06_fullreport.pdf87
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- 14 U.S. Department of Labor, *Employment and Training Administration Fact Sheet*. (2006). Retrieved August 9, 2007 from http://www.doleta.gov/wired/regions/2g_Southwestern_Connecticut.cfm; Office of Governor M. Jodi Reil. *SW Connecticut Partnership Gets National Support*. Workforce Innovation in Regional Economic Development (WIRED) Initiative. Press release. Hartford, CT. Retrieved August 9, 2007 from <http://www.ct.gov/governorrell/cwp/view.asp?A=2425&Q=311994>
- 15 Connecticut Regional Institute for the 21st Century.
- 16 *American Community Survey*, U.S. Census Bureau and National Low-Income Housing Coalition, *Out of Reach 2006* as cited in The Fund for Women and Girls. (2007). *Holding Up Half the Sky: A Report on the Status of Women and Girls in Fairfield County*. Wilton, CT: Fairfield County Community Foundation.
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- 20 Ibid.
- 21 Tri-State Transportation Campaign. (2007). *Reform: The Road Not Taken. A Review of Projected Transportation Spending in Connecticut, 2007-2010*. New York, NY.
- 22 Ibid.
- 23 Urbitran Associates.
- 24 Connecticut Regional Institute for the 21st Century.
- 25 Wolf, S. (2005). *Study Quantifies Substantial Return on Historic Tax Credit*. Providence, RI: Grow Smart Rhode Island.
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CHAPTER THREE: WORKING AND LEARNING

Connecticut has traditionally been known as an innovative state populated by highly skilled workers. During the 19th and first half of the 20th centuries, it was the state's skilled craftsmen and laborers who designed and developed much of the equipment and machinery used by manufacturers around the nation and the world. In those days, education was not as important in securing a living wage as it is now. Today, most jobs require technological skills and at least some college coursework.

With the advent of the knowledge economy, education has become one of several integral pieces of Connecticut's economic development. Though analysts have warned us for many years that the rest of the world would one day catch up academically, we have not acted. Now, the number of countries with a significant proportion of high school graduates is growing, and several may soon outperform us.¹

Over the past 30 years, one country after another has surpassed us in the proportion of their entering workforce with the equivalent of a high school diploma, and many more are on the verge of doing so.

National Center on Education and the Economy. (2007). *Tough Choices or Tough Times: The Report of the New Commission on the Skills of the American Workforce*. Washington, D.C.

As many educators have pointed out, our K-12 system was developed for an earlier time with goals and strategies that are now outdated. These analysts have developed theories about how the U.S. system should be revamped.² Here in Connecticut, our adult education system was not created for the workforce support it is now asked to sustain. Local programs have not been taken to scale and are unable to provide outreach to workers and employers. Across the state, a system for transitioning students from adult education to workforce investment or community college programs has yet to be implemented.³

The demand for community college enrollment also has risen over the past few years. These schools serve as the frontline of postsecondary education for many low-income and urban students as well as those seeking workplace training courses.

Community colleges strain to deliver remedial services to students who have not acquired basic skills in reading and math that are the prerequisites for college-level studies and workplace responsibilities. And individual students draw down their financial aid for remedial classes, adding more debt to that associated with their credit courses.

Along with the structural adjustments that are needed within the education system itself, more communication and coordination are needed among business, students, and schools. Strengthening the links between business and postsecondary education, including mentoring





and “work and learn” programs, is one way to improve student outcomes and ensure increased numbers of workers for high-skilled positions.⁴

The problems of Connecticut’s education system that manifest themselves in adult education and community colleges have much earlier origins. These need to be addressed to create a seamless and successful education system in the state.

The Earliest Learning

Many educators and researchers believe quality early childhood programs contribute positively to children’s academic ability in upper grades and, eventually, success as adults.

In January 2007, members of two influential communities—science and banking—published separate reports detailing the lack of investment being made in early childhood development by federal and state governments. Both publications confirm that high-quality early childhood programs are investments that yield a high, guaranteed rate of return.

The National Scientific Council on the Developing Child, in its report *The Science of Early Childhood Development: Closing the Gap Between What We Know and What We Do*, addresses the important interconnection between high-quality early childhood programs and the development of a child’s innate capacity. Researchers found that adults who attended quality early care and education programs as children were more likely to meet higher employment expectations, feel responsible for supporting social programs, and pay taxes.⁵

Economists from the Federal Reserve Bank of Minneapolis, in *Early Intervention on a Large Scale*, write about the higher return on investment that is received from early childhood education than from

traditional economic development efforts. According to the Federal Reserve, our goal should be to build a love of learning and a desire to succeed in children when they are young. Investments at this point in their lives produce more positive long-term results and cost less than later interventions.⁶

According to several national studies, the return on investment from model early childhood programs is anywhere from 2 to 17 times program costs. Personal returns for participants come in terms of each additional year of schooling attained which usually results in increased salaries. Public returns include reduced spending for remediation and grade retention, welfare assistance, and incarceration, as well as increased tax payments.⁷



Connecticut's Early Childhood Investment Framework

Children's prekindergarten experience is directly related to family income. Children in wealthy districts, District Reference Group (DRG) A⁸, are more likely to go to preschool than those in poor districts, DRG I.⁹

Understanding the importance of early childhood programs to later learning and reducing the achievement gap, Governor Rell and the Connecticut General Assembly created the Connecticut Early Childhood Education Cabinet in 2005. In 2006, Governor Rell created the Governor's Early Childhood Research and Policy Council by executive order to complement the work conducted by the Cabinet. The combined charge of these bodies is to develop a plan to strengthen the early childhood system for children from birth through age eight and to cost out its delivery. The end date for the Cabinet's work is 2015.

During the 2007 legislative session, Connecticut lawmakers passed a budget that included \$57.8 million in new state funding for early care and education for 2008 and 2009. Among the services supported by the state's investment were state-funded child development centers, facilities expansion, workforce scholarships related to career ladders, and development of a

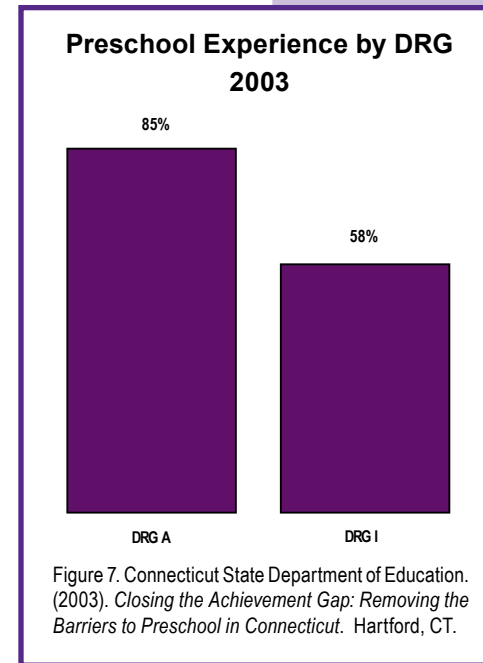


Figure 7. Connecticut State Department of Education. (2003). *Closing the Achievement Gap: Removing the Barriers to Preschool in Connecticut*. Hartford, CT.

Ready by 5 & Fine by 9: Connecticut's Early Childhood Investment Framework

In 2006, the Connecticut Early Childhood Education Cabinet developed the following recommendations:

- Provide funding for high-quality preschool for all three- and four-year-olds in families with income below 185 percent of the Federal Poverty Level (FPL), and increase income eligibility as state resources become available.
- Support the Connecticut State Department of Education in designing and implementing a child assessment for kindergarten entry.
- Ensure children enrolled in the HUSKY health care program receive regular well-child doctor visits and an annual developmental assessment.
- Develop a multi-year early childhood workforce professional development plan to meet state law and criteria of selected national certification programs.

Connecticut Early Childhood Education Cabinet. (2006). *Ready by 5 & Fine by 9: Connecticut's Early Childhood Investment Framework*. Hartford, CT.

quality rating system. No additional state funds were invested in the expansion of infant-toddler programs, however, even though research shows that investments are needed in the earliest years of life and learning.¹⁰

To address the demand for infant-toddler care, a task force of early educators and advocates has been brought together. The group will develop a strategic plan for the expansion and enhancement of programs for children six weeks to three years of age. The task force anticipates that its plan will connect the needs of working families with the developmental focus of early education. The availability of child care subsidies to working families will be as important as care that promotes physical, cognitive, and emotional development. Results Based Accountability (RBA) (see sidebar on page 27) will be infused into the work of each subcommittee of the task force.



... for some of the state's children, significant risks to their health, safety, development and learning remain. Public policy must expand investment to address these risks if Connecticut is to secure its economic and social future, retain its high ranking among states, and capitalize upon the abilities of all of its citizens.

Connecticut Early Childhood Education Cabinet. (2006). *Ready by 5 & Fine by 9: Connecticut's Early Childhood Investment Framework*. Hartford, CT.

Change in K-12 Education

Many analysts, including those from the Connecticut Conference of Municipalities, believe school reform must include recalculating the state's contribution to the cost of local education and decoupling school funding from the state's property tax. Established in the 1980s, the Education Cost-Sharing (ECS) Formula was designed to insure that state support for local education costs would rise as educational expenses for poor children rise.

In the mid-1990s, special education costs were folded into this educational formula without accounting for the expensive nature of special education. As a result, the ECS has not kept pace with overall education costs.¹¹ In addition, according to the Legislative Program Review and Investigations Committee (PRI) of the Connecticut General Assembly, although total education funding has increased steadily since the 1980s, the state's share of educational expenses has declined since 1990.¹²

This financial burden puts cities with lower tax bases at a disadvantage. Wealthy towns are able to raise more revenue and expend far more per pupil than towns with less affluent residents. Districts whose residents are neither wealthy nor poor have less to spend on closing the academic achievement gap. In all cases, the ECS formula and the state's unwillingness to increase its share of the education burden have resulted in the loss of much needed tax dollars for other municipal necessities.

During the 2007 Connecticut legislative session, a significant increase was made to the ECS grant, moving the state closer to the 50 percent funding goal that was the original intent when the ECS formula was first established. Unfortunately, the formula itself remains unchanged as evidenced by the fact that when calculated on a per-student basis, the largest increases appear to be going to the most wealthy districts.¹³ Nothing yet has been done to eliminate the property tax as the method of funding education costs.

Results-Based Accountability

Results-Based Accountability (RBA) (also known as outcome-based accountability) is defined as: (1) a management tool that can facilitate collaboration among human service agencies; (2) an innovative regulatory process; and (3) a tool to guide state and community problem solving. At a minimum, the term implies that goals are clearly articulated and that data are regularly collected and reported to address questions of whether results have been achieved.

RBA can be used at different levels—state, community, or agency. An example of a community-level goal would be the expansion of preschool slots in a given district.

A cohesive results-based accountability system includes the establishment of a strategic planning process; goals linked to indicators, benchmarks, or targets; and mechanisms for regular public reporting.

Shilder, D. (2006). *Overview of Results-Based Accountability: Components of RBA*. Cambridge, MA: Harvard Family Research Project. Retrieved September 17, 2007 from <http://www.gse.harvard.edu/hfrp/pubs/onlinepubs/rrb/overview.html>

Since the Horton decision (1973), the state increased its share of funding for education and the overwhelming majority of state funding for education takes into account each town's ability to pay, but the goal of equal state-local funding has not been met.

Legislative Program Review and Investigations Committee, Connecticut General Assembly. (2001). *Connecticut Public School Financing System*. Hartford, CT.



The state of Connecticut's urban school systems have, perhaps more than any other factor, been responsible for driving working and middle-class families with P-12 age children out of cities. They have also deterred families from moving into cities.

Connecticut Regional Institute for the 21st Century. (2006). *Connecticut Economic Vitality and Competitive Cities*. New Haven, CT.

Municipal Spending for K-12 Public Education

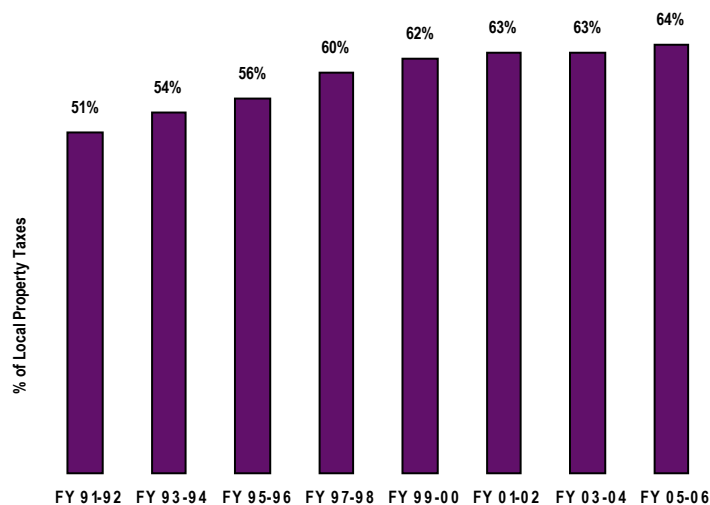


Figure 8. 1000 Friends of Connecticut. (2007). *Developing Connecticut's Economic Future*. Hartford, CT.

High School Dropouts and Financial Security

When a young adult drops out of school, dire financial consequences can occur. Without a high school diploma or a General Education Degree (GED), the individual's earning potential is substantially reduced. Unemployment rates are significantly higher for high school dropouts than for those who complete high school and go on to college. Higher rates of poverty, public assistance, and crime can be found among those who do not complete high school.¹⁴

In Connecticut, districts with the highest incomes (DRG A) had a combined dropout rate of less than one percent in 2004, compared to a dropout rate of over 20 percent in the lowest income districts (DRG I). In 2004, Bridgeport's dropout rate was 26 percent, Hartford's was 21 percent, and New Haven's was 19 percent.¹⁵ Among many analysts, there is concern that official dropout rates may understate the extent of the problem, especially in the state's poorest districts.



Adult Education and Community Colleges

Adult education consists of classes in high school completion, adult basic education (ABE), English as a Second Language (ESL), and citizenship. All are administered by the Connecticut State Department of Education and delivered by local school districts, regional education service centers (RESCs), and nonprofit community-based organizations. Community colleges also provide ESL and ABE classes.

According to PRI, 32,000 students per year are enrolled in the adult education system. PRI also reports that as many as 181,000 more adults in the state would participate in adult education if more classes were available in adult basic literacy and English as a Second Language (ESL).¹⁶

To create links among employers, employees, and adult education service providers, the Connecticut State Department of Education created state and local planning bodies in 2005. The Statewide Workforce Coordinating Committee is attempting to align and unify the education and training available from the adult education and community college systems.¹⁷

Connecticut's community colleges are perhaps the most responsive of postsecondary educators to the interests of business. Each of Connecticut's 12 community colleges has created links between business and students to increase the availability of skilled workers for a wide range of industries.

Connecticut Economic Vitality and Competitive Cities

Highlights of recommendations from the Connecticut Regional Institute for the 21st Century:

- Adopt state education funding formulas that recognize the limited fiscal capacity of urban school districts.
- Increase quality of teaching through improved recruitment, training, and compensation structures.
- Increase emphasis on the prekindergarten level, as it is commonly recognized that investments at this level will yield great results.
- Increase the number of urban magnet schools to attract a socioeconomically diverse student body.
- Improve linkages and curriculum alignment with the postsecondary system.

Connecticut Regional Institute for the 21st Century. (2006). *Connecticut Economic Vitality and Competitive Cities*. New Haven, CT.

To be successful, Connecticut will have to work in new and smarter ways—breaking down the silos that exist across state agencies, facilitating new government-education-industry-labor partnerships and creating a culture of flexibility and agility in navigating the “sea changes” occurring within the 21st century global-based knowledge economy.

Connecticut Office for Workforce Competitiveness. (2007). *A Talent-Based Strategy to Keep Connecticut Competitive in the 21st Century: Growing, Using and Enriching Connecticut's Talent Pipeline*. Wethersfield, CT.

Unfortunately, poor academic achievement during the K-12 years follows students on to college. While remedial education is one of the primary missions of the community college system, Connecticut has not developed a unified process across the 12 schools for assessing student ability and delivering targeted course work.¹⁹ Many students entering community colleges require remedial classes in reading and math before moving on to further study. In

Connecticut's community college system recently received two grants from the U.S. Department of Labor to create new training and education programs for manufacturing and health care. For manufacturing, the colleges will be training students in computerized machining and next-generation production. Nontraditional health care students will receive tuition assistance as well as academic and nonacademic support. Together, the grants amount to almost \$8 million. Funding from the U.S. Department of Labor will be supplemented by in-kind and financial support.¹⁸

2006, it was estimated that 40 percent of community college students were receiving remedial help with reading and writing, 60 percent with math.²⁰

A Talent-Based Strategy to Keep Connecticut Competitive in the 21st Century: Growing, Using and Enriching Connecticut's Talent Pipeline

Highlights of recommendations from the Connecticut Office for Workforce Competitiveness:

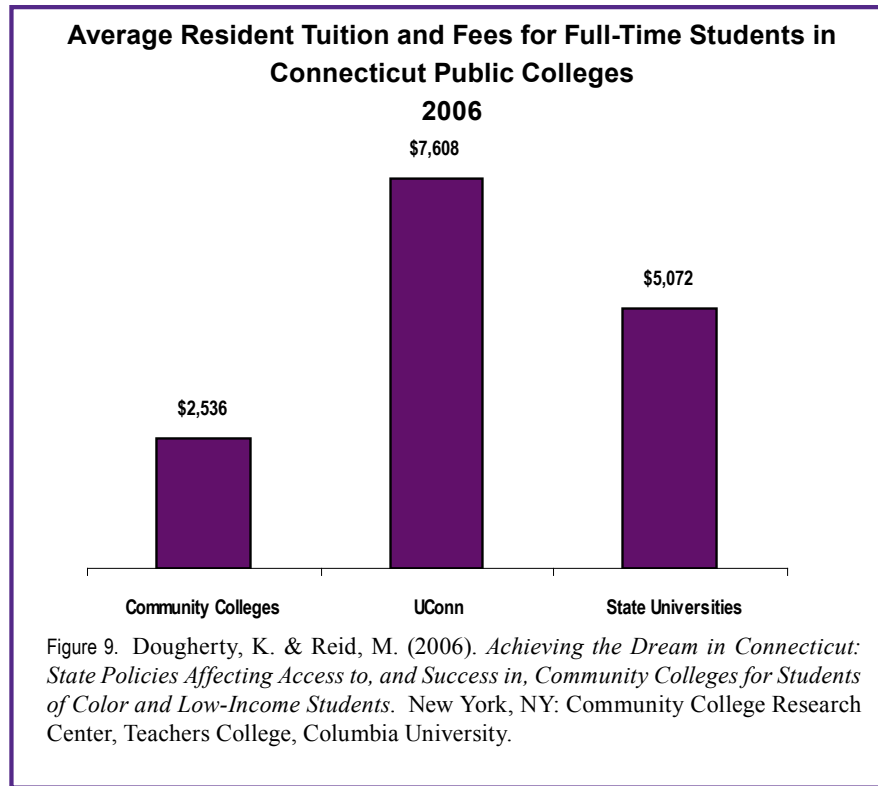
- Address Connecticut's urban education dilemma.
- Make college preparation the default curriculum for all Connecticut high schools.
- Mobilize science, technology, engineering, and math (STEM) skills from pre-K to postsecondary education.
- Retrain the current workforce to match skill shortages and provide workers with career options.
- Provide for adult literacy and basic skills development.
- Strengthen the state's existing workforce training and career development infrastructure at the regional level.

Connecticut Office for Workforce Competitiveness. (2007). *A Talent-Based Strategy to Keep Connecticut Competitive in the 21st Century: Growing, Using and Enriching Connecticut's Talent Pipeline*. Wethersfield, CT.

Community colleges are also the most affordable postsecondary institutions. They are the primary college entry point for many urban, low-income, and minority students. But the colleges are plagued by high rates of attrition. Because our community colleges are so important to the state's pool of skilled workers, every effort should be made to improve funding for academic support and nonacademic counseling, the attrition problem, and remedial education.

Creating Stronger Connections Between Business and Education

As part of the Governor's effort to address the links among business, education, and the economy, the Connecticut Office for Workforce Competitiveness released a report in 2007 calling for a number of improvements to the state's educational system, from prekindergarten to postsecondary education.²¹



The High Price of College in Connecticut

Another pressing problem for Connecticut leaders to address is the high price of public and private colleges. In 2006, based on an annual average income of \$25,736, the family share for tuition and fees in Connecticut colleges would range from 10 percent for community college to 30 percent for University of Connecticut.²²

Connecticut's investment in need-based financial aid has declined since the early 1990s. To address the increase in college expenses and the decline in funding, the Governor proposed, and the General Assembly approved, an increase in need-based financial aid during the 2007 state legislative session. With an allocation of \$23.5 million in each of the biennial budgets, the Connecticut Aid for Public College Student Grant (CAPCS) and the Connecticut Independent College Student Grant (CICS)—both of which are available to community college students—will be increased by an historic 77 percent.

Connecticut's Technical High School System

High school students who are interested in pursuing a career in technology or a trade are able to attend one of the state's 17 technical schools. The system serves approximately 10,000 full-time high school students and over 5,000 adults who pursue education, training, or apprenticeships in 34 occupational areas. Technical high schools are organized to deliver instruction in six career clusters: retail, hospitality, and tourism; construction; manufacturing; transportation; computer technologies; and health technology. Course relevance is maintained by the input of technology advisory committees and program assessment related to emerging technologies.

High school students earn a diploma and a certificate for their chosen trade. A large percentage of technical high school students go on to college, employment, or apprenticeships upon graduation.²³



Campaign for a Working Connecticut

During the 2007 Connecticut legislative session, the Campaign for a Working Connecticut, a coalition of 44 public- and private-sector organizations, developed a legislative proposal to increase the funding and availability of education and training options for Connecticut workers. The Campaign requested \$9.5 million in state funds that would serve a total of 4,500 individuals not enrolled in other education and training programs. The legislation was not passed.

For Connecticut's workforce to be competitive in the future, all levels of the state's education system require innovation and additional support from policymakers. From pre-K through college and adult education, good programs should be brought to scale. Understanding and implementing best practices are important first steps to guarantee that all students are prepared for the workforce.

Endnotes

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- 3 Legislative Program Review and Investigations Committee, Connecticut General Assembly. (2006). *Coordination of Adult Literacy Programs*. Staff findings and recommendations. Hartford, CT.
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CHAPTER FOUR: FAMILIES, WORK SUPPORTS, AND PROSPERITY

From countless studies, researchers have determined that a strong correlation exists between family income and child well-being, resulting in the presence or absence of risk factors that affect early development. A parent's ability to financially support a child can determine, in large part, whether or not the state will maintain a core of highly skilled workers in the future. As we understand the impact of income on children—the state's future human capital—we see that parents' earnings affect more than the immediate family.

Connecticut's Self-Sufficiency Standard – Making Ends Meet

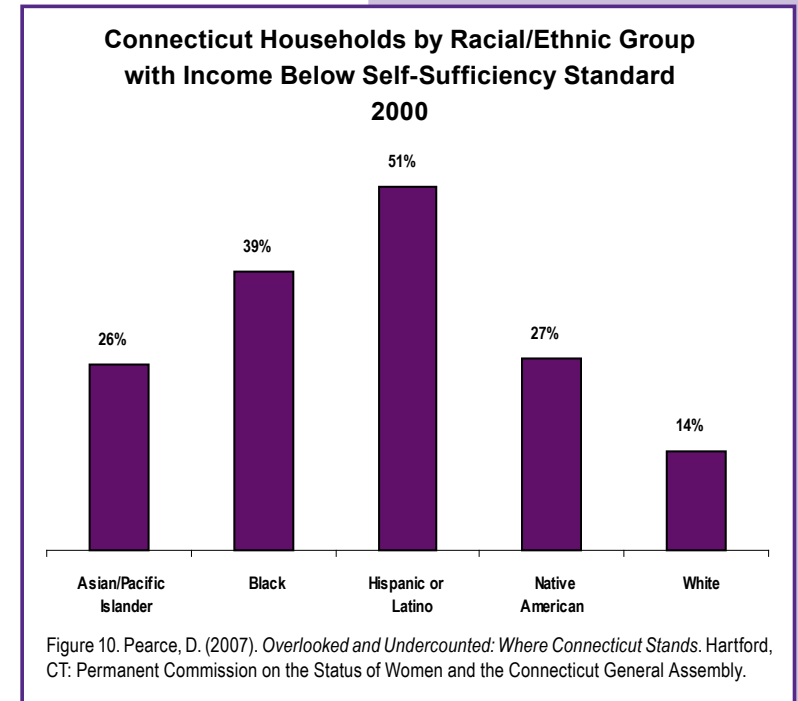
In 2007, the Connecticut Permanent Commission on the Status of Women and the Connecticut General Assembly released a report in which the 2005 Connecticut Self-Sufficiency Standard was used to analyze Census 2000 data. Researched by Dr. Diana Pearce of the University of Washington in Seattle, this report contains new statistics for the number of working families who are not able to afford the costs of basic goods and services.

Self-sufficiency is defined as that level of earnings needed by a family to adequately meet basic needs, without public or private assistance. The Self-Sufficiency Standard includes calculations for differences in family configurations, regional prices, and the increasing costs associated with children as they age and grow.

Basic expenses such as rent, food, transportation, and utilities are combined with other necessary expenses such as child care, taxes, health care, and the costs associated with working. The standard does not include discretionary expenditures such as eating out, paying off credit card debt, retirement savings, or educational expenses.

Dr. Pearce and other researchers, comparing the self-sufficiency and census data, found the following:

- Almost 20 percent of Connecticut families have incomes below the Self-Sufficiency Standard.
- Households struggling to cover their basic expenses exist across the state but are disproportionately found in our largest cities: Hartford (47 percent), Bridgeport (37 percent), New Haven (35 percent), Waterbury (35 percent), and Stamford (23 percent).



- Residents of these five cities make up one-third of all households statewide with inadequate income, even though they comprise only one-sixth of the state's total population.
- Connecticut households with insufficient incomes from highest to lowest percentages are Latino (51 percent), Black (39 percent), Native American (27 percent), Asian/Pacific Islander (26 percent), and White (14 percent).¹



Work Supports – Important for Family Self-Sufficiency

Health care and child care—these often are the most important work supports for employed parents with young children. But an adequate wage and a tax credit to augment the earnings of low-income workers also are important.

Access to health insurance is a growing concern among individuals and families from all income groups. In Connecticut and across the country, those most likely to be uninsured are people with income above poverty but below that of the middle class. These are the individuals and families who earn too much to qualify for public assistance but not enough to purchase insurance themselves. Most of the uninsured adults in Connecticut work full time. Most often, the uninsured are found among low-wage households, young adults, Blacks or Hispanics, those seasonally or temporarily employed, or those working at a small business or in the service sector.²

According to the Connecticut Office of Health Care Access, the percent of workers who are insured under an employer's plan varies by industry. The highest proportion with coverage are manufacturing employees (80 percent). Approximately three out of four employees in transportation, communications, and wholesale trade are insured. However, only 28 percent of employees working in personal services and 42 percent working in retail and entertainment/recreation receive coverage.³

In 2002, Connecticut had the lowest state spending (1.9 percent) on health care as a percentage of Gross State Product among the New England states.⁴ But health care spending is higher in Connecticut than in most other states, and overall, Connecticut pays the second-highest Medicaid costs per enrollee in the nation.⁵

The movement to create universal health care coverage has reached critical mass in Connecticut. Several proposals surfaced during the early days of the 2007 Connecticut legislative session. Governor Rell's proposal was to establish the Charter Oak Health Plan, funded by the state to make individual premiums affordable for the lowest-income residents. The General Assembly voted to fund the Health Plan at \$11 million in fiscal year 2009, \$8 million less than originally proposed.

In 2005, Connecticut parties spent approximately \$572 million on health care for the uninsured in direct costs. Thirty-nine percent of this amount was paid by the uninsured themselves, 11 percent was paid by donated services from the medical community. The remaining 50 percent was paid by the Veterans Administration, workers compensation, Medicaid, and other state, local, and private parties.

Meyer, J.A. & Hadley, J. (2006) *Mapping Health Spending and Insurance Coverage in Connecticut*. Meriden, CT: Universal Health Care Foundation of Connecticut, Inc.

Expansion of public health insurance was also passed in the form of changes to the Medicaid program. Provisions included: (1) raising the income limit for HUSKY A coverage for caretaking relatives to 185 percent of the Federal Poverty Level (FPL)—the level of coverage for children; (2) expanding HUSKY A coverage for pregnant women with income up to 250 percent FPL; and (3) extending HUSKY B (SCHIP) to children in families with income up to 400 percent FPL. Legislation also requires that uninsured newborns up to six months of age be automatically enrolled in HUSKY.

Legislation was also passed creating two health-related planning entities: (1) HealthFirst Connecticut Authority will recommend alternatives for affordable, quality health care coverage for uninsured and under-insured people; cost-containment measures; and insurance financing mechanisms; and (2) the Statewide Primary Care Authority is charged with developing a universal system to include coverage of prescription drugs for all Connecticut residents. While these incremental steps improve coverage for some families, Connecticut leaders are not yet committed to creating the type of health insurance system that will work for the majority of Connecticut residents.

Child Care Subsidies and Work

Along with providing school readiness programs for three- and four-year-olds in low-income families and other early education services, under the Care 4 Kids Program, Connecticut provides subsidies to cover the cost of child care and early education for children under the age of 12 (18 if a child has a disability) whose parents work. Care 4 Kids has been in existence for over 20 years. For the first decade, funding was increased annually by the Connecticut General Assembly.⁶

During the early 2000s, as a result of state deficits, state funding for Care 4 Kids was cut significantly and restrictions were placed on family eligibility.





In 2006, program spending was \$48.6 million less than it was in 2002. Participation went from 28,175 children served per month to 14,655, a reduction of almost 50 percent. Because of these reductions and other administrative changes, Connecticut is ranked fairly low among the states for its investment in child care subsidies. Spending for the program increased somewhat during the 2007 legislative session but is still \$30 million below the 2002 funding level, even before accounting for inflation.⁷ This additional funding was only available to families that were enrolled. Access to Care 4 Kids was not expanded.

In addition to reductions in funding, a number of other problems plague the program. The amount of the child care subsidy paid to an eligible family depends on the child care market rate determined biannually for each region of the state. In 2006, payment rates remained at the 2001 market rate. The U.S. Department of Health and Human Services sets the 70th percentile of market rate as that level of reimbursement which provides sufficient access to care; Connecticut sets its reimbursement rate at 60 percent.⁸

The Care 4 Kids program is an important support for low-income working families, and so it is also an important component of our economic recovery. The child care subsidy program can assist parents enrolled in education and training programs who are reaching for higher-skilled jobs.

A State Earned Income Tax Credit

The federal Earned Income Tax Credit (EITC) raises many working families with children out of poverty. Twenty-three states have enacted a state EITC, modeled on the federal credit; Connecticut is not yet one of them. A state EITC set at 20 percent of the federal return could make that much more income available to working families for bills, child care, or family necessities. In addition creation of a state EITC would reward work, reduce child poverty, pump money into the economy, help low-income workers make ends meet, and create equity among taxpayers.⁹

Advocates and legislators have been working for several years to pass an EITC in Connecticut, but it wasn't until the 2006 and 2007 sessions that the proposal came close to passage.

Unionization

Unionization is particularly important for low-wage workers who frequently do not have access to (or cannot afford) health insurance benefits, sick leave, or a wage adequate to support a family. A national survey conducted in 2006 found that 53 percent of nonunion, nonmanagerial workers would vote to form a union if an election were held at their place of employment.¹⁰

Union membership during the glory days of the labor movement in Connecticut was higher than in many other states, in part because of our large number of manufacturing jobs. Unionization was responsible for the creation of livable wages and benefits for employees. In 2004, approximately 15 percent of Connecticut workers were unionized, slightly more than the national figure (12.5 percent) but significantly less than the number estimated for the first half of the 20th century.¹¹

Of Poverty Amid Prosperity

Just as business leaders are converging around economic solutions that reflect the broader, long-term interests of the state, a number of civic leaders and organizations are focused on the link between economic development and poverty. These include several presidential candidates, the U.S. Conference of Mayors, Catholic Charities USA, the Center for American Progress, and the Metropolitan Policy Program of The Brookings Institution.

In addition, a number of states and cities have established policy goals related to the reduction or elimination of child poverty by the middle of the next decade. Connecticut stands among these forward thinkers. The state's Child Poverty Council (now the Child Poverty and Prevention Council) was established statutorily in 2004 and given the charge of cutting child poverty in half by 2014.¹² Connecticut, as the first state to officially establish poverty reduction as a goal, has the opportunity to provide the nation with a blueprint for improving the lives of poor children.

In its first year, the Council developed a broad list of recommendations that focused on the many risk factors arising from poverty. Since the development of the Council's plan, state policymakers have begun to address some of the recommendations, most notably around early childhood and housing. But beyond those major initiatives, dedicated state dollars have been scarce and progress has been incremental.



According to Dr. Nancy Cauthen of the National Center for Children in Poverty at Columbia University, who testified before the Council, a number of steps would greatly improve the possibility of reaching the Council's goal. These include: (1) creating more political support for the goal among policymakers and the general public; (2) increasing policymakers' willingness to fund programs and policies related to the recommendations; and (3) prioritizing one or two recommendations, rather than diffusing the state's efforts on the total list of objectives.¹³

While the reduction of child poverty may seem like a daunting task, it is now up to Connecticut's leaders to clarify priorities and commit state funds to



targeted, time-specific objectives. In the summer of 2007, the Office of Policy and Management announced its intention to have the Council focus on workforce issues during the 2008 legislative session. In fact, increasing funding for education and training programs, engaging business in mentoring and incumbent worker training for high-skilled jobs, and improving access to health insurance for uninsured, working families are exactly the types of dedicated effort that can raise children and their families from poverty.¹⁴

A Call for National Poverty Reduction

Many world leaders have focused their attention on poverty reduction as a means of improving the well-being of society. In 1999, Prime Minister Tony Blair announced that the United Kingdom had set the goal of ending child poverty by 2020. The United Nations followed in 2000, calling for an end to extreme poverty globally in its Millennium Development Goals. Then, in 2006, the Center for American Progress called together a Task Force on Poverty made up of national leaders from academia, labor, government, research, and nonprofits to develop a strategy to reduce U.S. poverty by half over the next 10 years.¹⁵

Recommendations to the Connecticut Child Poverty and Prevention Council

The National Center for Children in Poverty at Columbia University made recommendations that included the following:

- Increase family income by creating a 20 percent state Earned Income Tax Credit (EITC); adding dependent exemptions to the state income tax; and/or enacting a state-level child tax credit.
- Enhance early childhood development by broadening the programs to include infants and toddlers, expanding access to child care subsidies, and/or increasing the subsidy payment rates to more accurately reflect the market rate.
- Increase public health insurance for parents by expanding eligibility for HUSKY coverage, subsidizing coverage for employees of small businesses, and/or developing other options.

Cauthen, N. (2006). *Recommendations to the Connecticut Child Poverty and Prevention Council*. New York, NY: National Center for Children in Poverty, Columbia University.

The Task Force reached consensus on four principles: (1) promoting work that pays a wage which ensures families will not live in poverty; (2) providing opportunity for children to succeed and parents to obtain work, education, good neighborhoods, and career advancement; (3) providing economic security when work is unavailable or pays too little to make ends meet or when adults are unable to work; and (4) supporting the ability of people to build assets and achieve upward mobility.¹⁶

Based on the work of Dr. Henry Holzer of the Georgetown Public Policy Institute and formerly of the Urban Institute, the Task Force's premise was that poverty imposes enormous costs on society as well as on individuals and families. It has been found that children born into poverty are more likely than their nonpoor peers to earn inadequate incomes as adults. Research data also confirm that poverty results in higher costs to cities and states for special education, incarceration, and health care expenditures, in addition to reduced productivity and tax payments. In total, Dr. Holzer estimates that the cost of child poverty to the U.S. is approximately \$500 billion annually.¹⁷

Other leaders also have come forward with poverty reduction agendas. The U.S. Conference of Mayors Task Force on Poverty, Work, and Opportunity presented its findings in January 2007. To address the nation's persistent poverty, erosion of the middle class, and increasing disparities between rich and poor, the mayors felt there should be one common national strategy. To that end, their task force proposed to invest in the following for tomorrow's workers: (1) high-quality public education; (2) life-long education and skills development; and (3) economic opportunities. Among the recommendations are several priorities each for federal, state, and local governments and the private sector.¹⁸

In 2006, Catholic Charities USA launched the Campaign to Reduce Poverty in America, a multiyear, multifaceted effort. The primary

From Poverty to Prosperity: A National Strategy to Cut Poverty in Half


The Center for American Progress Task Force on Poverty recommendations included the following:

- Expand the federal Earned Income Tax Credit and Child Tax Credit.
- Promote unionization by enacting the Employee Free Choice Act.
- Guarantee child care assistance to low-income families and promote early education for all.
- Create two million new "opportunity" housing vouchers and promote equitable development in and around central cities.
- Reduce the high cost of being poor and increase access to financial services.
- Expand and simplify the Saver's Credit to encourage saving for education, homeownership, and retirement.

Greenberg, M., Dutta-Gupta, I., & Minoff, E. (2007). *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half*. Washington, D.C.: Center for American Progress.

The tolerance of widespread poverty in our midst undermines our social contract and weakens our democracy. It violates our basic sense of fairness and equity, and it diminishes our legitimacy as a beacon of political values . . .

Catholic Charities USA. (2006). *Poverty in America: A Threat to the Common Good*. Alexandria, VA.

The background of the page is a photograph of a white, two-story building with a prominent arched entrance. A sign in the foreground reads "West End Community Center" with the phone number "860-232-8081". The number "461" is visible above the entrance. The image is overlaid with a semi-transparent purple filter on the left side.

goal of the campaign is to cut poverty in half by 2020. In their policy paper, *Poverty in America: A Threat to the Common Good*, the organization highlights a series of policy recommendations for the federal government including: improving access to safe and stable child care; creating more affordable housing; improving the federal Earned Income Tax Credit (EITC); improving education and training; and addressing the growing income disparity. The policy report also calls for the creation of universal health insurance coverage.¹⁹

As reflected in the recommendations above, a convergence of opinions is forming around the importance of reducing poverty generally, and child poverty specifically. Each set of recommendations, whether from the municipal, religious, or advocacy perspective, recognizes the importance of education and training and a living wage. Each also recognizes that responsibility for relieving poverty is in the hands of government and the private sector, with the support of our citizens. And so, with Connecticut's precedent-setting mandate to reduce child poverty, Connecticut has the opportunity to continue its role as a public policy leader. In order for Connecticut to continue to be an *economic* leader, we will have to extend our current prosperity to all of the state's residents—we cannot afford to leave any workers behind.

Endnotes

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- 12 The Connecticut Child Poverty Council was established in part because of the advocacy work of the Connecticut Commission on Children. In 2006, the Connecticut Child Poverty Council was joined with the Connecticut Prevention Council and is now called the Connecticut Child Poverty and Prevention Council.
- 13 Cauthen, N. (2006). *Recommendations to the Connecticut Child Poverty and Prevention Council*. New York, NY: National Center for Children in Poverty, Columbia University.
- 14 Ibid.
- 15 The United Nation's Millennium Development Goals included: eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria, and other diseases; ensuring environmental sustainability; and developing a global partnership for development. The United Kingdom's interim goals were one-quarter reduction by 2004, one-half reduction by 2010, and full eradication by 2020.
- 16 Greenberg, M., Dutta-Gupta, I., & Minoff, E.
- 17 Holzer, H., et al. (2007). *The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor*. Washington, D.C.: Center for American Progress.
- 18 Mayor Antonio Villaraigosa and the U.S. Conference of Mayors Task Force on Poverty, Work and Opportunity. (2007). *Repairing the Economic Ladder: A Transformative Investment Strategy to Reduce Poverty and Expand America's Middle Class*. Washington, D.C.
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CONCLUSION: BUILDING PROSPERITY FOR ALL

Many of Connecticut's leaders are motivated to take the steps called for by the reports included in *Connecting the Dots*. At the moment, however, there are several independent and sometimes competing efforts for reform which often add up to less than the sum of their parts.

Creating Hope and Belief in the Promise

To achieve Connecticut's potential, especially for our poorest communities and residents, it is essential for our state leaders to restore hope—that Connecticut can compete and win by:

- Creating an attractive environment for large and small businesses;
- Making the state affordable for businesses and residents;
- Improving education for children and adults;
- Revitalizing cities so they become thriving centers of living, learning, and earning; and
- Moving families out of poverty.

Inspiring hope is especially important for low-income working families who cannot get ahead. Wages are stagnant. Shares of earnings of those at the bottom are significantly lower than the share of those at the top. As a result, it is nearly impossible for low-income parents to support a family and pay out-of-pocket for training and education to improve their wages. To many, the path out of poverty may seem like an impossible journey. Hope is needed to start and stay on that path.

Hope is also just as necessary for those working on these issues, the individuals and families from all income groups who see the urgency for change, business and labor leaders, and those in government who are frustrated by the lack of movement on issues they know are critical to Connecticut's economic and social success.

Equally, hope is necessary to engage the ambition, curiosity, and self-awareness of Connecticut youth, particularly those from our cities who currently do not believe in their own futures. And finally, it is important to match the boldness, energy, and creativity of the digital revolution and funnel it into public policy solutions for the benefit of our fine state.

To re-ignite the sense of opportunity and prosperity that was so prevalent 50 years ago, Connecticut must improve the education and skills of the state's current and future workforce and thus strengthen the state's competitive advantage.

The competence of Connecticut’s workforce has always been the driver of our prosperity. The development of smart public policies and investments directed at these diverse problems will bolster our economy. Large corporations, small- and medium-size businesses, government, labor, nonprofits, and others working together, thinking boldly and broadly, will be excited by the opportunity for change.

Along with hope, concrete actions are necessary. Perhaps the most important next step that can be taken is to call a wide variety of stakeholders from many sectors to one table. Planning together, leaders can share their visions and come to consensus on how to create a Connecticut that works for everyone. Among the concrete actions that could result from this simple step are the setting of a broad agenda—including intersecting goals, objectives, and strategies—and an implementation plan.

To compete in the 21st Century and to bring prosperity to low-income working families who are the backbone of our economy, Connecticut needs new mechanisms for change. The state can accomplish great things with a new vision and a new game plan.

Among the steps that can be taken are:

- Calling representatives of all sectors: business; government; and members of civil society—labor, faith-based organizations, academia, other nonprofits, and the community (including low-income residents) to the planning table;
- Creating a “connect the dots” culture in state and local government;
- Prioritizing the most urgent strategies, and setting timelines, goals and objectives for their accomplishments;
- Building political will among the general public and long-term investment among state and local policymakers;
- Creating hope among Connecticut residents and demonstrating to them that plans of this magnitude can work; and
- Building leadership beyond party politics and sector interests.

It is most important for Connecticut’s leaders to see beyond definitions that limit our prospects. Low-income working families need more than social services. Business and industry need more than financial incentives to move to or remain in the state. Our public policies must acknowledge the real and significant connections among children, families, business, the workforce, and Connecticut’s economy.

If Connecticut’s government, business, and citizens collectively develop real opportunities for all to share in the state’s prosperity, we will secure not only the future of our children, but the economy of the state as a whole.

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