Meeting the Challenge

The Dynamics of Poverty in Connecticut

CONNECTICUT ASSOCIATION FOR COMMUNITY ACTION

CONNECTICUT CENTER FOR ECONOMIC ANALYSIS

BWB SOLUTIONS

January 2013

New Opportunities, Inc. (NOI) weatherization project crew at Danbury's Beaver Street Apartments ceremony with U.S. Senator Chris Murphy and John Ferguson, NOI Weatherization Technical Coordinator. The weatherization workers had just completed 70 units, which included weatherization measures such as window replacements, air sealing, lighting, furnace replacements, and more to low-income housing units. In addition to conservation and energy efficiency measures, these workers are cross-trained to address health and safety issues in homes.

Connecticut Association for Community Action's (CAFCA) members, Connecticut's eleven Community Action Agencies (CAAs), continually strive to reduce the conditions of poverty through the identification and removal of social and economic barriers, the mobilization of community resources, advocacy, and the provision of direct services at the community level in all of the state's 169 cities and towns through cost-effective and community-based processes.

The Connecticut Center for Economic Analysis (CCEA), established in 1992, serves the people of Connecticut by improving their understanding of the state's economy -- past, present, and future. The Center focuses on providing timely information and reliable analyses about Connecticut's economy. By mobilizing and directing the expertise available at the University of Connecticut, state agencies and entities, and the private sector, CCEA equips the public and decision makers with the foundation for systematic, thoughtful debate of public-policy issues. The Center takes a long-term, strategic view of economic forces and is objective and transparent in its execution and delivery of studies.

BWB Solutions (formerly Brody Weiser Burns) has served hundreds of organizations since its founding in 1984. The organization's work focuses in three areas: planning; management and governance; and initiatives and partnerships.

BWB Solutions offers assistance with business, strategic, and sustainability planning. BWB's team can lead retreats, design organizational structures, prepare financial projections, offer market research and competitor analysis, and identify potential partners resulting in additional possibilities including: earned income ventures; new program collaborations; shared services and other cost efficiency measures; and, potential mergers and acquisitions.

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Meeting the Challenge: The Dynamics of Poverty in Connecticut, hereafter referred to as the Connecticut Poverty Report, or CT Poverty Report, is one step toward describing, statistically and anecdotally, and in narrative and graphic form, just how deep and wide the conditions of poverty are that exist in Connecticut. This report includes details about the nature of poverty in Connecticut and suggests basic concerns for Connecticut's ability to employ more of its residents. In addition, this report offers recommendations for reversing the trend and, more importantly, making Connecticut a place where all citizens do not just survive—they thrive.

The CT Poverty Report characterizes the hidden—yet omnipresent—infrastructure of poverty in Connecticut, with an eye to catalyzing authorities and people of good will to help create a holistic system to bring every child and family in Connecticut within reach of self-sufficiency. Starting from 1990 as its basis and ending with 2010, the CT Poverty Report reveals that times were difficult for many in the State of Connecticut. During those two decades, the number of people who struggled with insufficient income grew sharply in our state's most populous towns.

As of 2010, there were more than 720,000 people living at or near poverty in Connecticut. **720,000 people!** Those 720,000 people represent 21% of all residents in the state who are either living in poverty or facing the uncertainty of falling into poverty. Every day, they face the struggle of living without the resources necessary to attain economic self-sufficiency, the ability to provide food, clothing, and shelter for themselves or their family, and many other challenges. Furthermore, they are not concentrated in just a few parts of the state. During the 20-year period assessed by this report, almost all Connecticut towns experienced a rise in poverty. Additionally, of Connecticut's 169 towns, just 38 towns saw a decrease in the number of Very Poor residents while 131 towns saw an increase.

Four primary factors contributed significantly to the growth of poverty in Connecticut during this 20-year period:

- First, Connecticut employment has stagnated for more than twenty years. Since 1990, there have only been eleven months during which the number of employed Connecticut residents exceeded the number employed in 1990.
- Second, Connecticut had the worst job creation record in the nation over the 1990-2010 period.[1] At the same time, the state's working age population grew by 120,000 people, driving unemployment rates up—particularly in our poverty-sensitive communities.
- Third, Connecticut missed out on the technology related job growth in the 1990's, which deprived the State of the foundations on which much employment at the national level grew after 2002.
- Lastly, Connecticut has not effectively created or supported educational opportunities or developed other conditions that support job creation.

Despite these findings, steps can be taken to reverse the situation by honoring one simple mantra: employment is the primary pathway out of poverty. Such steps include:

- The State should adopt and implement effective policies, planning and practices that other states have developed to drive economic development including: examining infrastructure needs to improve access to jobs for those most at risk; revisiting permitting and regulatory policies; and restructuring the multi-tiered business-to-business sales tax to attract jobs and employers.
- The State should align credential requirements with job-specific tasks and convene a Task Force to investigate "Barriers to Entry" for low wage jobs, particularly in education and healthcare. All current and proposed licensing requirements should also be evaluated to ensure their bases are truly related to job-specific tasks rather than generic credentials.
- The State should support education and training

Executive Summary, continued

initiatives, including: wraparound funding for early education to address the disparity between towns; prepare students for current and future work environments; and, work with employers to ensure training efforts are aligned with market needs.

- Finally, and equally as important, the State should create a data center to store, track and analyze economic and jobs-related data in an ongoing and consistent manner. Fully informed and thoughtful planning and decision making, necessary to adequately address job creation and employment, can only be accomplished with comprehensive, longitudinal data.

Conclusion

The CT Poverty Report not only describes the devastating effects of poverty for those who face it on a daily basis, but also how the struggles of poverty affect every citizen's ability to achieve prosperity and self-sufficiency. As a result, this report offers affordable, achievable and actionable solutions that can be pursued now, in 2013, to achieve results that can immediately help to improve all of Connecticut's future.

In addition to these recommendations, it is important to note that the current administration is executing on its stated commitment to invest and compete for new economic and business development. Governor Malloy, with his Commissioners and other state leaders, has begun the process to address the many barriers to

self-sufficiency our most impoverished state residents face each and every day. We hope the information provided in this report will help inform his decisions as he continues to move the state forward.

Finally, this report's purpose has been to uncover causal influences, and while it does not address the many direct-line providers, advocates, and legislators who have tirelessly worked to make a difference in the lives of those who experience poverty, Appendix I provides some important insight about one group of providers who serve every one of the state's 169 cities and towns: Connecticut's Community Action Agencies. The caseworkers and customers who utilize services offered by Community Action Agencies were the witnesses for much of the anecdotal data included in this report. But for these organizations, many more citizens would face their days without food, shelter, warmth, job training and, hope.

Roderick Bremby

Introduction

Commissioner Roderick Bremby
Connecticut Department of Social Services

Whenever I hear speakers tell of having grown up on the wrong side of the tracks, I smile to myself. I grew up in a place so disconnected from economic opportunity that it didn't have tracks at all, let alone a right or wrong side!

But, I had a loving, devoted family, and we had a strong, caring community. As a result of such blessings, I had a solid foundation in life. And just as I have never forgotten the love and encouragement of my family, neither have I forgotten the compelling truth of community: that sometimes, we're just better together. Sometimes, it takes a village.

At its core and at its best, government is about just that: community. It's about partnering to do as a community that which we are less able—or fundamentally unable—to do as separate individuals. Today, as families and government alike face harsh fiscal realities, it is more important than ever that government and our partners contribute effectively and efficiently to better outcomes for struggling families. As CAFCA Chairman James Gatling and Executive Director Edith Pollock Karsky correctly note in their welcome, the heightened demand and limited resources for social services, combined with clear demographic trends, clearly demonstrate that the status quo is unsustainable.

The pivotal questions, then, are What exactly is the status quo, and What—specifically—might we do to make our public policies and social service systems sustainable? This report is one step toward answering such questions. As you will read, there aren't any easy answers, and the conversation is as difficult as it is essential. Our report reinforces the need for effective, integrated, accountable partnerships in this vital work. Indeed, only through such a strategic, holistic approach will we ensure that every child and family in Connecticut lives on the right side of the tracks.

As you read this report and share it with others, I hope you will join in this critical conversation and help to shape the future of our great state.
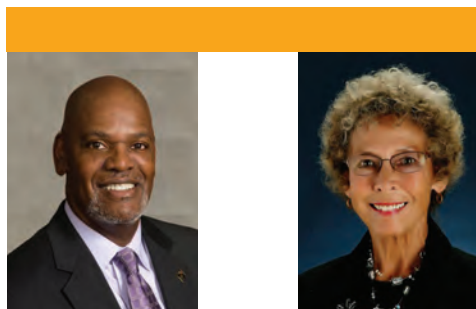
Dr. James H. Gatling   *Edith Pollock Karsky*

Introduction

Connecticut Association for Community Action
Dr. James H. Gatling, Board Chair, and Edith Pollock Karsky, Executive Director.

Connecticut stands at a crossroads unlike any in our history. Never before have economic, social, and political events combined to create so clear an opportunity to chart a new course. As a state, we find ourselves weathered by a painful recession and a frustrating recovery. We have seen fit to cast aside many familiar notions and comfortable assumptions because of the glaring contrast between the promise they once held and the reality of their impact. We have, quite frankly, been humbled by economic forces beyond our control.

Since the Great Recession began in 2008, demand for our agencies' anti-poverty programs has skyrocketed. Call them the new poor: people long accustomed to the comforts of middle-class life, who are now asking for public assistance for the first time in their lives—potentially for years to come. This economic condition we are currently facing has been designated the 'new normal'. A startling example of this 'new normal' is the increase in the case load of the Low Income Home Energy Assistance Program (LIHEAP), where customer demand for home heating assistance has increased by over 40% at most Community Action Agencies since the recession began. Of course, in addition to energy assistance, these families have multiple other needs as well.

In the midst of this social and economic turbulence, Connecticut's CAAs have come through as an integral part of our state's social safety net. We have helped families keep their homes, have nutritious meals on their tables, care for their children, and prepare for new careers. While providing services to meet immediate needs, our agencies also work with those in need to develop long-range plans for success.

Of course, this begs the question of what the future should and could look like for those who have been living in poverty for years and the new poor. Thus, in the field of human services and economic empowerment, we have come to know that a new course is not only possible, it is inevitable. We can trace fiscal and demographic trends and see clearly that the status quo is unsustainable. It is time to look anew at our approaches and programs, and time to chart a demonstrably better course for customers and communities alike, making data-driven decisions, developing systems strategically, and measuring meaningful outcomes.

Introduction from Connecticut Association for Community Action, continued

But, we cannot decide on a direction without first understanding where we are starting from—and that's where this report comes into play. Our state's progress will always be limited unless each and every family is empowered to reach its potential, and poverty is the single most corrosive way in which that potential is stifled. This report illuminates the hidden—yet omnipresent—face of poverty in Connecticut, allowing us to acknowledge the facts together and chart a course well aware of the terrain.

Some readers will be uncomfortable with the facts of this report. Some may be caught off guard by disturbing statistics and trends. Others might find that this report tells a familiar story which hits a bit too close to home. We commend all readers for facing the unpleasant truth in order to move forward responsibly. And, we submit for your consideration that the most disturbing aspect of this report is not the numbers or trends, but the fact that we—as a state—largely have allowed ourselves to dismiss poverty as something that happens to those people, over there, when in fact poverty is inflicting avoidable pain and harm on families, neighbors, and communities all around us. In the spirit of moving forward, we have included in this report recommendations based in evidence, and we hope every reader engages in the challenging, but essential, conversation about Connecticut's direction.

One final note. In his introduction to this report, Connecticut Department of Social Services Commissioner Roderick L. Bremby comments on the importance of leveraging partnerships to achieve greater social service outcomes in the face of increased demand and decreased funding. The publication of this report certainly has been one such exercise, and we are grateful to Commissioner Bremby and all of our partners for having made this a truly collaborative process. We know that this report represents not a conclusion but a beginning, and we look forward to the many cooperative efforts to come as we continue striving to ever more effectively empower Connecticut's families and communities toward greater economic security.

I. Report Overview

Dynamics of Poverty in Connecticut

The two decades from 1990 to 2010 were difficult for many in the State of Connecticut. During those years, the number of people who struggled with insufficient income grew sharply in our state's most populous towns. Based on the 2010 American Community Survey, there are now more than **720,000 people** living at or near poverty[2]. Those 720,000 people represent 21% of all residents in the state—21% of the state's residents who live without the resources necessary to attain economic self-sufficiency, the ability to provide food, clothing, and shelter for themselves or their family, and who face many other challenges. **Why?**

In 2010, nearly 1 in 10 residents had incomes below the Federal Poverty Line (FPL), about $11,000 for an individual or $22,000 for a family of four. This report, as more fully explained below, refers to those subsisting below the FPL as "Very Poor". In 1990, 217,300 Connecticut residents met this definition, making up 6.8% of the state's population. **Throughout the 1990s the number of Very Poor grew 19%**, accounting for 7.9% of all state residents. The 2000s saw a continuation, even a quickening, of this trend. **The number of Very Poor increased 21% during the 2000s to over 314,000 people**, accounting for 9.2% of Connecticut's total population.

Why such significant increases in poverty in Connecticut? While this report makes no claim of having all the answers, it is clear that limited initiatives to attract new jobs and industries to our state played a big role over the most two recent decades.

Access to employment is crucial, as it is the only sustainable path out of poverty. However, Connecticut's overall record of creating and supporting the conditions and environments that attract business and jobs was, at best, ineffectual during the 20-year period studied. Due in part to a lack of cohesive economic development policies, complicated tax and regulatory environments, and arcane permitting processes, Connecticut saw a net loss of jobs even as

its working age population grew by 120,000. Perhaps more important for Connecticut residents living in or near poverty, those 20 years saw a significant contraction in the number of lower wage jobs that provide the natural entry point for members of these households to become self-sufficient. Thus, part of the dynamic of the growth of poverty in the state is a long-term constriction of the pathway out of poverty: access to employment.

Connecticut had fewer jobs in 2010 than it did in 1990.

I. Report Overview

Meeting the Challenge:
The Dynamics of Poverty in Connecticut
examines Connecticut's experience with poverty over a 20-year period, from 1990 to 2010, and highlights demographic shifts related to poverty's growth and expansion. The report describes how the changing nature of employment opportunities has exacerbated these trends, and identifies state-level barriers to increased job growth.

Additionally, the report notes the ways in which the state's Community Action Agencies facilitate relief for those who struggle with poverty. This relief comes in the form of reinforcing behavior and processes to secure temporary assistance to meet basic needs and manage crisis, while at the same time providing support and training to enable long-term gains in the active struggle toward economic self-sufficiency.

Finally, this report offers some examples and suggestions to assist state policy makers in identifying what the state can do to reverse the troubling trends documented herein.

What does it mean to be poor in Connecticut?

For Robert, it meant losing his home and his independence when he lost his job. Following months of looking for work while staying with a friend, Robert came to an Emergency Shelter in Danielson run by Access, his local Community Action Agency. Upon his arrival, Robert and his case manager built an action plan that connected him with important resources to address his medical and mental well-being. Access referred Robert to CTWorks for skills assessments and training opportunities. Robert learned how to create a resume, rebuild his self-esteem, and re-launch his job search. Robert quickly found a full-time job at a restaurant in Brooklyn, and is now able to move out of the shelter "…so someone else who needs help can have the room." Robert is proud of his achievement and thankful for all the help he has received, but remains on the edge with income just above the poverty line.

Like so many across our state, Robert lives knowing that one life event, job loss, car accident, or health issue could see his return to poverty and homelessness.

Who helps our poorest citizens cope?

Robert's story reminds us of the important role played by the state's Community Action Agencies, who provide valuable services and connect their clients, Connecticut residents who need their assistance, to other services available from both public and private sources.

I. Report Overview ....

Definitions

This report takes an income approach to measuring poverty, with analysis based on the most comprehensive census data sets available for the review period—the decennial census of 1990, 2000, and 2010. Where appropriate, this study presents more current data or data from other sources.   To measure and illustrate poverty in Connecticut, the report focuses on those living below 200% of the Federal Poverty Line. The Federal Poverty Line (FPL) may refer to one of two measures depending on the data source. Those measures are the Federal Poverty Threshold (FPT), a measure updated each year by the Census Bureau and used for statistical purposes, and the Federal Poverty Guidelines (FPG), a simplified version of the FPT used for program eligibility and updated each year by the U.S. Department of Health and Human Services.[3]

Because the majority of the data analyzed for this report comes from information collected and distributed by the Census Bureau, references in this report to the FPL will most often refer to the Census's FPT; however, as stated, the term may be used to refer to either measure.

The following chart presents the underlined upper limit income levels for comparison of the FPG and the FPT.

"Poverty Definitions" for 2010 (Upper Limits)		HHS Poverty Guidelines (FPG)		Census Poverty Thresholds (FPT)	
	% of measure	1 Adult	2 Adults & 2 Children	1 Adult	2 Adults & 2 Children
Very Poor	Less than 100%	$ 10,830	$ 22,050	$ 11,139	$ 22,113
Poor	Less than 200%	$ 21,660	$ 44,100	$ 22,278	$ 44,226

In this report, "Very Poor" refers to those living below the FPL; that is, with incomes at or below 100% of the FPL. Recognizing that one individual or family can exhibit many of the traits of poverty - low food security, crime ridden neighborhoods, poor school performance, etc. - and yet still live in a household with an income greater than the FPL, the analysis looks at a second grouping. This group consists of individuals who live in households with incomes less than 200% of either of the federal poverty measures. In this report, "Poor" refers to those living at or below 200% of the FPL. 200% was chosen as the cutoff because this is a threshold at which there is sufficient data available in the decennial census; however, even incomes at this level may not allow one to meet all of a household's basic needs.

The Basic Economic Security Tables (BEST) for Connecticut 2012, a Permanent Commission on the Status of Women report,[4] showed self-sufficiency income levels both above and below the thresholds set by the Census Bureau that were used in this report, with the variables being geographic location and household make-up. For example, according to the BEST report, a family of four living in Greater New Haven would need an income of $52,943 to be self-sufficient versus the cutoff of $44,100 used in this report, while an individual living in the northwest corner of the state would need an income of at least $20,485 to be self-sufficient, versus the cut-off of $21,600 seen above. Overall, we believe that the figures presented above provide a fair upper-limit for incomes below which a household is in poverty or continually at risk. Households at the upper end of the limit may have trouble making ends meet, living one major event away from being very poor.
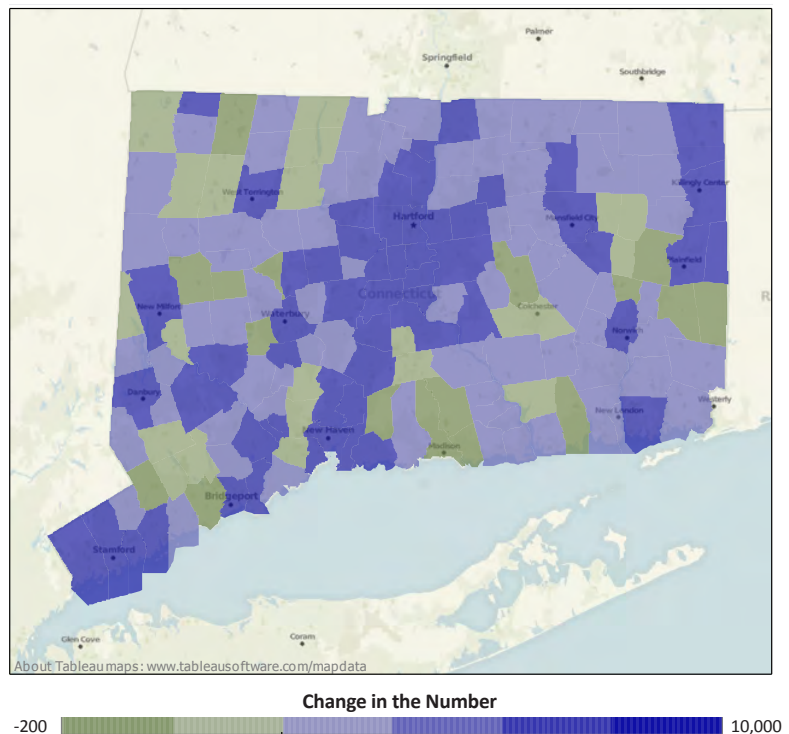
I. Report Overview

To illustrate the overall impact of poverty across cities and towns in Connecticut, there are two maps shown here. The first map shows the towns where there was a significant increase in the number of people who are Very Poor, from 1990 to 2010. With so many towns represented by dark blue, the indicator for change in the number of Very Poor residents, the majority of Connecticut towns (131 of them), experienced an increase in poverty during the 20-year period—a striking finding. Only 38 towns saw a decrease in the number of Very Poor residents.

Not only has the number of Very Poor residents grown in our major urban areas, but as the second map illustrates, the percentage of those struggling with poverty grew in some unexpected communities. Additionally, thirty towns saw increases greater than 100%—and these towns can be found in every county across the state, including even those we think of as financially secure; for example: Westbrook (129%), Somers (188%) and Southbury (220%).

For purposes of this report, "Very Poor" means those individuals with incomes below $11,000 and families of four with incomes below $21,000. "Very Poor" people are those living below the Federal Poverty Line.

See chart on Definitions page.

Change in the Number of Very Poor Persons by Town-1990 to 2010

About Tableau maps: www.tableausoftware.com/mapdata

Change in the Number

-200   10,000

Percent Change in the Number of Very Poor Persons by Town-1990 to 2010

About Tableau maps: www.tableausoftware.com/mapdata

Percent Change

-90%   510%
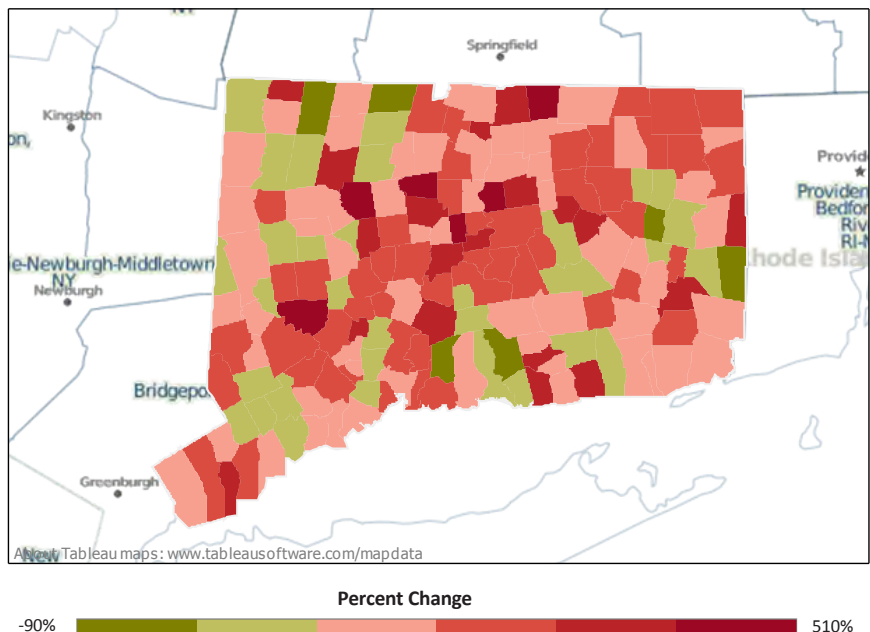
Maps courtesy of the Connecticut State Data Center, located at the University of Connecticut Babbage Library's Map and Geographic Information Services.

I. Report Overview

Key Finding – 1990 to 2010
Fewer Jobs, More Poverty

The number of Connecticut citizens in poverty has risen over the past twenty years while employment opportunities, particularly those at the lower end of the wage scale, fell during this same time period. Three demographic shifts—baby boomers entering retirement; skilled and educated young people looking out-of-state for employment opportunities; and the geographical concentration of poverty—exacerbate this trend.

A striking change over the 20-year review period is the modest growth in Connecticut's overall population contrasted against a 12% increase in those aged 65 and older, and a marked increase in the number of Very Poor Connecticut residents.

From 1990 to 2010, the percentage change in the number of residents by select categories
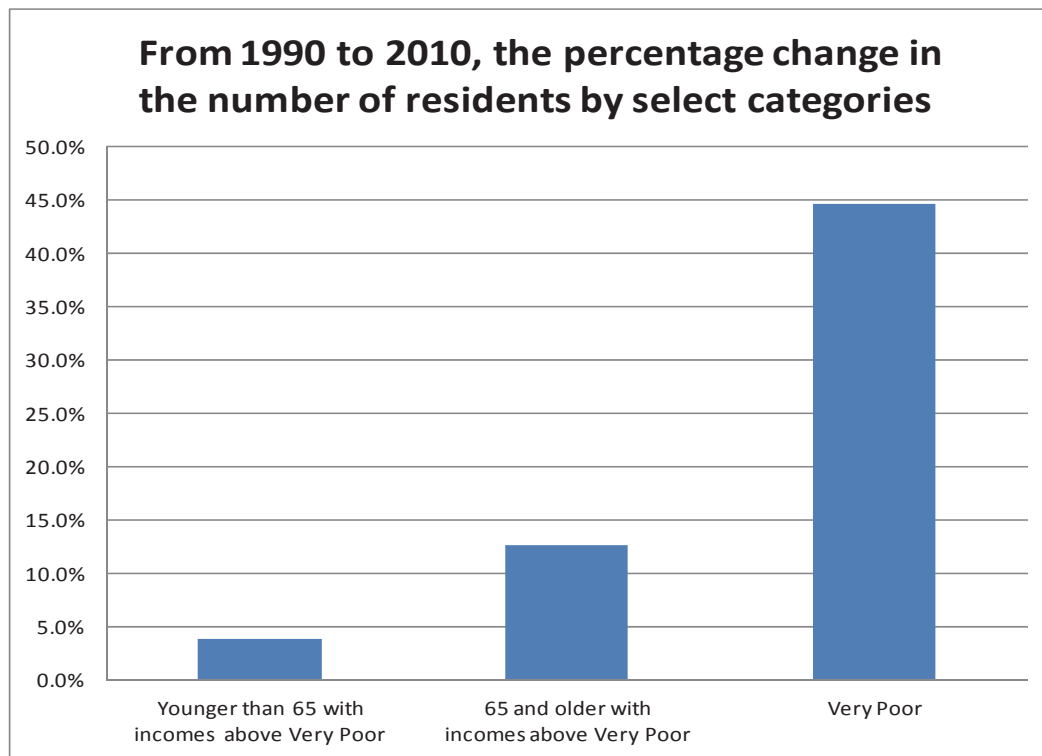
I. Report Overview ....

Key Findings

This report sets three key factors—a basic education, workforce training, and employment opportunities—that determine changes in the number and percentage of people living in poverty. In simple terms, when there are more jobs, there is less poverty.

Here are some of the research team's most significant findings:

- **Poverty in Connecticut increased significantly from 1990 to 2010**
  - The number of Connecticut residents who were Very Poor (incomes below the Federal Poverty Guideline, or FPG) increased 45% during the twenty-year period, with the percentage of all Connecticut residents who were Very Poor growing from under 7% in 1990 to over 9% by 2010.
  - Demographic changes exacerbate this trend; for example, the number of Connecticut residents age 65 and older is increasing at a rate nearly twice that of those aged 18 – 64, known as the "working age" group. A significant share of those 65 and older residents will live on fixed incomes below 200% of the FPL, an income level referred to as "Poor" in this report.

- **Poverty growth is closely tied to stagnant job creation within Connecticut**
  - Employment within the state has stagnated for more than twenty years. Since 1990, there have only been eleven months during which the number of employed Connecticut residents exceeded the number employed in 1990.
  - Connecticut has the worst job creation record in the nation over the 1990-2010 period.
  - Connecticut missed out on the technology related job growth in the 1990's, thus failing to create the foundation from which many of the national employment opportunities emerged in the most recent decade.
  - Connecticut has seen a significant contraction in the number of entry-level jobs most accessible to low-skill workers, restricting their ability to gain that crucial initial foothold on the employment ladder.

- **Connecticut can do a better job of creating and supporting educational opportunities and the conditions that support job creation**
  - State level policy decisions were made that did not create supportive environments for innovators to start new businesses, and hampered the state's ability to attract jobs and employers.
  - Connecticut has instituted entry barriers to employment at the lower end of the wage scale; e.g., increasing educational requirements for low-wage jobs in preschools and healthcare.
  - Errors in State level policy were due more to a lack of relevant data and analysis on which to base such decisions, than on partisan differences in job creation approaches.
  - Employment trainings within Connecticut have often not been aligned with actual job opportunities.
  - In Connecticut, there is a strong correlation between those living with a poverty level income and those who fail to attain a high school diploma. It is critical to note that during the review period, the rate of high school completion in Connecticut's major cities declined - virtually guaranteeing a continued and increasing struggle to avoid poverty.

I. Report Overview

Community Action Agencies Take a Holistic Approach

Those struggling with poverty often face multiple challenges, and the caseworkers at Connecticut's CAAs understand that to the highest level. When people enter the doors of a CAA they often enter in crisis, because one or more issues in their life has risen to such an unmanageable level that it can no longer be addressed without assistance. The CAA caseworker assigned to that person takes a holistic approach and examines their entire situation, knowing that a family unable to get that next oil delivery may have an empty cupboard, too.

Sally, a 35 year old single mother of a disabled 12 year old daughter and 9 year old son came to ABCD, the Community Action Agency in Bridgeport, seeking help with her gas heating bill. Sally was also out of work, and her income was limited to the monthly SSI payments she received for her daughter.

During her interview with a caseworker, Sally was relieved to learn that she qualified for Energy Assistance. The interview also led to the caseworker's discovery that Sally faced shut-off of her electric service after falling behind in her bills during the previous winter. Fortunately, ABCD was able to make an additional award under a separate program to help keep the lights on. With these two immediate needs met, Sally became emotionally distraught and began to cry. She confided in her worker that there had been a delay in processing her food stamp application, and she did not have any food at home for her two children. ABCD was able to issue her a food voucher for use at the local food pantry. The worker also was able to contact DSS for the client and get information on the situation with the client's food stamp case.

Sally was grateful for all the help she received at ABCD, and was relieved that not only will her gas and electric service remain on, but that her new payment plan would be manageable. However, what Sally really needs, what we all need, is a job. As a part of her interview with ABCD, Sally was referred to CTWORKS in the hope of finding a permanent, long-term solution...a job to support her family.

I. Report Overview ....

Meeting the Challenge
What Can Be Done About Poverty In Connecticut?

The research team has developed the following list of potential actions the state should consider and act upon to support the growth of employment opportunities in Connecticut, particularly those opportunities that provide the first steps to the pathway out of poverty.

- **Implement comprehensive economic development planning**
  - Examine infrastructure needs to improve access to jobs for those most at risk.
  - Look to successful programs in other states.
  - Consider simplifying the business-to-business tax rate.
  - Revisit permitting and regulatory environment.

- **Align credential requirements with job-specific task**
  - Convene a Task Force to investigate "Barriers to Entry" for low wage jobs, particularly in education and healthcare.
  - Evaluate all current and proposed licensing requirements to ensure they are based on solid evidence that they are truly related to job-specific tasks rather than generic credentials.

- **Support education and training initiatives**
  - Provide wraparound funding for early childhood education to address the striking disparities in education outcomes amongst Connecticut towns.
  - Support training that prepares students for current and future work environments.
  - Work with employers to ensure training efforts are aligned with market need.
  - Evaluate "best practices" developed and implemented in other states to incorporate short-term strategies and interventions that have measurable payoffs.

- **Create a data center to store, track, and analyze economic and jobs-related data in an ongoing and consistent manner**
  - Good policy flows from quality data and thorough analysis.
  - Investments in this data center should represent long-term commitment from the outset.
  - Modify Confidentiality and Freedom of Information rules to facilitate integration of data across different agencies, permitting appropriate analysis.
  - Assess and address critical IT infrastructure needs.
  - Institute a framework of iterative policy studies to facilitate public policy development and implementation.

II. Methodology

Tier 1 and Tier 2 Cities and Towns

To facilitate a well-rounded examination of the changing dynamics of poverty in Connecticut, the research team developed two "tiers", or groupings, of towns. The Tier 1 cities show both that poverty can align with high population density but need not always give rise to a concentration of Very Poor residents. Our six Tier 1 cities are among the nine cities with the densest populations.

Although poverty in the state is disproportionally concentrated in large urban centers, the Tier 2 towns, as a study group, illustrate that poverty also occurs in smaller towns, and in at least one town within each of the State's eight counties.

This highlights the understanding that poverty is an

issue which cuts across all segments of our population, including suburban and more rural areas.

By no means does this report suggest that towns not listed among our tiers are all doing fine; there are numerous towns with high rates of poverty, which were not included. For example, Willington, located in in Tolland County, with 16% of its population as Very Poor in 2010; or North Canaan, located in Litchfield County, with 14% of its population as Very Poor in 2010.

In our tier perspective, while 42% of Connecticut residents call Tier 1 and Tier 2 towns home, these same 24 towns account for 72% of Very Poor residents and 61% of Poor residents. Truly, many outside of our urban centers are "only one paycheck away."

Connecticut Department of Economic and Community Development 1996
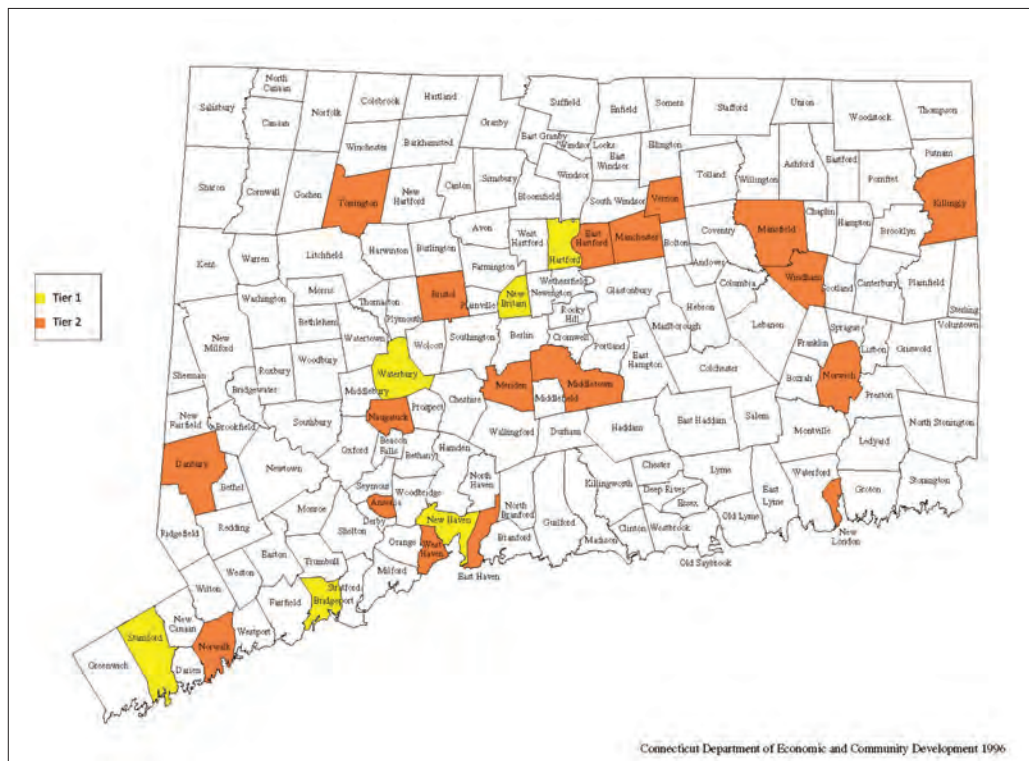
While disproportionately concentrated in urban centers, poverty is an issue which cuts across all segments of our population.

II. Methodology

Tier 1 Cities

The first group, Tier 1, consists of six of Connecticut's largest urban centers—the six cities with the largest number of Very Poor residents. Although the two tier framing was originally conceived as a method for streamlining analysis, this approach has highlighted a geographical concentration of poverty within Connecticut, as will be more fully described in the next section, Demographics of Poverty.

Tier 1 Cities and Towns

Towns and cities with more than 10,000 Very Poor residents, arranged in descending order based on the percentage of residents classified as Very Poor (incomes below the FPL).

Based on 2010 American Community Survey, Five-Year Estimates

	County	Total Population	Number of Very Poor Residents	Percentage of Very Poor Residents	Number of Poor Residents	Percentage of Poor Residents
Hartford	Hartford	116,689	37,495	32.1%	29,431	25.2%
New Haven	New Haven	118,452	29,811	25.2%	23,554	19.9%
Bridgeport	Fairfield	138,854	28,876	20.8%	31,312	22.6%
Waterbury	New Haven	107,670	22,532	20.9%	22,023	20.5%
New Britain	Hartford	70,064	14,388	20.5%	14,761	21.1%
Stamford	Fairfield	119,686	13,301	11.1%	15,929	13.3%
Totals for Tier 1		671,415	146,403	21.8%	137,010	20.4%
Statewide Totals		3,434,901	314,306	9.2%	410,070	11.9%
Tier 1 Towns as % of Statewide	**19.5%**	**46.6%**		**33.4%**	
Statewide Total Poor & Very Poor		**724,376**	**21.1%**		

Note that although the six cities in Tier 1 comprise just 20% of the entire state's population, nearly half of the State's Very Poor call a Tier 1 town home. Similarly, Tier 1 towns account for 20% of total population, but 33% of the state's Poor—those living below 200% of the FPL.[5]

II. Methodology

Tier 2 Cities and Towns

Tier 2 consists of cities and towns with more than 1,500 Very Poor residents who make up 7.5% or more of the town or city total population. Cities and towns are organized in descending order based on the percentage of residents classified as Very Poor.

Together, Tier 1 & Tier 2 towns account for:

42% of the state's population
73% of the state's Very Poor
61% of the state's Poor.

Based on 2010 American Community Survey, Five-Year Estimates

	County	Total Population	Number of Very Poor Residents	Percentage of Very Poor Residents	Number of Poor Residents	Percentage of Poor Residents
Windham	Windham	22,494	5,130	22.8%	4,980	22.1%
Mansfield	Tolland	14,444	2,593	18.0%	1,740	12.0%
New London	New London	23,112	3,991	17.3%	5,458	23.6%
East Hartford	Hartford	50,425	7,467	14.8%	9,192	18.2%
Norwich	New London	38,988	5,610	14.4%	6,755	17.3%
Meriden	New Haven	59,152	8,191	13.8%	9,923	16.8%
Middletown	Middlesex	45,327	5,427	12.0%	6,594	14.5%
Torrington	Litchfield	35,765	4,040	11.3%	5,380	15.0%
Killingly	Windham	17,050	1,763	10.3%	3,234	19.0%
West Haven	New Haven	53,675	5,442	10.1%	10,173	19.0%
Ansonia	New Haven	19,003	1,837	9.7%	2,390	12.6%
Danbury	Fairfield	76,036	6,370	8.4%	11,793	15.5%
East Haven	New Haven	28,947	2,408	8.3%	3,549	12.3%
Norwalk	Fairfield	84,103	6,868	8.2%	9,202	10.9%
Manchester	Hartford	57,185	4,620	8.1%	8,140	14.2%
Vernon	Tolland	28,874	2,253	7.8%	3,332	11.5%
Bristol	Hartford	59,665	4,622	7.7%	7,585	12.7%
Naugatuck	New Haven	31,383	2,360	7.5%	4,995	15.9%
Totals for Tier 2		745,628	80,992	10.9%	114,415	15.3%
Statewide Totals		3,434,901	314,306	9.2%	410,070	11.9%
Tier 2 Towns as % of Statewide		21.7%	25.8%		27.9%	
Statewide Total Poor & Very Poor			724,376	21.1%		

III. Demographics of Poverty in Connecticut

This section provides an overview of Poor and Very Poor populations in Connecticut, and discusses how the demographics of these populations (age, race, family structure, and education) have shifted or stayed the same during the 20-year review period.

From 1990 to 2010, the number of people living at or near poverty increased across the state; however, increases seen in Tier 1 and 2 cities and towns were staggering. During this 20-year period Connecticut's total population grew by about 8%, while the number of Poor and Very Poor increased by 40%—meaning 40% more people lived at or near poverty in 2010 when compared to 1990. In particular, Tier 2 towns saw an increase in the number of Poor or Very Poor residents. For Tier 2 towns as a group, the percentage of residents living below 200% of the Federal Poverty Line (FPL) increased from 15.5% to 26.2%, a jump of more than 10 percentage points.

 The following chart helps to illustrate this dramatic shift:

Poor and Very Poor Residents as a Percentage of Total Residents

Legend: 1990, 2010. Tier 1, Tier 2, All Other Towns.
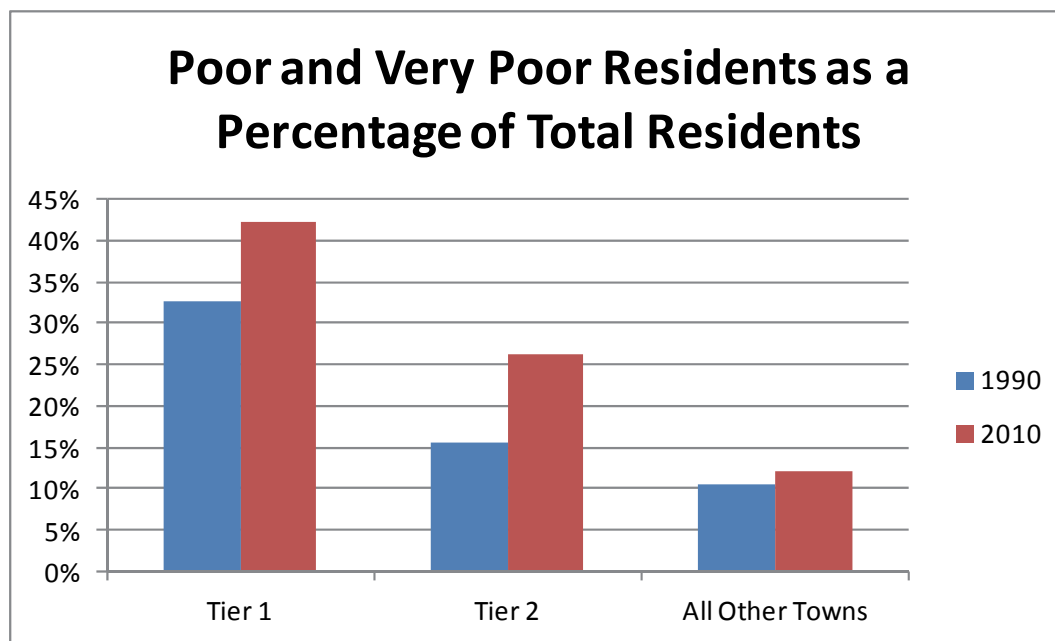
Geographical Concentration of Poverty in Connecticut

While it is true that, statewide, the number of Very Poor residents jumped 45% in 20 years and the vast majority of individual towns saw some increase in the number, there were still 38 cities and towns where the number of Very Poor dropped. In some instances, the drop was greater than 50%. This presents the question: what is going on? The answer is, poverty is highly concentrated in Connecticut's urban and semi-urban areas, most of which are included in either the Tier 1 or Tier 2 groupings.

By glancing at pie charts on the opposite page, it is easy to see that most Connecticut residents live outside of the Tier 1 and Tier 2 areas. These individuals are represented in green.

III. Demographics of Poverty in Connecticut

> Most Connecticut residents, **59%**, lived **outside** the Tier 1 & Tier 2 Areas and, therefore, may not see poverty.

> Most Poor and Very Poor Connecticut residents, **72%**, lived **within** the Tier 1 & Tier 2 Areas.

**2010 Residents as Percentage of All Connecticut Residents**

- Tier 1
- Tier 2
- All Other

2010 Poor & Very Poor as a Percentage of All Poor & Very Poor

- Tier 1
- Tier 2
- All Other
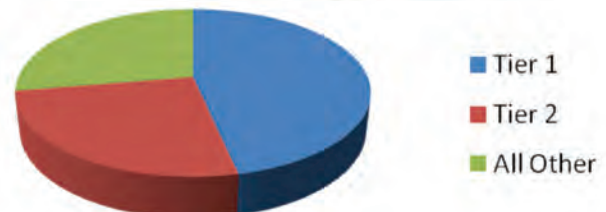
As seen in the graph below, the situation in some of our largest cities is glaring. In Hartford, 32% of residents lived below the Federal Poverty Line. Even in Stamford, a city with a median household income above $60,000 and a per capita income greater than $30,000, 11% of its residents lived in poverty in 2010—nearly double the 6% of Stamford residents who lived in poverty in 1990.
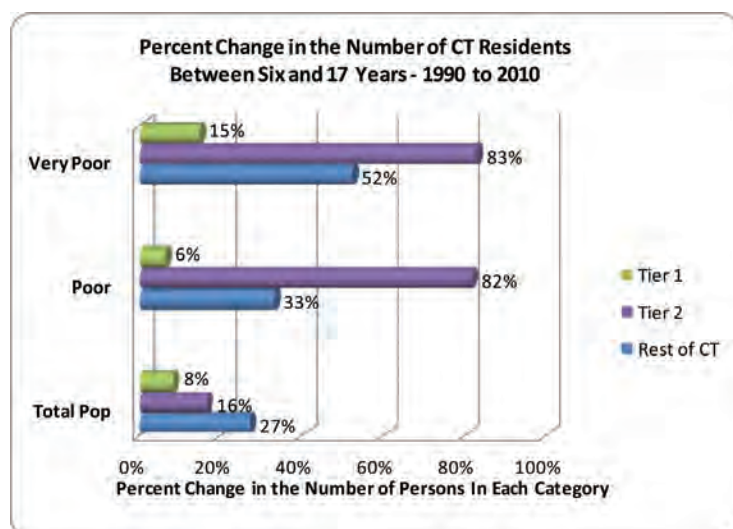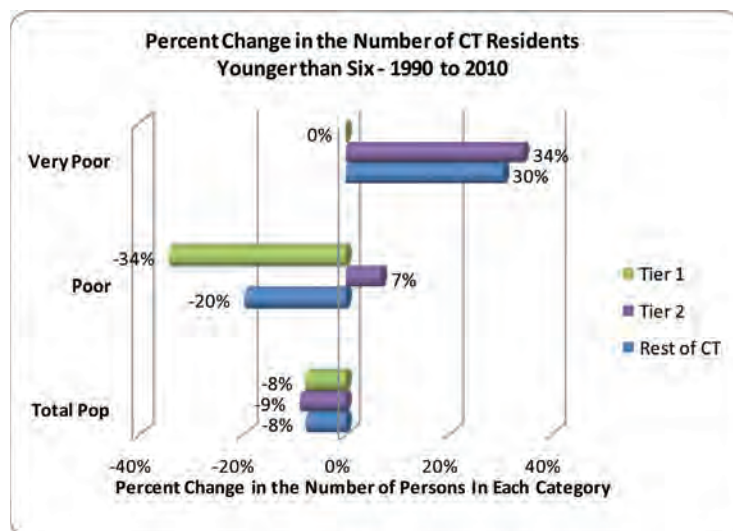

20 years of growth in the percentage of Very Poor residents for the six Tier 1 Cities

Cities: Stamford, NewBritain, Bridgeport, Waterbury, NewHaven, Hartford

Legend: 1990, 2000, 2010
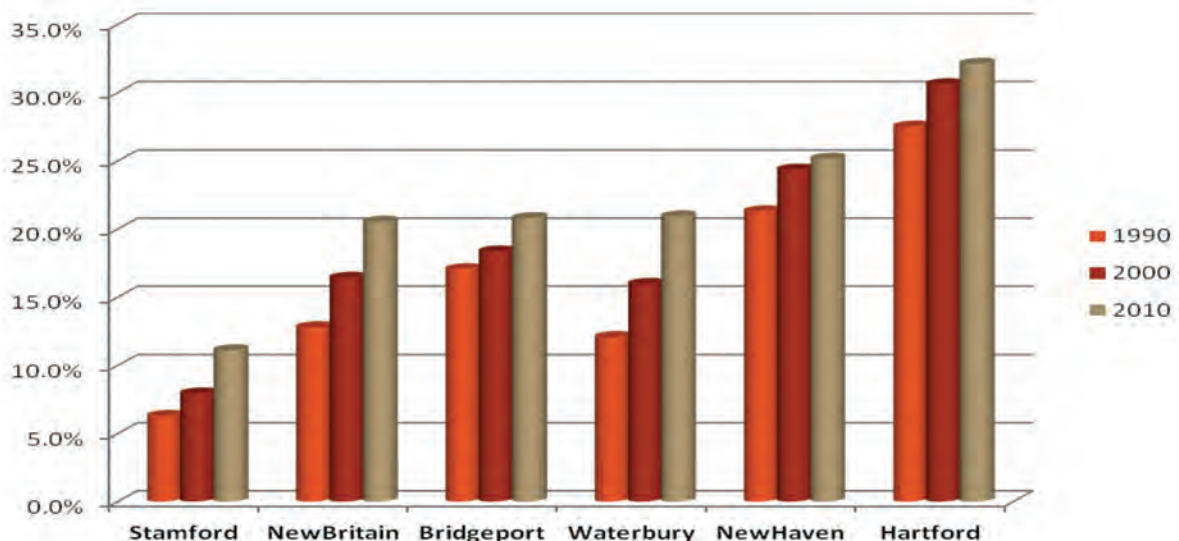
III. Demographics of Poverty in Connecticut ....

Age

This section describes shifts in Connecticut's population by age group. In particular, research for this report documented diminishing populations in a critical group, 18 to 44 year olds, explained in part by a growing trend of young people looking outside of Connecticut for employment and career growth opportunities as well as the parallel failure of the state's economy to generate jobs.

Percent Change in the Number of CT Residents Younger than Six - 1990 to 2010

Percent Change in the Number of CT Residents Between Six and 17 Years - 1990 to 2010

Preschool Children

Although the total population of children younger than six years has been diminishing, it is unclear if this trend will continue. When poverty is measured for these children, it is highly likely that federal and state programs provided additional resources—reducing the appearance of poverty for this most vulnerable group in our Tier 1 cities. For Tier 2 towns and Connecticut's other communities, however, additional advocacy may be needed to help these children succeed long-term.

School Age Children

The total number of school age children grew at about three times the overall population growth rate, which was about 8% from 1990 to 2010. As can be seen at left, the rate of growth in the number of Very Poor school age children was greater than the rate of growth for all school age children, which held true for all three of the geographical groupings studied. One of the most striking findings is what has been happening in the Tier 2 towns where, over a 20-year period, the number of Very Poor school age children jumped by 83%. Clearly, this is very troubling. In addition and to give a sense of just how many children were affected between 1990 and 2010, the number of Very Poor school age children in Tier 2 towns almost doubled from 8,900 to 16,100. In the "Rest of CT," as shown at left, this number grew from 9,600 to 14,600 children.

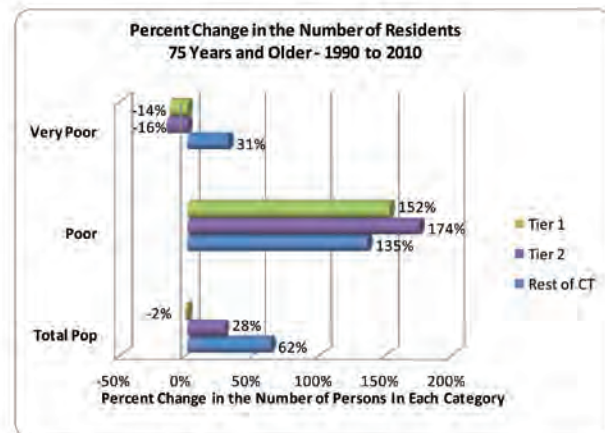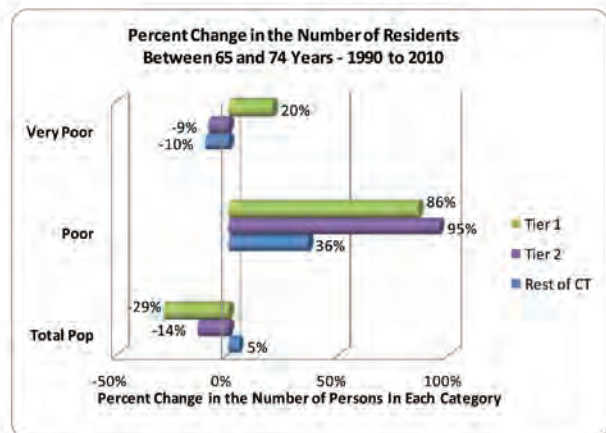# III. Demographics of Poverty in Connecticut ....

Working Adults

Connecticut saw population decreases in the critical age bracket of 18 to 44 year olds—a critical time when many people are in the process of setting their career goals and trying to execute on them. In part, this was due to young people with skills and education heading out-of-state for better employment opportunities. The growth of poverty for those who remained reflects the decrease in Connecticut employment. The total Very Poor population increased by nearly 50% during these two decades, from 84,000 to 123,000, with most of the growth in Tier 1 and Tier 2 towns.
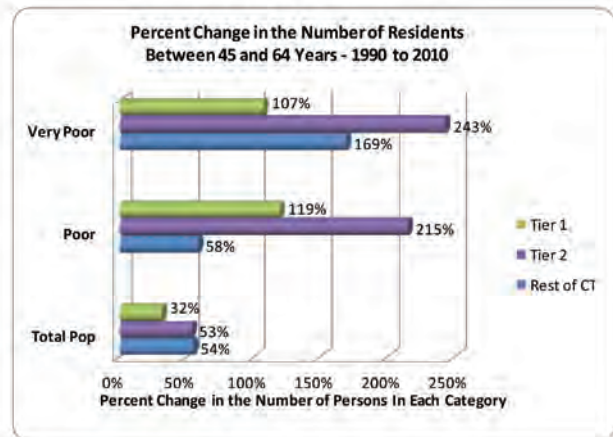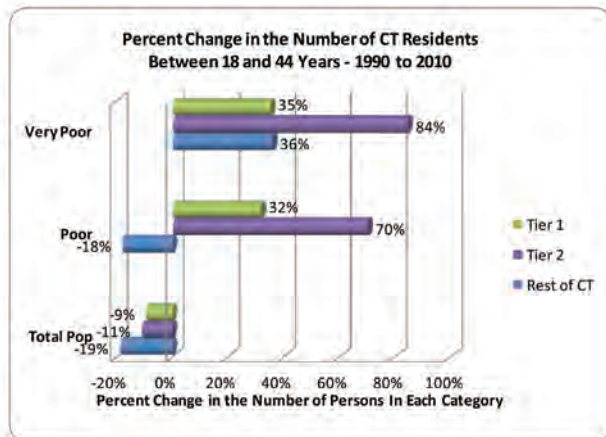
Retired Adults

Retirement age is typically a time when lower income adults move to the relative security of fixed incomes; however, those fixed incomes are woefully inadequate to pull individuals out of the Poor category. Reversing this trend over the long-term will require expanded, living-wage employment opportunities which allow individuals to save additional resources for their retirement years. In the shorter term, as the baby boomer generation moves into retirement with inadequate personal savings, Connecticut will continue to see growth in the number of retired adults who are Poor.
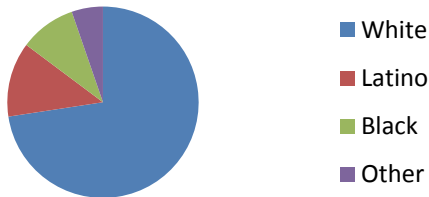
III. Demographics of Poverty in Connecticut

Race

In Connecticut's major cities, a resident's chances of being Poor or Very Poor increases markedly if they are non-white; if Latino, there is an even greater likelihood their income will not be enough to remain self-suffcent.

The three charts at the right make this trend glaringly obvious. These same trends are reflected in statewide averages in the two charts below. For example, while the Latino population makes up about 13% of the state's total population, they account for 34% of all those living below 200% of the Federal Poverty Line.[6]

2010 - Percentage of African Americans who are Poor or Very Poor

(Stamford, New Britain, New Haven, Waterbury, Bridgeport, Hartford)

- % Black Very Poor
- % Black Poor

Statewide - Share of Total Population

- White
- Latino
- Black
- Other
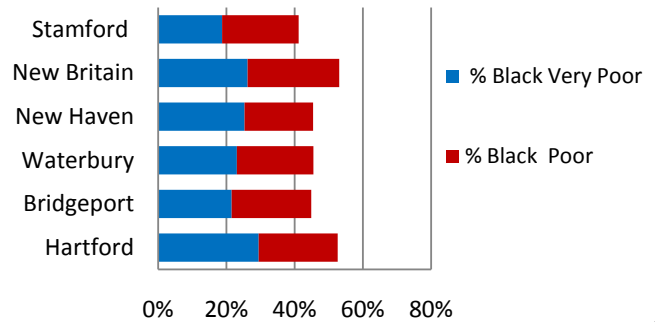
2010 - Percentage of Latinos who are Poor or Very Poor

(Stamford, New Britain, New Haven, Waterbury, Bridgeport, Hartford)

- % Latino Very Poor
- % Latino Poor

Statewide - Share of Population Who are Poor or Very Poor

- White
- Latino
- Black
- Other
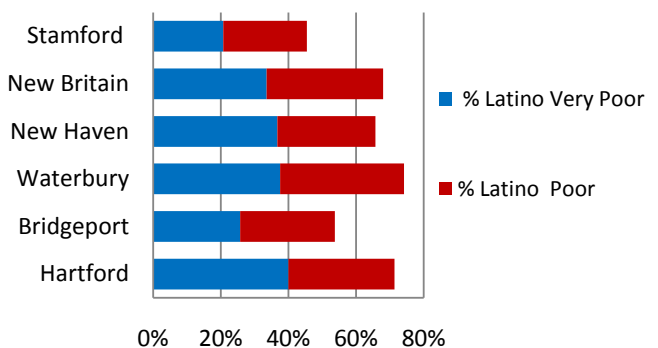
2010 - Percentage of Whites who ar Poor or Very Poor

(Stamford, New Britain, New Haven, Waterbury, Bridgeport, Hartford)

- % White Very Poor
- % White Poor
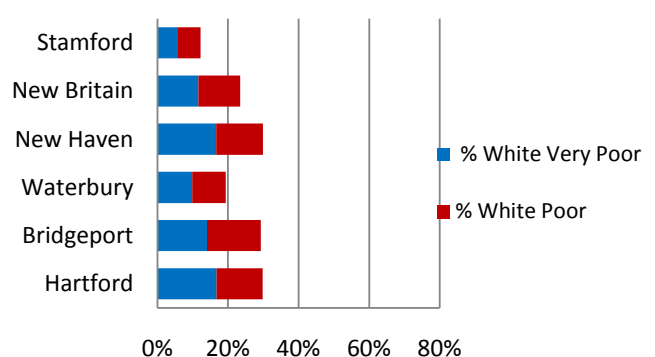
III. Demographics of Poverty in Connecticut

Family Structure

Family structure often forecasts the likelihood that the family unit lives in poverty. As more fully outlined in Appendix II, the research team has affirmed and quantified a significant statistical relationship between the percentage of single female households with children in a given town, and that town's level of poverty.[7] For example, in 2010, if you were a member of a single-female headed household in Hartford, there was nearly an 80% chance that your household was Very Poor.

For 2010 Tier 1 Cities
Percentage of Very Poor Households

Legend:
- Single Female Headed
- Married Couple Headed
- All Households

Cities: Stamford, New Britain, New Haven, Waterbury, Bridgeport, Hartford

In 2010, there was an 80% chance that an individual living in a single-female headed household in Hartford was Very Poor.

Research shows there is often strong interplay amongst the demographic variables of race, education, household type, and poverty. As national health studies report, "[a] child born to a teen mother who has not finished high school and is not married is nine times more likely to be poor than a child born to an adult who has finished 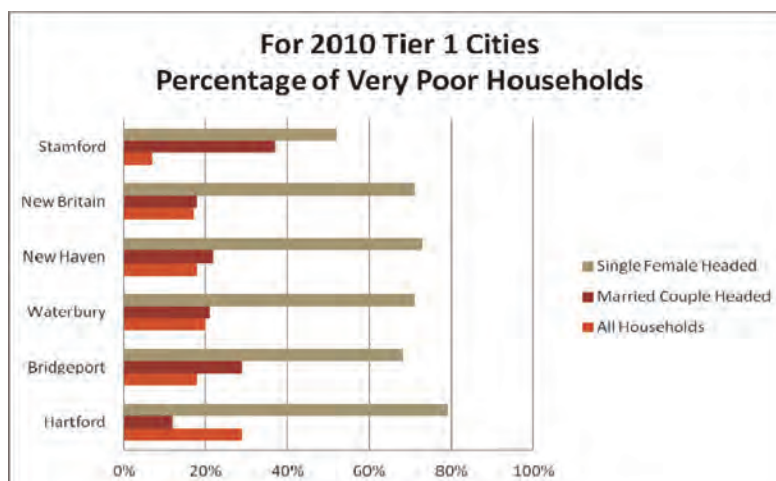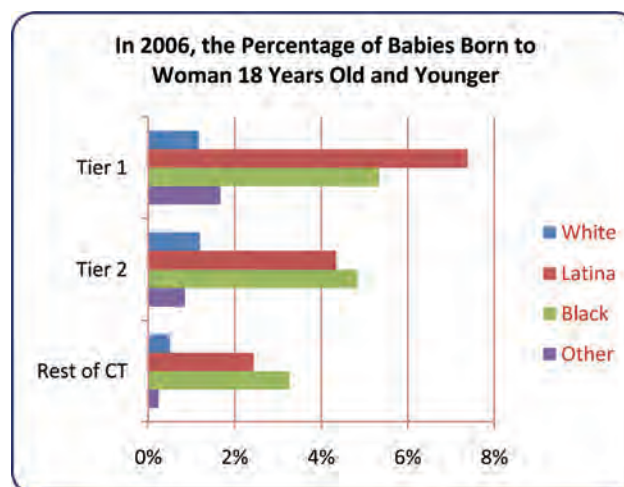high school and is married."[8] Within Connecticut's Tier 1 towns in the last decade, 58% of births to Latinas, on average, occur in women who are not yet 18 years old, while for African Americans this percent is 27% and for Tier 1 whites, 7%.[9] If we had more complete data, we could possibly see other poverty triggers at work, as well. Thus, encouraging Connecticut's young women to postpone childbirth until after completion of high school is a central element in any systemic effort to reduce poverty. As the Connecticut Department of Public Health registration report data shows (graphed at right), interventions are needed most in Connecticut's Tier 1 and Tier 2 towns.

In 2006, the Percentage of Babies Born to Woman 18 Years Old and Younger

Categories: Tier 1, Tier 2, Rest of CT

Legend:
- White
- Latina
- Black
- Other

"The Governor should inaugurate a standing committee to look at and evaluate best practices for interventions. We already know that quality early education has a major impact, but we cannot wait another generation to address the challenge of young, single motherhood and poverty. We must search constantly for the short-term strategies and interventions that provide measurable payoffs."

— Fred Carstensen, Economist, University of Connecticut as quoted for a story on National Public Radio, December 2012

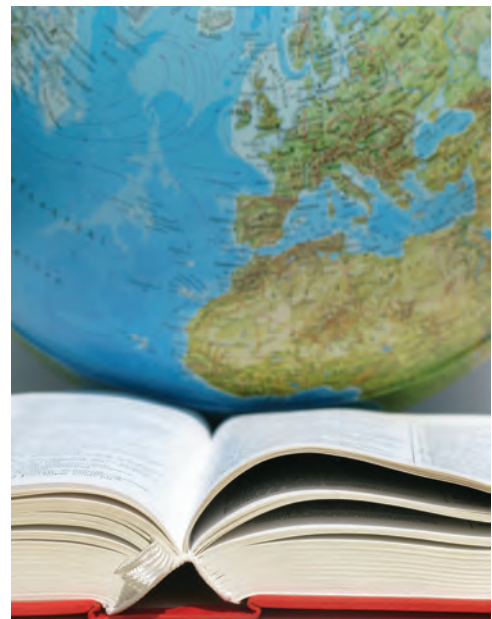# III. Demographics of Poverty in Connecticut

A Future In-The-Making?

New Opportunities, Inc. (NOI), the CAA based in Waterbury, administers a job training program called In-The-Making (ITM). This twelve week job training program for unemployed, or under-employed, women in the greater Waterbury area is designed to help participants develop the work and living skills needed to become self-sufficient, while at the same time addressing barriers to employment.

After her release from jail, Tiffany had trouble finding work.   Lacking a high school diploma or the equivalent, and with a criminal record, no one seemed willing to give her a chance. A caseworker at NOI worked with Tiffany to develop a plan, and she was enrolled in the ITM program. As a part of the program, Tiffany worked to identify the personal barriers that were keeping her from moving ahead in life and becoming self-sufficient. She found that her greatest barriers were her criminal record and her lack of a GED. Her inspiration from the program and the services she received while attending gave Tiffany the confidence she needed to sign up for a GED class. Each small success "In the Making" inspired Tiffany to reach ever higher. She eventually completed the GED program, and is currently awaiting a decision from the Board for Expungement.

In the meantime, Tiffany continued to meet with her case worker to build a resume and explore her options. She wanted a better future, and set a goal of preparing to get into a CNC program. With the assistance of the ITM case worker, Tiffany applied to the local Workforce Investment Board and received partial WIA funding to enroll in a certificate program at the local Community College. Due to her hard work and determination, Tiffany is now enrolled at Naugatuck Valley Community College and began classes this past summer.

> "Based on 2010 data, men and women who lack a high school diploma or GED could expect to be Very Poor 67% and 72% of the time, respectively.
>
> Also based on 2010 data, men and women who earned a B.A. could expect to have incomes above the state median 78% and 68% of the time, respectively."

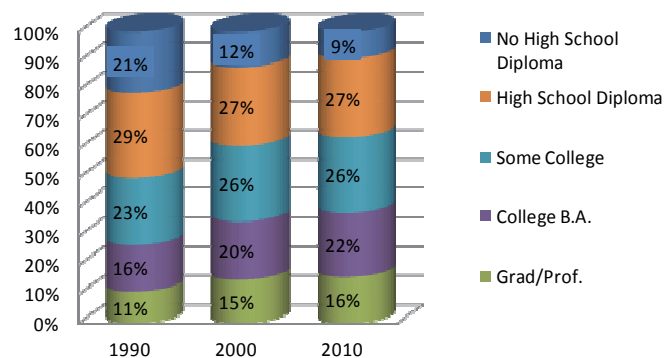# III. Demographics of Poverty in Connecticut ....

Education

Research for this report revealed strong correlations between educational outcomes and income levels. For example, completion of a B.A. or an advanced degree is highly correlated with incomes greater than the median. This correlation was stronger for men than for women. The likelihood that a Connectiuct male with a B.A. or advanced degree earns an income above the state median is 78%, while for women that number is 68%—both significant correlations. Conversely, failure to earn a high school diploma provides an almost as strong indication of the likelihood of being Very Poor. Connecticut females and males who lack a high school diploma or GED can expect to be Very Poor 72% and 67% of the time, respectively. The report's research team also found that in 2010, for every percentage point increase in the percentage of residents lacking a high school diploma or equivlent, the percentage of all residents classified as Very Poor would increase by 0.8 percentage points. These findings are instructive as we examine educational outcomes across the state.

On a statewide basis, Connecticut is making strides to improve its "educational attainment"—the percentage of students who earn a high school degree or better. However, Connecticut's poverty-dominated cities are losing ground rather than moving ahead in this struggle for self-improvement.

The chart at right reflects a significant increase in education outcomes across the state. For example, the percentage of 25-64 year olds with a bachelors degree or higher grew from 27% in 1990 to 38% in 2010, an incredible acheivment. Equally as impressive, the percentage of 25-64 year olds without a high school diploma fell to just 9% from 21% in 1990. By 2010, 91% of all Connecticut 25-64 year olds had, at least, a high school diploma.

Education Levels for All Residents Aged 25-64

The research team also drilled down further to examine how these acheivements played out in Connecticut's poorer towns and cities. As might be expected, the statewide averages are not reflected in the experience of our Tier 1 and Tier 2 towns.[10]

The chart at left clearly shows that those at the bottom of Connecticut's economic stratum are missing out on the educational gains seen elsewhere in the state.

Connecticut's major cities, in particular, struggle to attain educational outcomes that would enable its residents to move out of poverty through gainful, rewarding employment.

**2010 Education Levels - Residents 25 and Older
All Towns Compared to Tiers 1 & 2**

IV. Employment in Connecticut: 1990 to 2010 ·······························

The availability of employment, particularly opportunities at the lower end of the economic ladder, is a primary, sustainable path out of poverty. This section relates several concerns about the relationship between employment and poverty, the continued high unemployment following the beginning of the 2008 Great Recession, the story of employment stagnation in Connecticut over the last 20 years, and the failure to identify low-wage jobs as key stepping stones out of poverty.

Earlier sections of this report paint an unsettling picture of the growth in poverty in Connecticut. According to the American Community Survey the number of national residents living below the Federal Poverty Line grew by approximately 29% from 1990 to 2010, while the comparable figure for Connecticut was 45%. Why is Connecticut, one of the wealthiest states, with easy access to markets and increasing educational outcomes, seeing increases in poverty far greater than the nation as a whole?

This report highlights the failure to create net new jobs, and while it is quite standard to encourage policy makers to compete for new industries (like bio-tech and advanced financial strategists), our research uncovered that the disappearance of lower-wage jobs—those which provide the critical first rungs on the ladder out of poverty—are highly correlated with the growth of poverty in the state.

Unemployment Rates During the Review Period

As seen in Section III. Demographics of Poverty in Connecticut, the Tier 1 and 2 cities and towns tend to shoulder a disproportionate share of the symptoms of poverty. The unemployment rate is no different. The chart below shows that in particular, the Tier 1 towns had unemployment rates far greater than the average for those towns outside of the Tier 1 and Tier 2 groupings.
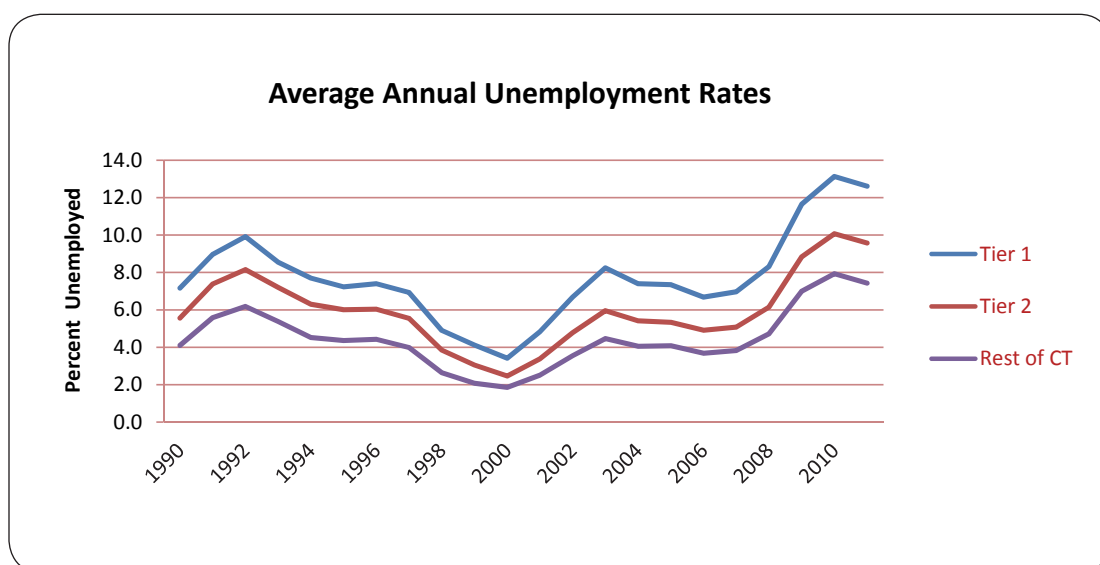
IV. Employment in Connecticut: 1990 to 2010
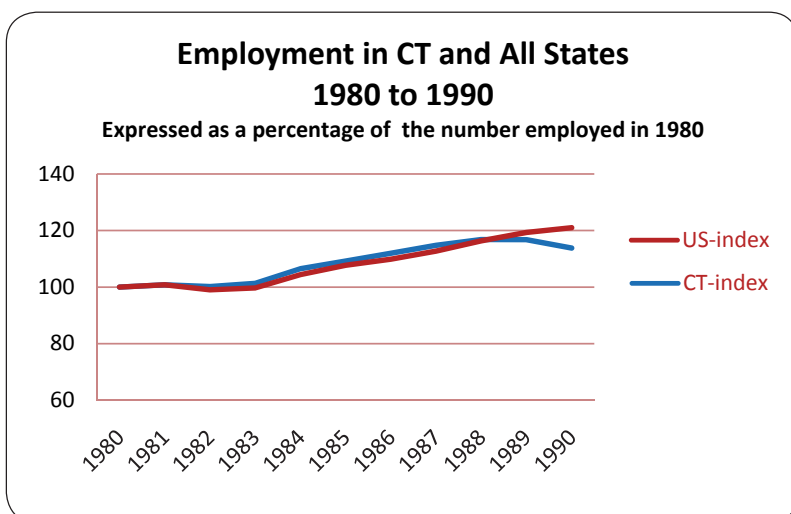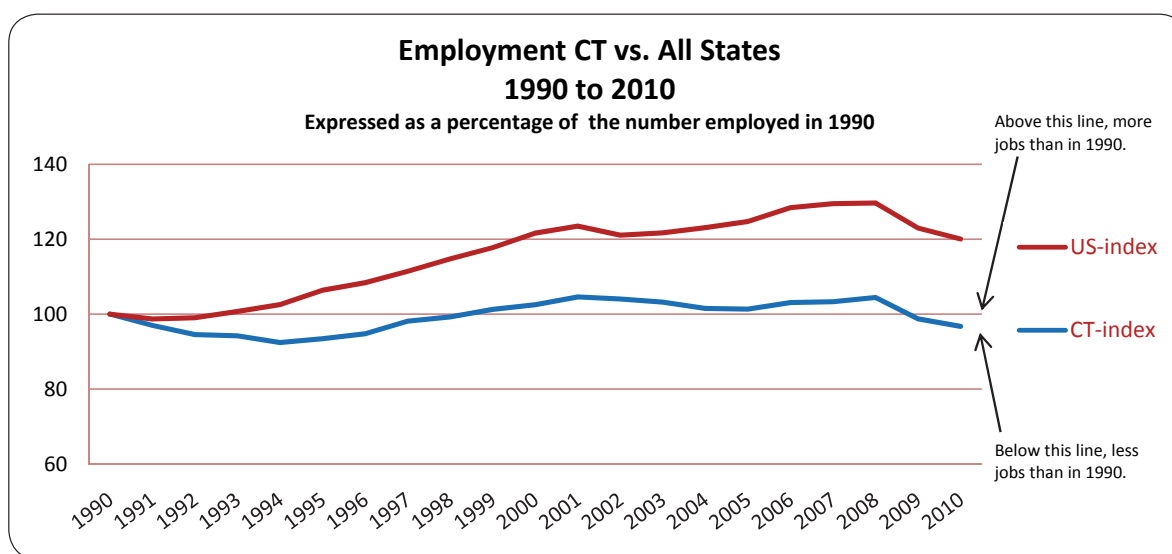
1990 to 2010, Zero Net New Jobs in Connecticut

**Employment in CT and All States
1980 to 1990**

Expressed as a percentage of the number employed in 1980

Throughout the 1980s, changes in the number of employed persons in Connecticut mirrored changes at the national level. A dramatic divergence from this trend began in 1990. Beginning at that time and relative to the national picture, our state lost more jobs over a longer period of time and missed out on much of the steady job growth which began in the rest of the country in 1992. As can be seen in the chart below, by 1993 the nation as a whole had recovered from the job losses of 1990 and 1991; however, Connecticut continued to lose jobs until 1994, and did not recover all of its lost jobs until 1999.[11]

**Employment CT vs. All States
1990 to 2010**

Expressed as a percentage of the number employed in 1990

Since 1999, growth in Connecticut jobs has been anemic enough that by 2010, the after-effects of the Great Recession wiped out all gains since 1990. Although the nation as a whole also saw significant declines in the number of jobs following the Great Recession, the robust gains throughout the 1990s and additional growth in the mid-2000s allowed employment levels to remain 20% above 1990 levels. For Connecticut, the chart evidences two "lost decades"—20 years with no new jobs, while the total population grew 8%.

During the 1990s Connecticut also missed out on an opportunity to decrease poverty in the state, as the nation experienced a significant growth in tech-fueled jobs. This loss in high-tech jobs, as well as jobs in finance and insurance, contributed to job stagnation on the lower rungs of Connecticut's economic ladder. A 2003 CCEA study shows that for each "essential IT job", another 2.3 jobs are created in the Connecticut economy.[12] In turn, when Connecticut loses high paying jobs to other states, associated "downstream jobs" go with them. As a result, when these high paying Connecticut jobs are filled by non-residents, the normal ripple effect from demands for goods and services by in-state residents is lost.

IV. Employment in Connecticut: 1990 to 2010

Little solutions matter.

The tide washed ashore a great number of starfish and a woman was spotted returning some of them to the sea. A person approached her and said, "Why are you wasting your time? Don't you realize that there are so many starfish here that you can't make a difference?" At this, the woman bent down, picked up yet another starfish, and threw it into the ocean. As it met the water, she simply responded, "It made a difference for that one."

What Can You Do With 25 Dollars?

John is a decorated Veteran who served in the War in Afghanistan. Following an honorable discharge in 2003, John found employment utilizing skills gained in the Army; but, was laid off in 2009 and has struggled to find full-time work since. John found that with a high school diploma and a one-year Electronics Technician certificate earned while in the military, he lacked the credentials employers were looking for.

After his unemployment benefits ended in 2010, John quickly found his life spiraling out of control. Unable to keep up with his debt payments, the bank foreclosed on his home, and his car was repossessed. John found himself alternating between "couch-surfing" and true homelessness while avidly seeking stable employment.

Thankfully, John reached out to Thames Valley Council for Community Action (TVCCA), the Community Action Agency serving Southeastern Connecticut. TVCCA was able to connect John to a Department of Labor Veteran's Representative who saw John's distress and potential and referred him to an On-The-Job Training program. While the training placement ended without full-time employment, John had some of his confidence back. He continued his job search and was lucky enough to be invited for a second interview. While this was a great opportunity for John, the company was in a different part of the state and he did not have the money to fill his tank to make the trip. Desperate, John contacted his TVCCA case manager who was able to secure a $25.00 gas card for John that same day. John attended the interview and was hired shortly thereafter as an Electronics Technician.

Within four weeks of starting the job, John was promoted to Technical Writer. The last time TVCCA heard from John there was talk of another promotion, this time to Assistant Operations Manager with a "healthy pay raise."

John is back to dreaming about being a homeowner again, a dream he knows he can attain, **thanks in large part to a CAA employee and a $25.00 gas card.**

IV. Employment in Connecticut: 1990 to 2010

Putting Our Young People to Work

Tommy was referred by the Bristol Board of Education to the Bristol Community Organization, Inc. (BCO), the Community Action Agency (CAA) in Bristol. Tommy had just turned 17 and was living in public housing with his single mother. Like most 17 year olds, Tommy was thinking about his future, and was weighing a decision about finishing high school or dropping out to try and work full time. Tommy wanted to work, wanted more stability in his life, and wanted guidance and positive role models.

BCO's case manager was impressed with the young man who, when his ride was late, walked the two miles from his home to BCO to enroll in a Summer Youth Employment and Training program. BCO, and Tommy, were fortunate in that a former BCO client had donated $25,000 to expand this Workforce Board funded program from 50 to 60 slots, and Tommy secured one of those ten additional slots. Tommy was only too happy to make that four mile round trip walk many other times over the course of the summer program. The young man was a reliable worker, came in every day, and did his job. Following the holistic approach in use by all of the state's CAAs and by the Summer Youth program, Tommy's case manager helped him get a Department of Motor Vehicle ID, set up a bank account, and attend a course in money management.

Inspired by the program, Tommy found a part-time job at McDonalds. More importantly, Tommy was inspired by positive role models and became convinced that his employment opportunities would vastly increase if he finished his high school education. Tommy is doing just that, is learning to drive, and is saving his earnings to someday buy a car.

When Tommy finishes high school, will full-time employment be available to him?

Helping Families Reach Self-Sufficiency

Last year a family came to New Opportunities, Inc. (NOI), the Community Action Agency (CAA) serving the greater Waterbury area, looking for help. Regina, Derek, and their young child were only a few short months away from homelessness and felt they had nowhere to turn. The mother, who had worked full time as a bank teller, was recently laid off; the father, struggling to find a full time position after himself falling victim to layoffs, was working a part time job that paid minimum wage and did not make use of his vocational skills. The stress of mounting bills and foreclosure was taking a toll on the family.

The CAA's Family Development Specialist worked with the family to develop a budget and connected them with services that could save their house while supporting their continued search for gainful employment. Through the course of the CAA's engagement, Regina expressed her interest in returning to school but felt the family could ill afford it. Seeing the dedication in this young mother's plea, the CAA was able to connect her to a training center where she completed Business & Technology classes. After completing these classes, Regina set her sights on a C.N.A. program. Her dedication and determination to get certified and get a job pushed her to finish at the top of her class, where she graduated with high honors.

Regina was able to find a job after completing her C.N.A.; but, Derek is still looking. Although NOI helped Regina obtain employment, it will still be a great challenge for this family to reach financial self-sufficiency with one of them still out of work.

Poverty Growth in Connecticut is closely correlated with loss of jobs at the lower end of the wage scale.

IV. Employment in Connecticut: 1990 to 2010 ....

Contraction of the Employment Pathway out of Poverty

This section shows the significant contraction in jobs that pay less than $40,000 in the State of Connecticut. These jobs are important for a number of reasons; but, primarily, jobs at the lower end of the wage scale represent the lower rungs on the ladder leading to economic security for lower income residents.

Between 2002 and 2010, approximately 58,000 jobs paying less than $15,000 per year were lost. Additionally, 103,000 jobs paying between $15,000 and $40,000 per year were lost, a loss rate of 2.5% per year.[13]
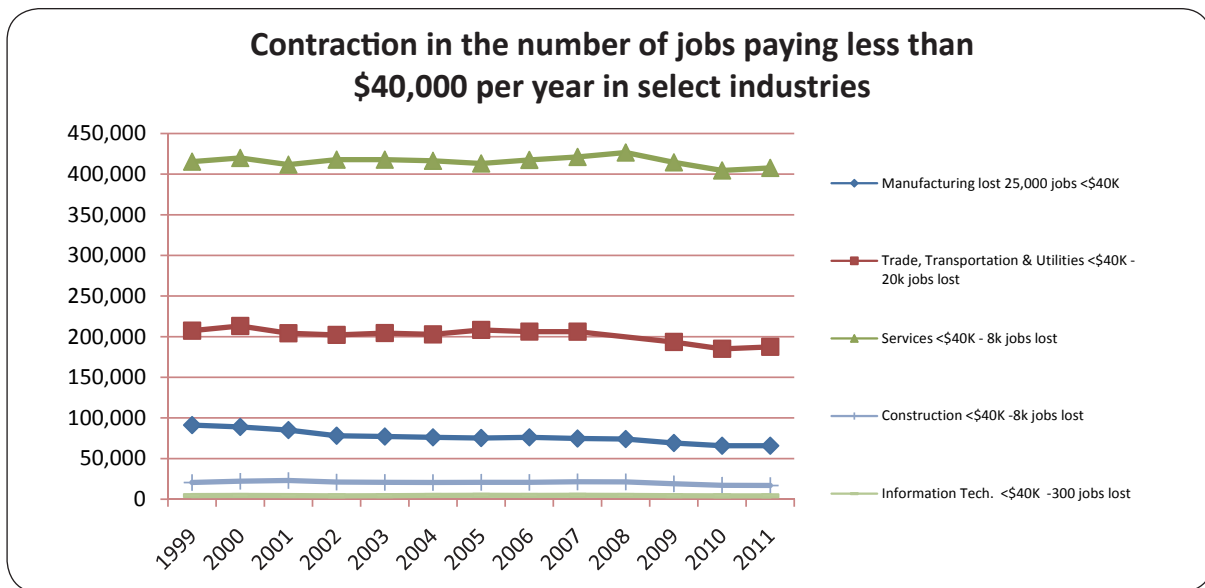
Professor Harry J. Holzer of Georgetown University, writing for the Urban Institute in 2011, confirmed this loss of low-income jobs, the very jobs which offer a pathway out of poverty.[14] Manufacturing, a major though diminishing sector for Connecticut's workers, has seen job losses in both the above and below $40,000 categories. For less skilled workers, sources of good jobs are shifting away from the manufacturing sector to the administrative, construction and health-care sectors; however, only a fraction of the jobs lost have been replaced.
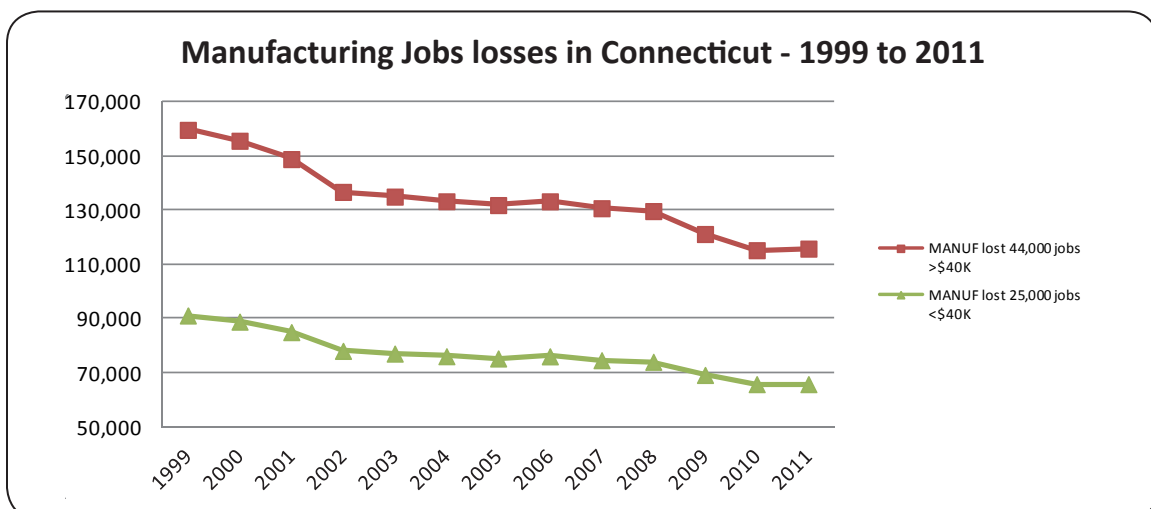
V. State Level Efforts at Workforce Development & Fostering Job Growth

This section offers a brief overview of Connecticut's efforts, from 1990 to 2010, to foster and support the types of investments that lead to employment growth. It also provides a thumbnail of how the current administration has worked to change course. This section then leads to Section VI, which provides some recommendations which, if acted upon, would continue and expand the good work already begun and provide the State with the information it needs to make policy decisions that create an environment in which jobs can be created.

There are numerous reasons as to why Connecticut has failed to create jobs over the past 25 years. Initially, job losses flowed from the dramatic reduction in the defense budget following the collapse of the Soviet Union. Added to this was the impact of the revolution in information technology that hit traditional, old-line financial services particularly hard. Finally, the continuing and accelerating trend in manufacturing, substituting capital equipment for workers and moving production off-shore, especially to China after 2000, also played a role.

To these external challenges, Connecticut itself has often been unresponsive or inattentive to how its own policies have limited growth. The examples are numerous:

- The state's business-to-business sales tax, which requires the seller to know the final use its customer plans for a given product in order to know what tax to charge.

- The difficult Department of Energy and Environmental Protection (DEEP) and Public Utilities Regulatory Authority (PURA) permitting processes, which left a New Haven business unable to distribute the electricity generated from a state-funded fuel cell to the building's tenants, and left a Naugatuck Valley business operating on a perennially extended "temporary" permit for over a decade.

- The failure, prior to 2010, to develop a robust pipeline of Sate level capital projects at a time when interest rates were low and excess labor capacity was high.

- A systemic lack of sufficient data collection and analysis to track the state's performance or to understand such a basic element of economic health as the pipeline of state and municipal capital projects, the dynamics of firm creation and closure, or the linkages in the education-workforce pipeline.

In the area of workforce development Connecticut has long recognized the importance of training programs, but has failed to connect these programs to current or projected business needs or invest heavily in them. (Consistent with a theme of this report, Connecticut is unable to project business needs because the data that would facilitate such projections is not collected in a systematic way.) Connecticut's workforce training system is largely made up by programs supported by the Workforce Investment Act, Wagner Peyser, Trade Adjustment Act and Jobs First Employment Services funding. According to the Connecticut Employment and Training Commission's 2009 Annual Report[15], while individual workforce training programs have placed many people into employment, the state's workforce training programs have generally been unsuccessful in moving significant numbers of people into middle-skill jobs that pay enough wages to sustain a living. 60%-80% of these people have success in finding employment; however, their average annualized earnings are just over $20,000, qualifying as Very Poor if trying to support a family or Poor if supporting an individual only. This argues for programs that provide continuing training to facilitate movement up the skills ladder.

V. State Level Efforts at Workforce Development & Fostering Job Growth

Connecticut's adult education programs have had similar issues in that although they may be capable at churning out trainees for low-wage jobs, they have not been successful in figuring out how to place their trainees into career ladders that lead out of the lowest salary stratum. Many of these programs are geared towards adults who lack basic skills, a high school diploma, or proficiency in the English language—all of which are components of basic employability, which makes these programs valuable. Average starting salaries for participants in the year following program completion is approximately $20,000, annually. While these programs tend to improve earning potential of participants, they are not adequate at preparing individuals for the types of jobs that lead to economic self-sufficiency. As a result, additional skills and education are needed beyond these programs to allow adults to compete and earn a decent living, confirming the point made above.

Although some readers may be able to explain away one or more of these examples, the preponderance of examples is more telling than any specific act or failure to act. The simple truth is that Connecticut paid little attention to the shifting competitive environment, actually abandoned the one institutional mechanism it had in place to evaluate its economic performance, let its liaison office with the U.S. Census disappear which left the state with no capacity to evaluate its own demographics, did not create a meaningful education-workforce pipeline, and failed to develop a consistent, coherent economic development strategy. Consistent with this record, a 2005 report on New England competitiveness[16] singled out Connecticut for having the worst marketing effort in the nation. Simply put, no one knew about the state and its assets.

Cleveland's NewBridge, a vocational training program, offers a good example of a training program whose success is dependent on remaining connected to the actual needs of local businesses. Those same businesses participate in the development of curriculum and provide internships to program participants. NewBridge expects to mirror results of a similar program in Philadelphia where 90% of participating youths graduate from high school and 85% of adult participants secure jobs after program completion.
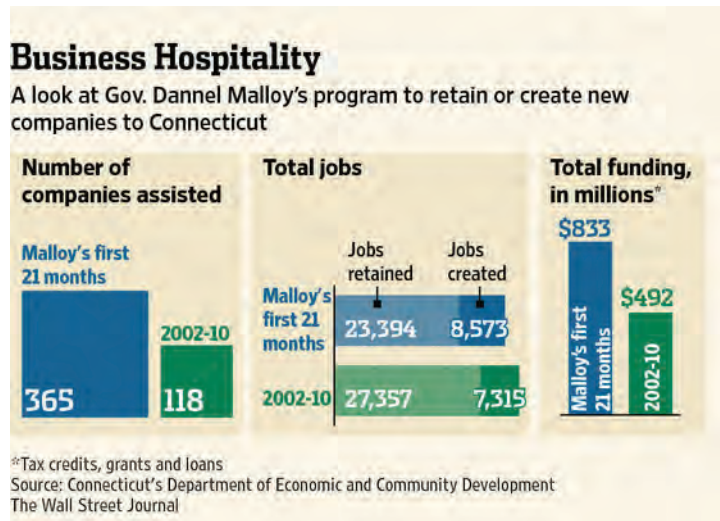
V. State Level Efforts at Workforce Development & Fostering Job Growth

Changes Since 2010

In contrast, the Malloy administration has and continues to address many of the failings discussed in this section.   For example, the current initiative to market the state—the first in generations—has generated so much net new activity that it has paid for itself (measured in net new tax revenue). In the same vein, the large investment in biosciences—an unprecedented strategic public sector investment— was the basis on which the state captured the world-class Jackson Laboratories human genome research center. The major push to create a cutting-edge industry cluster in digital visualization, complete with a new department at the University of Connecticut devoted to this critical technology, is the sort of strategic investment and integration of the educational infrastructure with the needs of the business community that should be the hallmark of all efforts.

The Malloy administration has also allocated twice the resources as had been allocated in the previous eight years ($833 million vs. $492 million) to support economic development. These commitments have ranged across 365 companies and created or retained nearly 32,000 jobs in those firms. The multiplier effects more than doubled the number of jobs impacted in the state's economy. Finally, the expansion of the manufacturing training program from one community college to four demonstrates a clear understanding and commitment to linking educational programs to major competitive strengths in the state's economy.

Recognizing that economic development and the vitality of the business environment are central to a holistic response to the challenge of poverty in Connecticut, the research team believes there are four interrelated elements that the State must address. As just discussed, the Malloy administration has begun to build a solid foundation that speaks to these specific challenges.

Business Hospitality
A look at Gov. Dannel Malloy's program to retain or create new companies to Connecticut

Number of companies assisted

Malloy's first 21 months: 365
2002-10: 118

Total jobs

	Jobs retained	Jobs created
Malloy's first 21 months	23,394	8,573
2002-10	27,357	7,315

Total funding, in millions*

Malloy's first 21 months: $833
2002-10: $492

*Tax credits, grants and loans
Source: Connecticut's Department of Economic and Community Development
The Wall Street Journal

VI. Meeting the Challenge ···

This section presents four recommendations and actions the State should begin or continue to address, and offers some practical steps which can begin today.

Continue developing and implementing comprehensive economic development planning

Recognizing that job creation is at the core of the effort to combat poverty, the current initiatives to make Connecticut's economy more competitive and to drive job creation are both welcome and essential. Special attention should continue to focus on the regions of the state suffering the highest rates of poverty, and should be linked with careful analysis of whether these regions have the infrastructure or mechanisms to give potential workers access to jobs. It is also important to support these efforts by developing thorough, long-term approaches to planning and job-growth strategies, including the increasing availability of job training programs linked to known job openings.

As part of this process, the State should consider whether a simplified tax and accelerated permitting structure would strengthen its competitive position. The current complex, confusing sales tax framework, with its hundreds of exceptions, is costly to business and virtually impossible to oversee properly. The tiered tax policy for business-to-business sales imposes particularly difficult standards on sellers, and misallocates the use of auditor time and attention. In addition, the current structure largely prevents the State from collecting tax on internet sales, even as nearly two dozen states now collect their tax because of uniform rates. A simple, uniform sales tax would save money for both businesses and the state, improve oversight and collection, and make Connecticut a more competitive environment. Where appropriate, adjustments should be made through rebates to retain complete transparency.

A lengthy and often opaque permitting system, which in some cases has continued for years, has complicated the business environment unnecessarily. This is particularly true in areas involving PURA, the result of which has been a virtual block on development of microgrids

because of the absent of legal authority to create sub-metering regimes. Some legislation has been adopted to address these issues and the Department of Energy and Environmental Protection is alert to this challenge. More should be done to make the process transparent and to proceed within established time tables, as uncertainty is the enemy of enterprise.

Align credential requirements with job-specific tasks

A major challenge for many able-bodied poor is the barriers that the State creates with its formal credential requirements for specific jobs. In at least some cases, the credential is not clearly related to the job-specific tasks that a position in fact requires, and insofar as the credential is accessible only through formal education (e.g. a college degree), it may raise insurmountable financial barriers to poor individuals. Such formal requirements may also fly in the face of the wages paid in a particular sector; for example, child care tends to be a relatively low-wage sector, and imposing high generic educational requirements dramatically reduces the available workforce. Sector-specific training programs, like that supported by the Anne E. Casey Foundation through All Our Kin, have clearly demonstrated the effectiveness of focused training programs that give individuals the specific skill sets needed to deliver high quality services and has even opened the path for some of those individuals to then proceed to higher education.

The State should create a single, overarching policy advisory group that includes the Commissioner of the Department of Revenue Services, to evaluate all current and proposed licensing requirements to ensure that they are based on solid evidence of the relevance and importance of the requirement. The advisory group should be especially alert as to how the current or proposed requirements create significant barriers to low-skilled individuals who may have the required job-specific abilities. Additionally, when credentialing

VI. Meeting the Challenge

requirements are appropriate, the State should have a special responsibility for identifying the path that individuals may take to meeting those requirements. A generic requirement of a college degree fails that test.

Focus education-specific planning on state and agency-wide service integration, collaboration and the adoption/application of best practices

Twin Cities Rise's (TCR) mission is to provide employers with skilled workers – primarily men from communities of color – by training under and unemployed adults for skilled jobs.

TCR developed a market-driven model, offering programs and classes in areas where one or more of its 150 hiring partners have identified a need.

TCR gets results by working closely with its hiring partners and by supporting its students. Two years post graduation, 71% of TCR graduates are still at their job.

The educational system is the focal point for critical interventions that give students both the skill sets and the attitudes needed to succeed and to minimize disruptions in the educational process, especially teenage pregnancy. Research has clearly established that the two crucial strategic investments are quality early childhood education (typically embedded within the child care system) and comprehensive "wrap-around" services in the school system. Interventions ought to begin before birth, with prenatal counseling for at-risk mothers. Wrap-around services make the school system the node from which social services are managed, as they involve collaboration with social work professionals and law enforcement.

To improve outcomes the state should also form an interagency initiative that brings together the Department of Education, the Department of Social Services, and other relevant agencies (e.g. Department of Public Health) to develop a plan to integrate services in collaboration with schools. To complement this work, the State needs to continually explore the short-term strategies and interventions that have measureable payoffs. To facilitate this exploration, the State should form a standing committee to evaluate current best practice. The New York City's public school system offers a good example, as its most successful schools include a team of full-time, professional social workers facilitating timely and constructive interventions that foster learning. Finally, both New Jersey and Massachusetts have significantly closed differences in educational outcomes with aggressive policies implementing similar wraparound services.

Develop comprehensive, integrated data systems; Implement a systematic, iterative policy process

Connecticut has been significantly handicapped by the absence of systematic, high quality data that is integrated into a single data architecture. This absence has meant that in many areas neither the Executive branch nor the Legislature is equipped to evaluate the implications of policy choices or to

VI. Meeting the Challenge

evaluate the effectiveness of the policies they have adopted. Good policy begins with good data; thus, the State should establish a State Data Council to provide broad oversight, articulation of policy standards, and leadership in addressing this challenge. New York City now integrates all data from all city departments into a single geographically based framework; it has over a thousand data elements for every parcel in all five boroughs, and is accurate within 12 inches of the curb line. It has been instrumental in identifying and addressing a host of issues in social policy, public health, and public safety. Along the same lines, the State should revive the first-in-the-nation longitudinal analysis of the education-workforce pipeline (*Next Steps* [17]) because of its ability to reveal and address a host of issues that directly impact at risk students.

A second element of this recommendation is that the State should formally commit to iterative studies of critical areas. In virtually every case, when studies such as this are done, they are done as one-off efforts. But, their value dramatically increases when they are part of a continuing, sustained effort to understand and evaluate the issue at hand. The iterative process is also crucial to educating policy leaders in both the Executive and Legislative branches to the fundamental nature of the challenges we face and to the policy options available. As part of this process, the State should be alert to monitoring "best practice" in other states. In many areas Connecticut has lagged behind other states (e.g. economic development, quality of administrative data, and educational data), at least in part because it was not attentive to such developments.

Freedom of Information Act, A Challenge to Better Data Collection

Michigan, Florida and other states have modified their Freedom of Information (FOI) laws to facilitate better information availability between agencies. Connecticut needs to work toward the same, to facilitate more complete studies of at-risk populations when our State Department of Education holds some of the data, and Department of Public Health a separate component or indicator.

Connecticut was the 49th state to participate in the Labor Employment Household Dynamics (LEHD), which required integration between social security and the Department of Labor. Many states, like Connecticut, had prohibitions on sharing those data components and needed to initiate legislation to allow this cross-agency research collection.

Researchers across agencies also need to file confidentiality agreements with each agency from which they are requesting special enumerations. As poverty data crosses many agency repositories and in order to monitor progress for our many residents in poverty, Connecticut needs to amend FOI to encourage data sharing and reporting.
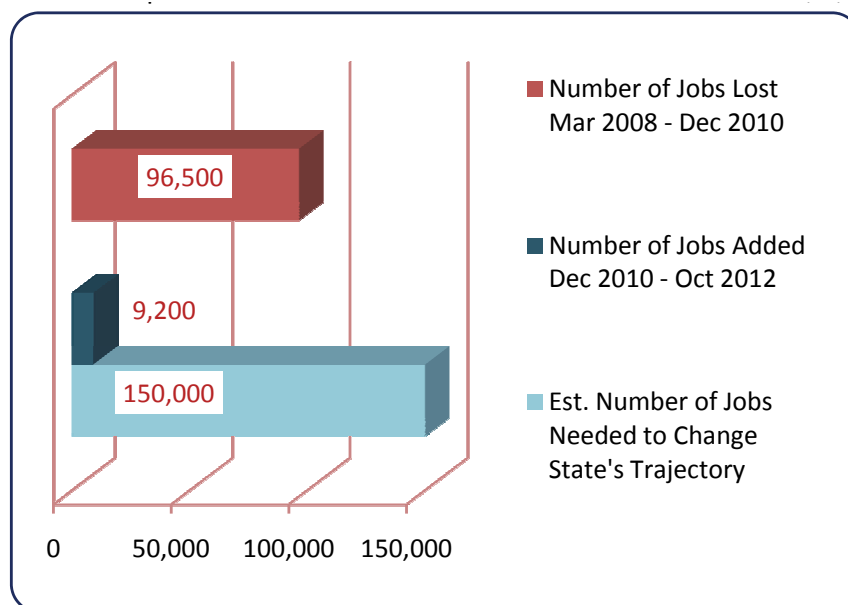
VII. Conclusion

From 1990 to 2010 Connecticut's total population grew by 8%, while the number of Poor & Very Poor residents jumped 40%. By 2010, 21% of Connecticut's population was living at or below 200% of the Federal Poverty Line (FPL), and nearly 1 in 10 residents were living below 100% of the FPL. This report shows that while the effects of poverty are geographically concentrated, that concentration extends beyond Connecticut's urban core and involves both medium and small sized towns in every county. Furthermore, the state is in real danger of witnessing a continuation of these trends due to demographic shifts that have seen young people leave the state in search of better opportunities, as well as the growth in the number of retirees as baby boomers reach and surpass age 65.

The section on Demographics of Poverty provides good lessons for policy makers, highlighting age, race, and educational differences that demonstrate poverty's grasp and point to areas where interventions can make a real difference. However, more importantly, this report illustrates that which lies behind poverty's growth: the stagnation of employment opportunities. From 1990 to 2010, Connecticut experienced a net loss in the number of jobs. During the 20 years examined, the state failed to create comprehensive policies or address structural barriers that stood in the way of employment growth, and made the state unattractive to companies looking to expand operations. These factors led to the dubious distinction of the worst job creation record in the nation, while Connecticut missed out on opportunities during critical periods of economic growth. During the 1990s and again in the 2000s, Connecticut lost jobs and/or created them more slowly when compared to other states and the nation as a whole. Particularly worrisome has been the contraction in lower wage jobs, which represent a low-income individual or family's best chance to escape poverty and become economically self-sufficient.

Based on data from the federal Bureau of Labor Statistics, Connecticut lost approximately 100,000 jobs during the Great Recession (measuring from March 2008 to December 2010). As made clear throughout this report, the state wasn't doing that well in March of 2008 either, with the number employed barely above that seen in 1990. Throughout the 2000s, Connecticut's job gains trailed national trends. Since that time, and due in part to the work of the State's current administration, 9,200 jobs have been added. Although a good start, this represents just 10% of jobs lost in the last few years. Therefore, the State needs to continue and expand its efforts to drive broad job recovery.

The research team estimates that approximately 150,000 jobs need to be created in the next three to five years to change the state's trajectory, both economically

Legend:
- Number of Jobs Lost Mar 2008 - Dec 2010: 96,500
- Number of Jobs Added Dec 2010 - Oct 2012: 9,200
- Est. Number of Jobs Needed to Change State's Trajectory: 150,000

VII. Conclusion

and demographically. The scale is daunting, but the incremental steps matter. For example, the Governor's First Five Initiative seeks to reward companies that create new jobs. While the job gains are counted in the hundreds, a complementary aim of the project is to provide incentives to companies to keep thousands of existing jobs in the state. As Governor Malloy described it, the state should help make large companies so dependent on the infrastructure and human capital they have in Connecticut that relocating is not an option.

This report also offers recommendations and action steps in four critical areas that can be taken now:

- Implement comprehensive economic development planning
- Align credential requirements with job-specific tasks
- Support education and training initiatives
- Create a data center to track, store and analyze economic and jobs-related data in an ongoing and consistent manner

As noted in this report, the state, under the current administration, has made good faith efforts and made significant investments to address many of the problems discussed. Governor Malloy came into office promising to improve Connecticut's attractiveness to employers and business, and has made progress; however, there is much left to do. To fully inform and ensure planning and decisions are achievable and to produce maximum impact, one critical need still relates to data. Connecticut is far behind other states in the area of data collection, tracking and analysis. While a couple of good examples do exist—notably the current efforts within the Department of Labor—state initiatives on data issues are fragmented and uncoordinated, and lack the IT and other infrastructure needed to be successful. A comprehensive plan for oversight, integration and investment is crucial to the development of an integrated state administrative data system. A State Data Council would have a broad brief to consider all of these issues, as well as how to address confidentiality and FOI restrictions that currently prevent completion of some critical studies. Without

good data and strong, consistent, sustained analysis, the state's attempts at supporting job creation operate blindly, unable to forecast need or understand effects of and lessons from past efforts.

While there is much to be done to assist Connecticut residents toward a brighter tomorrow, effective programs are already in place to mitigate the most severe consequences of poverty Connecticut residents face every day. While this report does not trumpet the many direct-line providers, advocates, and legislators who tirelessly work to make a difference in the lives of those who experience poverty, Appendix I provides some important insight into one group of providers who serve every one of the state's 169 cities and towns: Connecticut's Community Action Agencies (CAAs). But for these organizations, many more in our state would face their days without food, shelter, warmth, job training, or hope. To address the recommendations highlighted in this report, all partners must be deeply committed to making the necessary investments in our most important asset—our people.

Appendix I Connecticut's Community Action Agencies

Community Action Agencies:
Empowering People, Building Communities, and Keeping Hope Alive

The Connecticut Association for Community Action, Inc. (CAFCA) is the umbrella organization of Connecticut's Community Action Agencies (CAAs), the federally designated anti-poverty agencies strengthening communities and empowering people throughout the state's 169 cities and towns. Our mission is to strengthen the capacity of our members to foster economic self-sufficiency, and the stability of families and communities.

Since the Great Recession began in 2008, demand for our agencies' anti-poverty programs has skyrocketed. Community Action Agencies and our partners have helped many families recover, but countless families have been down on their luck for a year or more. And for families who had always played by the rules, the deepest recession since the Great Depression created a perfect storm of job loss, foreclosure, exorbitant rate increases in credit and health care, and myriad other threats. As a result, families who had been struggling on their own and simply couldn't do it anymore began coming through our doors in droves.

In many policy circles, these customers are called the 'new poor' and the economic condition we are currently facing is called the 'new normal'. A startling example of this 'new normal' is the increase in the case load of the Low Income Home Energy Assistance Program (LIHEAP): customer demand for assistance in heating their homes has increased by over 40% at most Community Action Agencies since the recession began. Of course, in addition to energy assistance these families have multiple other needs as well.

In the midst of this social and economic turbulence, Connecticut's CAAs have come through as an integral part of our state's social safety net. We have helped families keep their homes, have nutritious meals on their tables, care for their children, and prepare for new careers. While providing services to meet immediate needs, our agencies also work with those in need to develop long-range plans for success.

A hallmark of the CAA Network is the provision of holistic case management to improve self-sufficiency and strengthen family economic security. To achieve the goals of better, more cost-effective service, the CAAs developed a customer-focused, integrated services approach that guides customers through the social service system using a universal intake form. For those who need our services, they can enter the Community Action Agency door and with only one universal intake and pre-assessment form, case managers can predetermine likely eligibility for all programs and services.

The Human Services Infrastructure System of Service Delivery

This service delivery paradigm is called the Human Services Infrastructure (HSI) and for the past 9 years, the CAAs have partnered with the Connecticut Department of Social Services to implement this customer-focused, integrated service delivery system across all programs. CAAs accept customers at any contact point and guide them through a complex service system, ensuring the most efficient and cost-effective delivery of services, and the best use of taxpayer dollars. The result is improved client outcomes across all state- and federally-funded programs, underscoring the value of integrating diverse funding streams at the local level. We have found that increasing our customers' access to as many support services as possible increases the likelihood that the individual or family will maintain hope and health and move towards self-sufficiency more quickly.

New Opportunities, Inc. (NOI) has fine-tuned this holistic approach and it is called the **Family Development Center.** The Center's approach helps individuals and families who require a concentration of services, interventions and programs to achieve economic stability. The Center serves as the entry point for walk-in customers seeking assistance from NOI at its Waterbury location. Customers can be directly assisted with applications for any of the program services available within the agency. Customers can also be assisted with the completion of state benefit assistance applications and the gathering of documentation required for employment. Customers

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may also be referred to a network of community partners if requested services are not available within NOI. These initial services are designed to stabilize the family situation and meet immediate needs.

The next level of services available in the center involves the building of trust with the family and engaging them in services that support the family and contribute to healthy parent-child relationships. Family Development services begin with an assessment of the strengths that the family brings to the table and continues with the creation of a family development plan. This plan is jointly developed by the NOI direct service staff and the family and includes short, medium, and long term goals with responsibilities for both the staff person and family. Services provided by NOI include home visits and skill development workshops designed to empower the family as they move towards the achievement of their goals and increase their network of support within the community. Skill development workshop topics include financial education, conflict resolution, communication, parenting skills development and parent-child relationship building, early childhood education and self-evaluation. This ongoing work with families is designed to continue as long as the family maintains their commitment to the achievement of their identified goals.

Program Specific Models

While all eleven Community Action Agencies use the HSI case management approach to more comprehensively serve their customers, agencies are also experiencing demographic and customer preference changes that demand realignment and refocusing of resources to meet specific changing needs. As the Thames Valley Council for Community Action (TVCCA) recently reported in their **Food and Nutrition Services Programs**, their clients are changing from depression era seniors – a generation grateful to have any kind of food on the table at all—to baby boomers, whose eating habits include healthier choices and more variety. One of their biggest challenges is trying to maintain the nutrition and quality level of food at a time when more and more boomers are coming of senior age, at the same time food and energy costs are constantly rising. TVCCA is working with their funders to

change how meals are prepared, purchasing equipment that enables them to keep up with the trend for fresh-prepared meals, working with their vendors to get the best food at the best prices, and planning to do more fund-raising events to help with costs and educate the community.

Additionally, in their **Women, Infants and Children (WIC)** program, they are experiencing more 'working poor' coming through their doors – especially those who have recently lost their jobs or gone from a two-person working household to a one-person with the family struggling to make ends meet. Many of these people have never used social services before and agencies are developing new service models to accommodate their needs—by extending program hours into the evening and Saturdays. Working moms choosing to breast feed and return to work have increased support from a staff of Certified Lactation Counselors and a new Peer Counselor Pilot, which assists their transition back to work.

Another critical area for the CAA network is in **Employment and Training Services**. Agencies' Employment and Training staffs are consistently challenged by customers who require assistance in developing effective job search skills that can give them a competitive edge in today's ever-changing job market. Helping them remove barriers to a successful employment search is the number one goal for HSI case managers and customer service specialists. Incorporating the HSI model at all of the CTWorks "One Stops" has assisted and will continue to assist many in meeting basic needs and becoming better equipped to re-enter the workforce.

One of the most important things that the Bristol Community Organization (BCO) is doing is developing and implementing programs that will help young people (ages 16-21) toward training that will lead to a living wage job. With a new grant from Capital Workforce Partners, BCO and Tunxis Community College have formed a collaboration to create a cohort of forty youth who will attend classes at Tunxis in the Allied Health Track. Currently, Tunxis does not have the capacity

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to offer social services, lessons in good study habits, transportation and or work experience to low income youth. Many youth who dropped out of high school come back to local Adult Education programs to earn a high school diploma. They are in low paying jobs or searching for work. Some are leaving foster care, some are homeless. With the new program, youth who are placed in remedial coursework at Tunxis will be in classrooms with an I-BEST teaching model. The model includes team teaching, contextual learning and individual social services and student counseling. An employee from the community action agency will work with an adjunct professor to ensure individualized attention and expedited time in any remedial classes. It is expected that after two years, youth will be on their way to a certificate program, an associate degree and, perhaps a BS in the Allied Health field.

Summary

As one can see from the examples above, Connecticut's Community Action Agency (CAA) Network is a living, breathing network of community leaders and dedicated staff who work daily to assist low income individuals and families meet the ever-increasing needs they face in the deepest economic downturn the state has experienced since the Great Depression. While we are recognized in our communities for our experience and expertise, we are also seen as the community innovators and as economic development engines. We have the flexibility to respond to local community needs with tri-partite boards composed of local elected officials, business leaders and representatives of the low-income community. This local representation allows us to do regional community needs assessments and respond directly as needs are identified. Also, our agencies employ over 3,000 employees statewide and serve as a funnel for our vendors, especially oil and utility vendors in the energy assistance and weatherization programs.

This is a brief summary of the CAA Network. We know that the challenges we will continue to face are all too real, yet they are accompanied by a great opportunity to serve our state's most vulnerable residents ever more effectively and efficiently. We will embrace

this opportunity by adhering to the Results Oriented Management and Accountability (ROMA) system, promoting our online Automated Benefits Calculator (ABC) to help ensure that all families understand their eligibility for needed programs, strengthening our partnerships, and continuing to advocate on behalf of those whose voices are so often unheard.

In this effort, we are grateful to the policymakers and partners who realize that funding CAAs' comprehensive anti-poverty efforts is a worthwhile investment. CAAs' proven programs put people to work and keep people healthy, saving the State the social and fiscal costs incurred when families suffer complete financial crisis. Throughout the CT Poverty Report, readers saw customers who have utilized programs and services offered at one of our CAAs report first-hand on what our programs and the integrated services approach has meant to them.

Finally, while we will continue our daily work helping families move away from the brink, we also have our sights set on longer-term solutions to the underlying systemic inequalities leading so many people to their local CAAs. We pledge to continue working with policymakers—informing them not only of CAAs' positive results, but also contributing to discussions of fundamental change and job creation... so fewer people need our help in the first place.

We have persevered through turbulent times before, and now, like then, we will collaborate and innovate to continue empowering people and building communities and keeping hope alive.

Appendix II Methodology for Econometric Analysis of Poverty

In order to test for relationships between poverty and job-related occurrences for Connecticut's working age population, the Connecticut Center for Economic Analysis (CCEA) employed two standard analysis methods.

A. Discussion

First, a state-level time series analysis used a Vector Autoregression (VAR) approach to confirm a relationship between the number in poverty (as measured by the change in the number of SNAP participants) and the unemployment rate. Results indicate a significant positive relationship between the number of SNAP participants and the unemployment rate.

- The significance of lag_{t-2} of the U Rate (.156**) means that the U Rate from 2 months earlier explains current SNAP distributions.

Thus, a higher level of unemployment, or fewer jobs, translates into a higher level of poverty.

Second, an Ordinary-Least-Squares statistical test (via a cross-sectional first difference formula) was run over two time periods, 1990-2010 and 2000-2010. As this report covers the two most recent decades, this test reviewed the percentage of each town's Labor Force that was employed, in patterns similar to the growth in the number and percent living with less that very poor income. (referred to as change_emp in Table 2). Again, results indicate a significant (extremely significant) negative relationship between the change in the percentage of the Labor Force that is employed and the change in the percentage of the town's population classified as very poor. Thus, the decrease in the percentage of labor force employed, or fewer jobs, translates to a higher level of poverty.

Also this test of Census year data employed additional measures, for their alignment with poverty:

- The analysis employs 5 potential explanatory variables – the percentage of the population classified as Hispanic, the percentage of the population classified as black, the percentage of the population classified within a single female household, the percentage of the population without a high school degree and the percentage of the labor force that is employed.

- For each individual year, the final model (inclusion of specific variables) is determined by the largest adjusted R2 value. Thus, while each of the five variables is initially significant, that significance is not robust to the inclusion of other variables; so those are excluded. Basically, only the variables that remain significant when paired with all other variables in the model are included.

- High R2 values show that these models explain a large portion of the variation in poverty levels across the state.

B. Econometric Models

1. Vector Autoregression Analysis (VAR) had the following model:
A state-level analysis, based upon 84 monthly observations spanning from July 2005 through June 2012, was developed to study the relationship between two data series - the evolution of the number living in poverty (SNAP participants) and the changing level of the unemployment rate. To properly estimate using a VAR, both data series need to be stationary. Therefore, Dickey-Fuller Tests and Augmented Dickey Fuller Tests were run to test for the presence of unit roots. Both types of tests identify the presence of a unit root in both series. To correct for this result, a first-differenced version of both series was generated. Finally, the minimization of the information criteria indicated the optimal lag values would be equal to two. Thus, the following two VAR processes were estimated:

$$y_{1,t} = c_1 + \alpha_{1,1}y_{1,t-1} + \alpha_{1,2}y_{2,t-1} + \beta_{1,1}y_{1,t-2} + \beta_{1,2}y_{2,t-2} + e_{1,t}$$

$$y_{2,t} = c_2 + \alpha_{2,1}y_{1,t-1} + \alpha_{2,2}y_{2,t-1} + \beta_{2,1}y_{1,t-2} + \beta_{2,2}y_{2,t-2} + e_{2,t}$$

Appendix II Methodology for Econometric Analysis of Poverty

Where:
- $y_{1,t}$ represents the number of SNAP participants at time t
- $y_{2,t}$ represents the unemployment rate at time t

2. <u>The OLS econometric test</u> had the following model:

For individual census years of 1990, 2000, and 2010, a cross-sectional Ordinary Least Squares (OLS) analysis across all 169 towns within Connecticut was implemented to discover poverty levels within the state. The following model was estimated for each decennial year:

$$\%pov_i = \beta1 + \beta2\ \%hisp_i + \beta3\ \%black_i + \beta4\ \%sf\_hh_i + \beta5\ \%no\_hs_i + u_i$$

Where:
%pov_i = percentage of "very poor" within town i
%hisp_i = percentage of Hispanic residents within town i
%black_i = percentage of black residents within town i
%sf_hh_i = percentage of single female households with children within town i
%no_hs_i = percentage of residents without at least a high school degree within town i
%LF_Emp_i = percentage of town i's labor force that is employed
u_i = error term

Further, to account for changes in socio-economic makeup of the state between census years, the following difference model is estimated for 1990 v. 2010 and 2000 v. 2010:

$$\Delta\%pov_i = \beta_1 + \beta_2\ \Delta\%hisp_i + \beta_3\ \Delta\%black_i + \beta_4\ \Delta\%sf\_hh_i + \beta_5\ \Delta\%no\_hs_i + u_i$$

Where:
$\Delta\%pov_i$ = change in the percentage of "very poor" within town i
$\Delta\%hisp_i$ = change in the percentage of Hispanic residents within town i
$\Delta\%black_i$ = change in the percentage of black residents within town i
$\Delta\%sf\_hh_i$ = change in the percentage of single female households with children within town i
$\Delta\%no\_hs_i$ = change in the percentage of residents without at least a high school degree in town i
u_i = error term

Correlation among our independent variables prohibits the inclusion of some specific variables being included in each decennial year. Thus, the final model for each individual census year is determined by achieving the highest adjusted R2 value. The following final models are estimated for each year:

<u>1990</u>: $\%Pov_i = \beta_0 + \beta_1*\%Hisp_i + \beta_2*\%Single\_Female\_HH_i + \beta_3*\%No\_HS_i + u_i$
<u>2000</u>: $\%Pov_i = \beta_0 + \beta_1*\%Hisp_i + \beta_2*\%Black_i + \beta_3*\%Single\_Female\_HH_i + \beta_4*\%No\_HS_i + u_i$
<u>2010</u>: $\%Pov_i = \beta_0 + \beta_1*\%Black_i + \beta_2*\%Single\_Female\_HH_i + \beta_3*\%No\_HS_i + u_i$

Racial composition of the state is found to have a positive significant relationship with poverty in each of the individual census years.[1] Specifically, in 2010, a 1% increase in the population of black residents in a town corresponds to a 0.09% increase in number of residents living in poverty.

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[1]The year 2000 is the only year where there is not a significant correlation between the percentage of black residents and the percentage of Hispanic residents - hence, the inclusion of both explanatory variables for that year. For the other two years (1990 and 2010), the exclusion of one of those variables is necessary to obtain robust results with the highest adjusted R^2 values.

Appendix II Methodology for Econometric Analysis of Poverty

C.   Econometric "Raw" Outputs:

VAR between SNAP & URate:

```
Vector autoregression

Sample:  3 - 84                                   No. of obs     =        82
Log likelihood = -630.2067                        AIC            = 15.51724
FPE          =   18798.8                           HQIC           = 15.58794
Det(Sigma_ml) =  16238.52                          SBIC           = 15.69334

Equation          Parms      RMSE       R-sq      chi2      P>chi2

DFsnap               3      1910.72    0.5778    112.203    0.0000
DFurate              3      .069378    0.7313    223.1704   0.0000
```

	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
DFsnap						
DFsnap						
L1.	.7243696	.0732444	9.89	0.000	.5808132	.867926
DFurate						
L1.	2913.299	1648.069	1.77	0.077	-316.8566	6143.454
_cons	584.7579	269.1067	2.17	0.030	57.31846	1112.197
DFurate						
DFsnap						
L1.	-3.28e-06	2.66e-06	-1.23	0.217	-8.49e-06	1.93e-06
DFurate						
L1.	.8879479	.0598409	14.84	0.000	.7706618	1.005234
_cons	.0153932	.0097712	1.58	0.115	-.003758	.0345444

OLS Difference Model 2010-2000:

```
Source  |       SS         df       MS              Number of obs =     169
--------+--------------------------------           F(  4,   164) =    6.82
  Model |  .009180153      4    .002295038          Prob > F      =  0.0000
Residual |  .055155617    164    .000336315          R-squared     =  0.1427
--------+--------------------------------           Adj R-squared =  0.1218
  Total |  .06433577      168    .000382951          Root MSE      =   .01834
```

del_per_pov	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
del_per_hisp	.0066037	.0329364	0.20	0.841	-.0584303	.0716377
del_per_si~s	.1597203	.1912111	0.84	0.405	-.2178326	.5372733
del_per_no~s	-.0044039	.0114059	-0.39	0.700	-.0269253	.0181175
change_emp~t	-.5415936	.1046866	-5.17	0.000	-.7483008	-.3348863
_cons	-.0261955	.0068512	-3.82	0.000	-.0397235	-.0126675

Appendix II Methodology for Econometric Analysis of Poverty

D. Econometric Results presentation

Table 1. Census year Regression Results			
	1990	2000	2010
% Hispanic	.158* (.07)	.299*** (.04)	
% Black		.06* (.03)	.062* (.03)
% Single Female HH	.765*** (.03)	.298*** (.09)	.523*** (.11)
% No HS Degree	.095*** (.14)	.148*** (.04)	.806*** (.09)
# of Observations	169	169	169
R^2	.6854	.7997	.7099

Regressand is Percentage of Population living below .99FPG
Level of Significance: * denotes >95%, ** denotes >99%, *** denotes >99.99%
Blank areas indicate a correlation with the Regressand, that was removed from that decennial's OLS.
Numbers in parenthesis represent "Robust standard errors".
Intercepts are not reported.

Table 2. First-Difference Regression Results		
	2010-2000	2010-1990
Change in % Hispanic		.142*** (.04)
Change in % Black		.048* (.03)
Change in % No HS Degree		-.116*** (.03)
Change in % of LF Employed	-.535*** (.10)	-.599*** (.16)
# of Observations	169	169
R^2	.1376	.3173

Regressand is Change in the Percentage of Population living below .99FPG
Level of Significance: * denotes >95%, ** denotes >99%, *** denotes >99.99%
Blank areas indicate a correlation with the Regressand, that was removed from that decennial's OLS.
Numbers in parenthesis represent "Robust standard errors".
Intercepts are not reported.

Table 3. Correlations between the percentage of population living in poverty.			
	1990	2000	2010
% Hispanic	.7190	.8477	.6328
% Black	.5716	.6663	.5155
% Single Female HH	.8121	.7945	.7487
% No HS Degree	.6774	.7873	.8022
% LF employed	-.5530	-.7662	-.7295

Table 4. Vector Autoregression Results		
	SNAP	U Rate
• Lag$_{t-1}$	.472*** (.10)	.257* (.10)
• Lag$_{t-2}$	-.064 (.06)	.156** (.06)

Endnotes

[1] Flaherty, Patrick J. (2010). "Last but not Dead", The Connecticut Economic Digest, vol. 15, no. 2, p. 1.

[2] The Research Team calculated the number and percent change for people whose "ratio of income to poverty" identified them as (1) Very Poor, below .99 Federal Poverty Level (FPL), or (2) Poor, with incomes between 1.0 and 1.99 FPL, from Census Bureau reports released in 2010, 2000 and 1990. The Census reports on poverty by age groupings were also consulted for their additional income levels above the basic "ratio of income to poverty" distribution. The following Census data sets are the basis for the number and percent Very Poor and Poor residents described in this report: (a) 2010 American Community Survey 5-year Estimates, Table C17002, Ratio of Income to Poverty, and Table B17024, Age By Ratio Of Income To Poverty Level In The Past 12 Months; (b) 2000 Census, SF3, Table P088, Ration of Income to Poverty and Table PCT050: Age by Ratio of Income to Poverty Level; and (c) 1990 Census, STF3, Table P121, Ratio of Income to Poverty and Table 117, Poverty Status by Age.

[3] For more on the two measures of poverty see: (a) U.S. Health and Human Services - http://aspe.hhs.gov/poverty/; and (b) the U.S. Department of Commerce's Census Bureau: http://www.census.gov/hhes/www/poverty/about/overview/measure.html

[4] The Basic Economic Security Tables for Connecticut, 2012, written by Wider Opportunities for Women http://ctpcsw.files.wordpress.cm/2012/04/basic-economic-security-tables-index-for-connecticut-2012-2.pdf

[5] 1990 numbers for the "Poor" category were extrapolated from Census 1990, STF3, Table P121, Ratio Of Income In 1989 To Poverty Level. The original poverty by ages data is reported in 1990, STF3, Table P117, Poverty Status In 1989 By Age.

[6] The Census Bureau prepares its reports on Race and Ethnicity in separate tables, due to the overlapping nature of ethnicity across single or multiple races. For our purposes and adopting a practice of the Connecticut Department of Public Health Registration Reports' Table 3 (see more in Endnote 9), we studied the following five categories but reported only on the first three, due to very low counts for the last two groups: white alone, black alone, Latino or Hispanic together, Asian alone, and other races who are not Latino. Given the complexity of the data sets, our team reported only the 2010 profile of the three principal race and ethnicity data sets. (a) The 2010 American Community Survey 5-year estimates data on race or ethnicity in poverty are from the series: Table B17001: Poverty Status in the past 12 months by sex by age: Table B17001B, Black or African American alone, Table B17001D, Asian alone, Table B17001H, White alone, not Hispanic or Latino, and Table B17001I, Hispanic or Latino. Although we studied poverty in the previous decennial reports, we simplified by focusing on the current density in our Tier 1 towns. (b) 2000 Census SF3, in the following sub-series for Table: PCT075: Poverty Status in 1999 dollars by sex by age: PCT075B: Black or African American alone, PCT075D: Asian alone, PCT075H: Hispanic or Latino, and PCT075I: white alone, not Hispanic; and (c) Census data organized by the information delivery provider, Social Explorer, in their Tables T99 Poverty Status in 1989 by Race, for the population for whom poverty status is determined, and Table T105: Poverty Status in 1989 (Persons of Hispanic origin), for whom poverty status is determined.

[7] 2010 American Community Survey, 5-year estimates, Table 17010, Poverty Status in the past 12 months of Families by Family type by Presence of Related Children under 18 years of age of related Children; for twenty year changes, see 1990 Census Summary Tape File 3, Table P123: Poverty Status in 1989 by Family Type and Presence and age of [related] Children.

Endnotes

[8] Sullentrop, Katy (2010). "The Costs and Consequences of Teen Childbearing", National Center for Health Statistics, p. 5.

[9] Data for births by race and ethnicity are available from Connecticut's Department of Public Health, from their annual Registration Reports: http://www.ct.gov/dph/cwp/view.asp?a=3132&q=394598

[10] From the following data set, we reported on ages 25-64, the working age population: 2010 American Community Survey, 5-year Estimates, B15001, Sex by Age by Educational attainment for the Population 18 years and over.

[11] Census Business Dynamics Statistics, using "Economy wide" for US and State for Connecticut: http://www.census.gov/ces/dataproducts/bds/data_firm.html

[12] The Economic Impact of Connecticut's Information Technology Industry (4/7/03): http://ccea.uconn.edu/studies/Connecticut%20IT%20Impact.pdf

[13] U.S. Bureau of Labor Statistics (BLS) Occupational Employment Statistics, 1999 – 2011, organizing "major" occupation categories roughly into NAICS industry categories, while developing above and below $40,000 employment numbers from BLS quartiles.

[14] Holzer, Harry J. and Marek Hlavac (2011). A Very Uneven Road: US Labor Markets in the Past 30 Years. The Urban Institute: http://www.urban.org/UploadedPDF/1001606-A-Very-Uneven-Road-US-Labor-Markets-in-the-Past-30-Years.pdf

[15] Connecticut Employment and Training Commission, Annual Report (2009). A Talent-Based Strategy for Economic Competitiveness, The Commission. http://charteroakgroup.com/rbadownloads/09Report.pdf

[16] A. T. Kearney (2005) Sustainable Prosperity: an agenda for New England, p. 9

[17] Coelen, Stephen et al., (2008). Next Steps: Preparing a Quality Workforce, Department of Economics and the Connecticut Center for Economic Analysis, University of Connecticut, See: http://ccea.uconn.edu/studies/08apr_NextSteps.pdf

Meeting the Challenge

The Dynamics of Poverty in Connecticut

CONNECTICUT ASSOCIATION FOR COMMUNITY ACTION

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