



## **FINANCIAL SECURITY WORK GROUP**

### **INTRODUCTION**

The Family Success Institute in collaboration with the FSI Learning Community is developing a holistic policy framework to transform government programs and resources to enable children and their families to succeed in life. Responding to a long history of public spending and services dedicated to treating the effects of family and individual distress, these policy papers will:

- Define the resources families and communities require to thrive,
- Identify the institutional barriers that cultivate societal distress and economic segregation, and
- Provide a roadmap to establishing as rights for ALL families the services, supports, and opportunities that have been the birthright of the privileged among us.

Any roadmap to family success must reflect community specific conditions, resources, opportunities and needs, as well as the character and history of the residents. It is essential that the voices of family and community be empowered to direct the development of the services and supports to address diverse conditions and to realize specific opportunities.

The Learning Community is FSI's vehicle for community engagement. It is comprised of local and state government officials, non-profit service providers, advocacy organizations and parent leaders and community representatives. With over 100 individual members and guests who participate in its activities, the Learning Community welcomes all organizations and individuals who embrace FSI's mission of redirecting the policies and resources of public and private enterprise to enable family success.

Strategies for family success begin with empowered community voice, and these policy papers will be circulated and discussed in communities across the state to insure community engagement. The individual papers – each covering different subject areas - will then be assembled as an integrated plan for achieving Family Success in New Jersey, serving as a template for needed change across the country.

### **DEFINING FINANCIAL SECURITY.**

The experience of financial security brings with it the peace of mind of knowing that every family member has access to the most essential needs with little fear of losing that ability. Financial security is present when every family has the resources needed to consistently assure access to food, shelter, clothing, transportation, healthy and vital community, gainful employment, and health care for all its members, and providing a foundation for aspirational pursuits. To achieve and sustain financial security families must be able to manage both income and expenses, along with an array of other

The principal domains of financial security are:

1. Housing & Food Security
2. Employment & Entrepreneurship
3. Community Development/Self-Healing Communities
4. Wealth Building

The Financial Security of New Jersey families occupies a wide spectrum of financial and social conditions, ranging from luxuriously secure to struggling to survive. The ambitions of this paper and of the family success movement are directed at empowering families and communities where these essential components of financial security are inadequate or absent. The goal is to place financial security, which many enjoy already, within the reach of ALL families. This requires reversing decades of systemic racism and dismantling longstanding institutional barriers in both public and private institutions. With equal effort and shared commitment, public and private institutions together must establish and maintain avenues of opportunity that offer financial security for all. This transformation in the policies and programs of both public and private enterprise will enable families and communities that have and continue to endure distressed circumstances to become financially secure and resilient to disruptive events and economic dislocation.

Over many decades, federal and state governments have taken steps to alleviate economic distress, laying the groundwork for this bold and urgent goal. Starting with Social Security, Medicare and Medicaid, Food Stamps and SNAP, Temporary Assistance for Needy Families (TANF), Earned Income and Child Tax Credits, and Section 8 and other Affordable Housing programs – the federal government has built a foundation for reducing poverty, and New Jersey has, for the most part, been a willing partner and funder of each of the programs requiring “state match.” At the same time, the piecemeal evolution of these programs, where funding cutbacks or rule changes have limited their potential, combined with their siloed versus integrated funding and administration has rendered them woefully inadequate for combatting social and economic distress. Our nation’s well documented widening wealth gap is a prime contributor to child and family distress. Supercharged by the Covid 19 pandemic, the most adverse effects of financial insecurity: heightened eviction risk, increased foreclosures, burgeoning food lines, poor health care, job loss and uneven recovery – have been imposed, most on those families with the least. These conditions, well established before the pandemic, are all products of our piecemeal and underfunded approach to achieving family success. To offer ALL families financial security requires a wholesale commitment by our nation and our state to eradicating prejudice and racism from our public institutions and making a dedicated investment in holistic community directed services and supports, tailored to cultivate opportunity and wellbeing for each family and community served. With one of the greatest concentrations of wealth in the world, the U.S. and the Garden State have the resources to enable families to achieve financial security; collectively, we must summon the will to construct the foundation of family success for all.

The Family Success movement recognizes different levels of financial resilience, described as follows:

- Financial Safety – Living from paycheck to paycheck
- Financial Stability – Able to handle financial emergencies
- Financial Sustainability – On the path to achieving long lasting wealth
- Financial Independence – Able to live exactly as you want
- Financial Legacy – Accumulate wealth to pass down to your heirs

The Family Success movement seeks commitment of public resources to children and families identified with the first two levels: lacking financial safety or stability, which includes a large and growing portion of the State’s population. This burden of financial insecurity in New Jersey and elsewhere falls disproportionately on certain groups of citizens, including immigrants, youth, minorities, women, non-

English speakers, and returning citizens. To offer ALL families the opportunities enjoyed by some requires a strategy that removes barriers faced by these target populations and focusing the resources for success where the needs are greatest.

## **BARRIERS TO FINANCIAL SECURITY**

### **Public Sector Barriers**

Governmental discrimination against immigrant, indigent and minority families is well documented and remains firmly entrenched. Our public institutions limit access to financial security through a multitude of policies and programs that cultivate adverse conditions in communities of need throughout our state.

Examples of these barriers include:

- Exclusionary zoning
- Inadequate multilingual accessibility
- Deficient transit services
- Insufficient affordable housing
- Punitive law enforcement
- Discriminatory judicial system
- Degraded infrastructure
- Poor healthcare and education

### **Public-Private Barriers**

The private sector controls resources that are fundamental to financial security. The economic wellbeing of communities and financial security for families is dependent on private sector investment in commerce and enterprise and rigorous enforcement of statutory safeguards against exploitive, corrupt or derelict commercial practices. The institutional prejudice that has tolerated disinvestment and exploitation of communities is evident in obstacles to financial security for which both public and private sectors bear responsibility, including

- Food deserts
- Environmental hazards
- Inadequate utilities
- Derelict housing

These barriers to financial security and family success stand in stark contrast to the abundant opportunities and services present in adjacent communities. This disparity that a conscious design to protect the socially empowered and financially endowed. In both statute and regulation, legacy public policy displays a longstanding indifference toward these causes of social and economic hardship. Our governmental response to the resulting distress and dysfunction, most acute when it spills over and impacts the lives of the privileged and powerful, has been a mounting public investment in siloed treatment of the symptoms and effects of distress. The time-honored program model has been to segregate and treat the distressed and dysfunctional. Multiple decades of public investment in distress directed services have produced no significant increase in opportunity for the families or individuals being “treated” and no remediation of the social, economic, or environmental conditions that are the seedbed of distress. In too many communities, as vividly revealed during this pandemic, there is not

enough food, safe and affordable housing, quality education or healthcare, jobs, transportation, or social and recreational resources. Family success is largely out of reach.

### **Private Sector Barriers**

Combatting discrimination in private institutions is just as critical to achieving financial security for all families. Private enterprise exercises significant control over many of the pathways and tools for achieving financial security, including:

- Access to financing capital,
- Advanced learning and skills development,
- Employment & employment benefits
- Entrepreneurial opportunity,
- Transportation,
- Healthcare
- Media and communications

The private sector is an essential partner in any campaign to provide equitable access to opportunity. Private institutions must confront institutional prejudice, dismantle barriers to financial security, and establish gateways to opportunity for historically disadvantaged communities and families. Public policy must stimulate and reward private sector investment in targeted community development, environmental stewardship, small business and entrepreneurship, job training and skills development. Recognizing the wealth of opportunity the private sector has bestowed on many New Jerseyans, expanding financial opportunity requires programs and regulations that redirecting resources and opportunity to communities and families that have been historically marginalized.

### **BUILDING THE FOUNDATION FOR FINANCIAL SECURITY**

Building a foundation of financial security for all families begins with a statutory expression of intent. Dismantling barriers to opportunity and creating pathways to prosperity requires a multitude of changes in both public and private sector programs and regulations. Placing financial security within the reach of all families depends on the collective effect of many challenging steps along that path.

In national rankings of states based on their per capita income, New Jersey consistently ranks first or second in the nation. At the same time the prevalence of food insecurity, housing foreclosures, and other indicators of financial distress evidence of the wide variance in financial conditions among New Jersey families. Recognizing how uneven the financial playing field is a critical first step to establishing policies that (a) target specific populations and (b) offer appropriate supports and resources. Target populations includes those who:

1. Are food insecure
2. Lack adequate income – this requires a quantified definition of “poverty” for NJ families – reflecting New Jersey’s high cost of living and deficiencies in how the federal government determines the federal poverty level, a generic definition of poverty might be 300% of the federal poverty level (“FPL”); see attached Legal Services of NJ’s True Poverty Level report
3. Are unemployed, lack good education or job skills
4. Live far from available jobs

5. Lack financial knowledge or skills
6. Are homeless or home insecure
7. Are at risk youth
8. Are recent immigrants

These characteristics, combined with identified population groups that have experienced discrimination – minorities, women, returning citizens, etc. – form a framework for defining target populations. Engaging communities in determining the needs and resources required for financial security will produce tailored and effective solutions. At the same time, community directed plans for placing financial security within reach of ALL families must also meet uniform quality standards to provide accountability for both spending and outcome measurement.

Public sector statute and regulation provide a framework for private sector participation in expanding financial security to more families. However, the private sector’s essential role in achieving financial security for all demands leadership that will embrace change, take risk, support innovation, and assign priority to expanding financial opportunity. The bottom line cannot be the only line. Recognizing and overcoming historic bias that has richly rewarded some is a daunting challenge but a critical step along the path to equality. Philanthropy, as a partner to the private sector has an important role to play in meeting this challenge – by example, by advocacy and by partnering in the development of innovative programming.

#### THE ACTION AGENDA

This Action Agenda for achieving financial security must be a dynamic document, subject to ongoing revision to reflect changing circumstances as well as bold steps already taken. **(TO THIS SECTION, ADD EXAMPLES OF BEST PRACTICES, SUCCESSFUL PROGRAMS, ETC.) “SEEDS of SUCCESS”**

1. **Secure Public Funding.** The State must commit financial resources to expanding financial security at the same time existing programs are revised and new ones introduced to lend support and nurture family success. Some of this funding can be secured by redirecting some of the vast public budget dedicated to treating distress. 70% of the newly authorized cannabis revenues must be spent in communities that are priority locations for family success initiatives. Over the next three years, the federal American Rescue Plan funds totaling \$6 billion for the state and \$3 billion for cities and counties, represent a unique resource for targeted holistic programs that will expand financial security in communities throughout the State. It is imperative that FSI, the Learning Community, and state and local agencies work together to direct some of this funding to achieve the goals of this and other policy initiatives of family success.
2. **Identify and remove barriers to opportunity and vehicles of discrimination.** Examples include **(this is a representative not comprehensive list)** :
  - a. Reduce student debt burden
  - b. Provide transportation and access to employment options

- c. Make high speed broadband available and affordable
  - d. Make childcare affordable and accessible
  - e. Mandate paid family leave
  - f. Expand access to and improve available health care
  - g. Review and amend bank lending practices, special attention to redlining
  - h. Invest in affordable housing
  - i. Remove language barriers; expand service navigators; simplify applications and paperwork
  - j. Make higher education – community or 4-year college affordable
  - k. Expand programs for returning citizens
3. Define and put in place tools for financial security
- a. Define poverty in NJ –
    - i. 300% of federal defined poverty level (*see Legal Services of New Jersey, True Poverty Level Report attached*).
    - ii. Refine definition to reflect the different components of poverty that families and communities face and mechanisms required to address them; eg access to jobs, secure housing, available child care or health care, learning and recreational opportunities
  - b. Establish and fund a guaranteed basic income for all families
  - c. Expand federal funding of and families’ access to affordable health care
  - d. Engage private sector in career building and job creation for lower skilled workers
4. Identify new initiatives to accelerate and expand financial opportunity
- a. Promote financial literacy and provide coursework
    - i. Outreach and education about available income supports: TANF, EITC, UI, SSI
  - b. Eliminate food deserts
  - c. Devote more public resources to combatting food insecurity
  - d. Increase transit access to employment
  - e. Expand home ownership
    - i. Build more affordable housing
    - ii. Convert rental subsidy to mortgage payments
    - iii. Raise capital for home expansion in the neediest communities
    - iv. Identify or raise new sources of capital to support affordable home ownership
    - v. Provide credit and home ownership counseling

5. The Family Success Council (“FSC”)

The FSC will embody the commitment of both legislative and executive branches to Family Success. Financial security is an essential pillar of family success. FSC membership, as delineated in the legislation (A828), will empower community voice to design programs and direct resources to meet the specific challenges and opportunities of individual communities. In collaboration with cabinet officers from 7 state agencies, holistic approaches to achieving financial security will emerge in place of siloed responses to the distress inherent in legacy conditions. Aligning community understanding of needs and how to address them with the

resources that flow through multiple state agencies will stimulate community development and expand families' financial wellbeing.

6. Manage Economic Disruption and Job Dislocation.

Government historically provides limited ad hoc responses to the impact on communities of changing economics and diminished opportunity. Artificial intelligence, automation, business relocation, and both public and private sector budget adjustments can permanently undermine community resilience and families' financial security. The costs of resulting distress borne by the public sector and the long term hardship communities endure can be mitigated by proactive collective action of government and private sector in partnership. Within the collaborative framework of the Family Success Council, proactive job loss response and economic development initiatives can be targeted to communities in anticipation of certain economic disruption.

7. Establish Financial Security Standard.

The federal calculations of poverty do not capture current family circumstances or actual costs, particularly for higher cost states like New Jersey. Family Success movement advocates modernization of the metrics and expanded state and federal financial support. The goal is to insure that families have adequate resources and income to remain above a realistic threshold of poverty, based on current financial calculation of needs such as the Legal Services of New Jersey 2021 True Poverty Level Report.

8. Establish Community Resource Standards.

Communities where financial security is scarce frequently lack basic utility and infrastructure essential to financial wellbeing and family success. Examples include excess abandoned housing, derelict water and wastewater systems, poor air quality, power shortages or inadequate broadband services. Establishing a standard level of service and infrastructure to support family success will guide the redirection of resources to those communities where these conditions are most acute and enhance the prospect of achieving financial security for all.