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engage

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Opening Doors to Economic Opportunity

*The second in a series exploring issues
from The Community Foundation's
Aspire Actions report.*



ARKANSAS
community foundation
Smart Giving to Improve Communities





Heather Larkin

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Building a path out of poverty

We define poverty as being unable to afford life's essentials like food, clothing and shelter. The data compiled by Arkansas Community Foundation indicate that many Arkansans have a long way to go on the road from poverty to self-sufficiency.

How can we help those in need build skills, job opportunities and a life outside of poverty? Our 2013 publication *Aspire Actions* identified three key strategies — improving high school graduation rates; promoting healthy, stable families; and increasing family assets and earning capacity.

This issue of *ENGAGE* centers on programs that help individuals earn more to support their families. Programs that increase individual earning capacity center on training and building personal economic goals. These programs help pull people out of poverty one job at a time.

And they are working. I heard a story recently about a young woman working as a phlebotomist drawing blood for insurance exams. She recalled a time when all the food she

had for herself and her daughter was two packages of crackers. Then she talked about how a program in her hometown helped her identify potential careers and gave her a stipend to care for her daughter while she attended school in another community.

Today that young woman is self-sufficient. She has a good job, a home and her family consistently can afford life's necessities. She is thinking about starting a charitable fund to give back to others in her community who need a hand up.

Finding ways to replicate personal economic success stories is what this issue of *ENGAGE* is all about.

Heather Larkin, J.D., CPA
President and CEO

Cover Image: Christy Dewey, Mountain Home — see more on page 2.



Christy Dewey recently completed a paramedic certification at ASU Mountain Home.

Mountain Home's collaborative approach to workforce development

by Benjamin Hardy

Christy Dewey was 32 when she started college classes to get certified as an emergency medical technician (EMT) in 2009. Until that point, she'd worked mostly in child care, but she decided to pursue school after she started working at the volunteer fire department in Mountain Home.

"I got onto the fire department and realized I liked the medical side of things. And by then, my kids were old enough to be doing their own thing," she explained.

Still, even while simultaneously holding down a full-time job, school was a financial struggle. A friend at Arkansas State University – Mountain Home (ASUMH) suggested she look into the Career Pathways Initiative, a workforce services program at Arkansas' two-year colleges that provides help to students eligible for TANF assistance. (TANF, or Temporary Assistance for Needy Families, is generally restricted to single parents living below the poverty line.)



Career Pathways provides an individualized approach to student assistance. Case managers at the college help students keep up with enrollment paperwork and apply for financial aid, and provide help with the cost of textbooks, supplies, gas money and child care. Dewey says that the program was “instrumental in helping with the things that I needed.” She graduated with her EMT certification after six months, worked for several years and then decided to go back to ASUMH to become a paramedic. This May, she successfully completed her paramedic certification and is now in training at Baxter Regional Medical Center.

“I really enjoy it,” said Dewey. “I’m feeling like this is something I probably could have done a long time ago, so I’m glad I’ve got it done... It’s never too late, wherever life has taken you and whatever’s been thrown in your way.”

Tackling the soft skills gap

Stories like Dewey’s are genuinely inspiring and make a strong case for easing access to higher education through programs like Career Pathways. But they are also counterbalanced by other, more troubling stories — of people who don’t finish their degree, who can’t seem to keep a job, whose children are statistically much more likely to inherit lives of poverty themselves.

Those are the stories that Sarah Brozynski began to wonder about while working as a case manager at Career Pathways at ASUMH. Why, she asked, is upward mobility achievable for some and so unreachable for others? Brozynski, who is now the college’s Director of Workforce Development, eventually came to a conclusion: many individuals chronically “job hop” from one unhappy minimum wage situation to another simply because they never acquired the soft skills that employers take for granted, such as time management.

“They can’t retain employment because they don’t know how,” said Brozynski. When she started to imagine a program that could tackle this soft skills gap, she began by talking to the people she aimed to help — her Career Pathways clients.

“That required a lot of asking questions: ‘Why are you quitting? Why are you becoming a job hopper?’ All of their reasons made absolute sense, and that is when I started to realize they were so busy reacting to life, as opposed to planning. I grew up knowing that I had to make a to-do list every single day; this individual never did. I never said she couldn’t learn to make a to-do list, but she didn’t understand that concept.”

To change, she continued, people need to be convinced they have reason to hope for a better life.

“If you don’t show them they are capable of change and capable of learning a living wage — defined as \$14/hour in Arkansas — they aren’t going to be capable of staying employed.”

An invisible kind of poverty

Imagine an Arkansas community struggling with poverty, and Mountain Home isn’t what comes to mind. The town of 13,000 is an idyllic place, situated high in the Ozarks between two huge fishing lakes that have drawn thousands transplant residents over the decades, including many well-off retirees from out of state. Yet as in many prosperous communities, poverty isn’t banished from Mountain Home and surrounding Baxter County. It’s simply been driven out of sight, said Bo Gregory, the economic development director hired by the local Chamber of Commerce in 2013.

“It’s really weird,” said Gregory, “because you’ve got one in three kids who is food insecure in a community that’s one of the highest per-bank deposits in Arkansas. We’ve got close to a billion dollars a year that goes in the banks here and yet we’ve got invisible poverty. We



Bo Gregory, economic development director for the Mountain Home Chamber of Commerce, and Sarah Brozynski, director of workforce development at ASU Mountain Home.

don’t have a public transportation system, so getting to work is sometimes a decision between eating and putting gas in the car.”

Brozynski agrees. “Go down Highway 62 and you’ll see clear signs of poverty — pawn shops,” she said. “That’s not to say that industry is a bad industry, but it is how someone who is struggling uses the banking system.”

“We don’t look like the Delta,” she continued, “but when we look at Baxter and [neighboring] Marion counties, now we’re seeing double-digit poverty. It’s better to do something now rather than wait until we’re at a rate of 20 percent, 30 percent.”

The Ready2Work Collaborative

Part of what Brozynski is doing is leading a new, collaborative program called “Ready2Work,” a partnership between ASUMH, the North Central Arkansas Food Bank and local human resources professionals. It’s premised on the idea that the cycle of intergenerational poverty can be broken by teaching people the soft skills and planning techniques they need in order to move into a living wage job and work their way up from there. The school will issue job readiness certificates to individuals who complete a summer class, the curriculum of which has been shaped by local employers.

The idea of providing life skills training is nothing new, but what makes Brozynski’s class unusual is the degree of support that it’s received both from the Baxter County business community and anti-poverty programs such as the food bank. That is largely due to the efforts of a group of local leaders called ACCESS – Arkansas Communities Connecting Effective Services for Success – that was formed in Mountain Home about five years ago, initially in part-

nership with the Winthrop Rockefeller Foundation. Ready2Work grew out of the recommendations of ACCESS (which earlier this year became part of the food bank itself).

Partnering with local industry

Meanwhile, the college is also directly collaborating with local industry by expanding its certification offerings to include HVAC systems, aluminum welding (which is important for the bass boat industry), auto mechanics and manufacturing technologies specific to the needs of nearby employers. Much of that credit goes to ASUMH’s chancellor, Dr. Robin Myers.

Gregory says ACCESS and ASUMH illustrate the Mountain Home community’s uncommon willingness to cooperate and problem-solve. He also praises the emphasis on poverty itself as a driver of economic problems rather than a footnote. Gregory, who is originally from North Carolina, says he took the job in Mountain Home largely because its five-year economic development plan was focused on workforce development and retraining the unemployed and underemployed rather than “ribbon cuttings with the Governor.” He already sees changes beginning to happen.

“We have a new Hobby Lobby opening up,” Gregory said. “They just did their orientation and the manager told me, ‘We hired 63 people and only one of them showed up late for orientation. I’ve never had that happen before.’ So I think you’re slowly starting to see some results.”

“Poverty’s not a life choice,” he continued, “but there are choices that are made, things that aren’t learned. If you can go back and teach people the language of the middle class, as it were, it gives people tools.”



**\$23,492 in
annual
income: The
U.S. Census
Bureau’s federal
poverty threshold
for a family of four**



Financial literacy starts with taking the EEK! out of economics

Arkansas ranked 48th in the nation in 2011 for the financial literacy of our residents, according to a report prepared for the Social Security Administration. That same year, Arkansas also ranked fourth in the nation for poverty, according to the U.S. Census Bureau. As these numbers attest, Arkansans can't afford to be uneducated about personal finance. The stakes are just too high.

Thanks to the persistence of Economics Arkansas (EA), a nonprofit organization that promotes K-12 economic literacy, Arkansas became the 21st state to require a course in economics for graduation in 2009.

"Economics is part of our everyday lives from the moment we wake up in the morning," said Sue Owens, EA's executive director. Economics has been called "the science of decision-making," so it is critical students understand the impact of their decisions, as their choices will determine their future.

"Economics Arkansas is preparing Arkansas students to become future consumers, producers, savers, investors and voting citizens. By giving them higher levels of economic and financial literacy, they will increase their opportunity to achieve their dreams and enjoy higher standards of living," said Owens.

Economics and personal finance skills are critical to all Arkansans. And there is no way to escape the reality that our youth will have to make important economic and financial decisions throughout their lives.

"Keeping It 'REAL'" was the theme for the EA teachers' conference held in July 2014. REAL — an acronym for Relevant, Engaging, Activity-based Learning — lived up to its claim. The conference provided strategies to teach economics at all grade levels with interactive, challenging, downright fun games.

One workshop called "Taking the 'EEK' out of Economics" showed teachers how to begin teaching third to fifth grade students the vocabulary of economics, but without memorizing words and definitions.

Instead, one student has a word taped to her back. Her classmates see the word, but have to describe it to her until she guesses it. Imagine the enthusiasm and teamwork they're developing as they laugh their way to learning the meaning of words like "earning," "spending," "saving" and "investing."

The "EEK" isn't just about the students' reactions to economics. Teachers rarely feel comfortable when they hear they will have to incorporate, much less teach, economics in their lesson plans. "Most teachers don't feel they have the qualifications to teach

economics until they go through the training," said Marsha Masters, EA associate director. But investing in teachers is what Economics Arkansas is all about.

For every grade level EA provides free lesson plans that meet standards-based curricula. Economics Arkansas has conservatively impacted 75,000 teachers since 1962, which translates to 3.9 million students, and this number grows annually.

Beyond support and training for teachers, EA also hosts The Stock Market Game Program, with up to 10,000 Arkansas students a year participating in grades 4-12. Students manage a hypothetical \$100,000 portfolio over a 10-week timeframe by trading live in the stock market. This project-based simulation teaches about the economy and how markets work, while also integrating technology, economics, math and higher level thinking.

Though it's all in fun, the effects are long-lasting. Better choices and better-decision making give students the financial footing they need to achieve their dreams and to better position our state in the global marketplace. Learn more at www.economicsarkansas.org.



ARKANSAS VIEWPOINTS

"What economic barriers prevent Arkansans from raising their families out of poverty?"



By Ines Polonius
Executive Director,
alt.Consulting, Inc.

In this country, we expect people to bootstrap their families to sustainable prosperity. And, the economic barriers faced by Arkansas families living in poverty often leave them few straps.

The Delta is filled with smart, industrious entrepreneurs. They are the direct result of a farming culture in which individuals understand how to take risks, try new things (crops) and solve their own problems. And many decades of widespread persistent poverty and outmigration have decimated the real estate market in the Delta. Homes take a long time to sell and often do so under value. This is no fault of any single family or entrepreneur.

An entrepreneur who has equity in a home in most other parts of the country can go to his or her local bank to secure a loan to start or grow a business by utilizing that home as collateral. The same entrepreneur in the Delta has often seen the local bank be consolidated into a regional or national bank.

The loan decision is made far away from the Delta and the faraway underwriter often does not even consider the home as collateral given the reality of the real estate market. So where does the entrepreneur turn for capital when his friends and family also live in poverty?

If we are interested in raising families out of poverty, we need a new capital model. We need a model driven by local investment, local guarantee pools and loan products that manage risk on the front end instead of through collateral.



By Grant Tennille,
Executive Director, Arkansas
Economic Development Commission

If you're searching for a single explanation for persistent, generational poverty in Arkansas, it is this: Arkansas remains at or near the bottom of most national rankings of citizens' educational attainment.

Most infamously, Arkansas ranks 50th in the number of people over age 25 who hold baccalaureate degrees, but our associate-degree completion rates and the number of Arkansans who hold advanced degrees are not at competitive levels, either.

Opinions about the value and necessity of four-year degrees are undergoing significant transformation, and we know that associate degrees and skill-specific certifications will provide a pathway to high-skill, high-wage employment for an increasing number of Arkansans; but we're equally certain that opportunity is shrinking for those with no education or training beyond 12th grade.

Children raised in poverty are significantly less likely to attend and graduate from college, regardless of their academic performance in high school, and tuition costs are not the only reason for this disparity. Many Arkansans lack a role model for academic progress beyond high school, and because "you cannot be what you cannot see," they have no idea how to pursue additional education or training.

The state has moved, forcefully, in the past decade to address this problem by increasing access to pre-kindergarten education, strengthening standards in our public schools, providing College and Career Coaches to students in high-poverty districts and increasing scholarship availability. These reforms will have an impact, but it will take time for the effects to be felt.



Patricia Ashanti, executive director of Delta Circles, listens to discussion during graduation.

Knowledge is the most important thing

At the graduation ceremony for the Delta Circles class “Getting Ahead in a Getting-by World,” Executive Director Patricia Ashanti handed out two-dollar bills to help her students remember their commitment to better finances. She said she’d prefer to give them a salary for all the work they had done.

“But you’ve given us the most important thing,” said Shakarrius Bell. “Knowledge.”

Young women who met twice a week for six weeks at Phillips Community College U of A in Helena demonstrated some of their new-found knowledge by explaining their mental models, posters with images of who they are and who they want to become. Bell’s

mental model has her getting a GED, going to classes to be a Certified Nurse Assistant and owning a home.

Delta Circles participants learn about budgeting and the hidden rules of economic class, and gain job readiness skills to get better economic opportunities. Not all their work is about finances; they talk about social and psychological forces as well.

“These ladies were already motivated to make changes. But I got to see some ‘aha’ moments where they realized that they have the power to control the way they speak, dress and make judgments,” said Ashanti. “I am impressed with the students’ honesty and willingness to do the hard work to change their lives.”



Delta Circles is a nonprofit supported by partners like Arkansas Community Foundation and the Clinton School of Public Service’s Center on Community Philanthropy. The classes were designed to promote conversations among people living in poverty while developing sustainable life skills to move to a more stable lifestyle.

In addition, Delta Circles convenes large community meetings to discuss improving the lives of those who are struggling to meet basic needs. Plans are to complete the “circles” by seeking people who are living comfortable lives and are willing to build relationships with those who are struggling to get out of poverty. The most recent class was done in partnership with Phillips Community College U of A, and the class participants were also enrolled in the Career Pathways Program. Participants from this class will receive ongoing support from Delta Circles and Career Pathways counselors.

Tiffany Brankley shared her overall reflection of the class by stating, “The class really inspired me to want to get out of poverty and build economic stability. I even started by getting back in school. I am even more ready than before,” she said. She is now looking for a job in early childhood education while she works on her degree.

Sada Moore sees entrepreneurship in her future. She shared that while in the Delta Circles class she reflected on her goals. “I would like to build my own hair salon,” said Moore.

Tyreka McFadden’s biggest takeaway from the Delta Circles class is that she can make changes to become more employable. “I have learned a lot about getting ahead and out of poverty. I have gained a lot of knowledge that I can pass on and live by,” she said.

McFadden is enrolled in phlebotomy classes, and then she plans to get her LPN, RN and BSN nursing degrees before becoming a nurse anesthetist. “Everyone tells you no, no. Some people give up, but I learned that you need to just keep going,” said McFadden. “My boys Tyrin and Tylor understand we all have obstacles in life, and they see our family working to get over them.”



More individuals filed for bankruptcy than graduated college in 2010, according to the Council for Economic Education’s “2014 Survey of the States” report.



Sada Moore explains a mental model of her future.



Tyreka McFadden, Patricia Ashanti, Shakarrius Bell, Sada Moore and Tiffany Brankley celebrate Delta Circles graduation.



3 steps to improving financial security and economic opportunity

By Darrin Williams, CEO, Southern Bancorp



Darrin Williams

Growing up in America, we've been taught that nothing is out of grasp for those willing to work hard. It's the American Dream. However, reality isn't always so simple. Many Americans, specifically those in rural areas, work especially hard, yet never seem to crest the hill of financial security. Economic stability doesn't come overnight, but

when you couple hard work with a few simple steps, the chances of achieving it go up significantly.



BUILD ASSETS. It may seem like a no-brainer that accumulating assets is good for a family's financial strength, but there's more to it. Assets are accumulated resources that allow you to pursue new economic opportunities and build economic stability for you and your family. They can include a person's home, business, or education. Banks can work with clients to improve credit scores that help them qualify for loans and help income-eligible people start matched savings accounts that help them save money for down payments or education expenses.

These steps are a good start toward putting working families on the right track toward financial security. Throw in some hard work and determination, and Arkansans can significantly improve their chances at reaching the American Dream.



OPEN A BANK ACCOUNT. And yes, I know what you're thinking, "Of course the banking CEO says people should open a bank account." But it's not for the reason you might think. Over 100 million Americans are unbanked, meaning they don't have a bank account. This also means that they are paying high fees to move that money around, from the fee they pay to cash their paycheck to the fee required to pay their electric bill. It simply costs more to live when you don't have a bank account, and it prevents you from laying the groundwork for your future.



START SAVING. Nearly 40 percent of working Americans have less than \$1,000 in savings, which is a big problem. Having emergency savings is critical for those times when a person needs money quickly, like when a car needs work, the air conditioner breaks or there is an unexpected medical expense. Without savings, it's easy to find oneself at the mercy of a predatory lender. These companies prey on those in need by offering quick cash for an exorbitant fee. They also trap borrowers in a perpetual debt cycle from which it is nearly impossible to escape. Though legislation was passed to shut down Arkansas's storefront payday lenders, like the parasites they are, they continue to find ways to operate and take assets away from the most vulnerable people, usually online.

"(People who don't have bank accounts) are paying high fees to move that money around, from the fee they pay to cash their paycheck to the fee required to pay their electric bill."

— Darrin Williams

\$500 billion per year: the cost to the United States associated with childhood poverty, including reduced productivity, increased crime and increased healthcare expenditures.

Source: "The Economic Costs of Poverty in the United States" report prepared for the Center for American Progress, 2007

The assets / income / opportunity dilemma

In Arkansas Community Foundation's *Aspire Actions* report, we identified three action steps to address poverty in Arkansas:

1. Improve high school graduation rates.
2. Promote healthy, stable families.
3. Increase family assets and earning capacity.

In this edition of *ENGAGE* magazine, we're targeting different ways Arkansans can work together to tackle the third action step — increasing family assets and earning capacity.

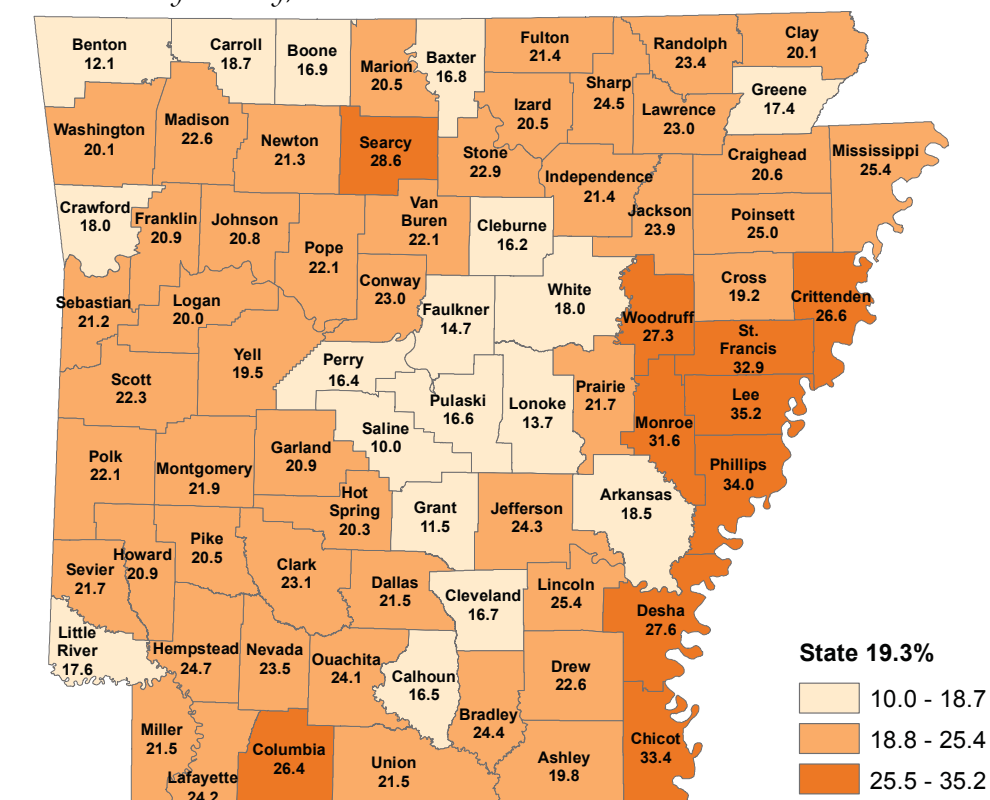
According to 2011 figures, almost one in five Arkansans lives in poverty, including more than one in four Arkansas children.

Nationally, our state ranks fourth for the percentage of our population living in poverty. Although many factors affect an individual's ability to raise him or herself out of poverty, perhaps the most important factor is the ability to earn a living wage and effectively manage personal finances. This assets / income/ opportunity dilemma can become a vicious cycle, as the lack of income limits opportunity and lack of opportunity, in turn, affects job prospects.

For more information on increasing family assets and earning capacity in Arkansas, check out the *Aspire Actions* report at www.arcf.org/AspireArkansas.

percent of population living in poverty

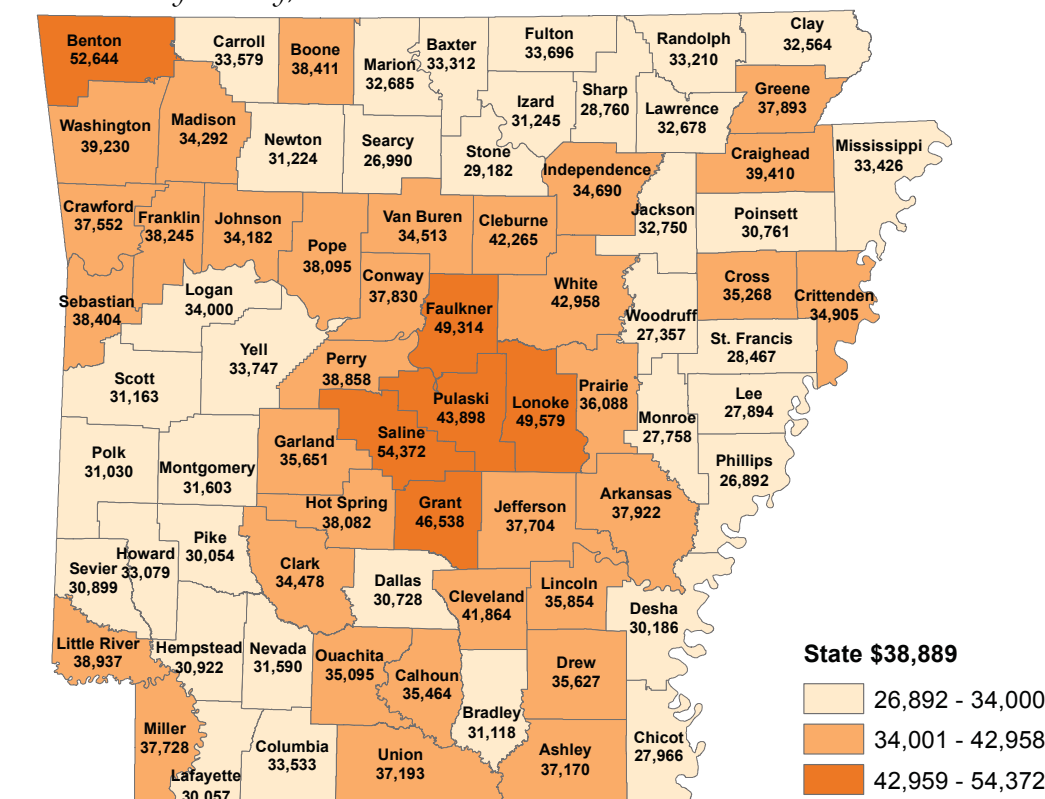
Arkansas by County, 2011



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

median household income

Arkansas by County, 2011



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates



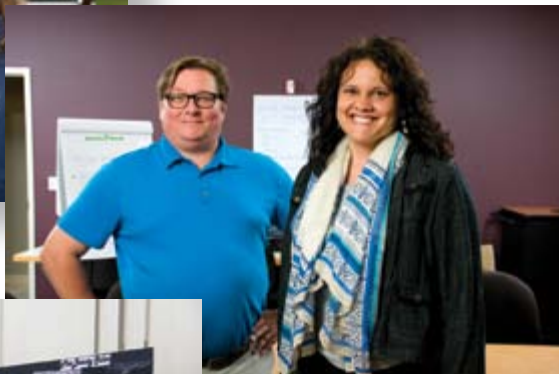
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INSIDE *engage*



In this edition of *ENGAGE* magazine, we're taking a look at ways to increase family assets and earning capacity in Arkansas. On page 2, find out how Mountain Home is building partnerships to prepare citizens for living-wage jobs. On page 5, learn how Economics Arkansas is increasing financial literacy by advocating for economics instruction in Arkansas schools. Discover some of the hidden financial barriers that affect low-income families (page 9), and learn about a Helena-based program that educates participants about the soft skills they need to build economic stability (page 7). These stories and more inside *ENGAGE*.

