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The President's Plan to Ensure Hard Work Leads to a Decent Living

There's a basic bargain in America. It says that no matter who you are or where you're from, if you're willing to work hard and play by the rules, you should be able to find a good job, feel secure in your community, and support a family. President Obama has fought for the middle class, and has made historic investments in making sure that there are ladders of opportunity for those working hard to make it to the middle class.

The President's plan builds on the progress we've made over the last four years to expand opportunity for every American and every community willing to do the work to lift themselves up. But there is no one-size-fits-all solution to the challenges we face. It will take a collaborative effort—between business and federal, state, and local officials; faith-based and non-profit organizations; kids and parents—to ensure that hard work leads to a decent living for every American. The President's plan:

- **Rewards hard work by raising the minimum wage to \$9.00:** Right now, a full-time minimum wage worker makes \$14,500 a year. That means too many Americans who are putting in an honest, hard day's work are living in poverty. That's unacceptable. The President's plan raises the minimum wage from \$7.25 to \$9.00, which would directly boost wages for 15 million workers and reduce poverty and inequality.
- **Provides high-quality preschool for every child:** Let's give every child the fair shot he or she deserves. For America to succeed in the 21st century, we must have the most dynamic, educated workforce in the world, and that education has to start early in life. But today, most four-year-olds aren't in a high-quality public preschool program. The President's plan partners with states to expand high-quality preschool to every child.
- **Partners with communities to help them rebuild and put people back to work:** A child's zip code should never determine her destiny; but today, the neighborhood she grows up in impacts her odds of graduating high school, her health outcomes, and her lifetime economic opportunities. This year, the Administration will begin to partner with 20 communities that were hardest-hit by the recession to help get them back on their feet. Working with local leaders, the President's plan targets resources at creating jobs, public safety, education, and housing.
- **Creates pathways to jobs for all Americans:** The President's plan offers incentives to companies that hire Americans who've got what it takes to fill a job opening, but have been out of work so long that no one will give them a chance anymore. His plan also supports summer and year-round jobs for low-income youth. This is in addition to his plan to equip Americans with the skills they need for the high-tech, high-wage jobs of the 21st century.
- **Expands early childhood opportunity for all Americans:** In addition to providing access to high-quality preschool for every child, the President is proposing to make a significant investment in early

learning opportunities for our youngest children—birth through age three—by expanding Early Head Start, child care, and other health and education programs.

· **Strengthens families:** The President is proposing to remove financial deterrents to marriage for low-income couples; as well as continuing to support the critical role that fathers play in enhancing the intellectual, emotional, and financial well-being of their sons and daughters.

The President's Commitment to Ensuring Hard Work Leads to a Decent Living

· **Rewarding hard work by raising the minimum wage to \$9.00 an hour:** The President believes that no one who works full time should have to raise their family in poverty. But right now, a full-time minimum wage worker makes \$14,500 a year – which leaves too many families struggling to make ends meet, with a family of four supported by a minimum wage worker still living below the poverty line, even counting tax credits for working families. That's why the President is calling on Congress to raise the Federal minimum wage to \$9.00 and index it to inflation thereafter. The President is also proposing to raise the minimum wage for tipped workers, which has not been increased for over twenty years. The erosion in the real value of the minimum wage has been a factor in increasing inequality in recent decades. The President's proposal would address this problem by raising the minimum wage and indexing it to inflation so that working families can keep up with rising costs.

o ***Raising the minimum wage mostly benefits adults, and especially working women:*** Around 60 percent of workers benefiting from a higher minimum wage are women, and few are teenagers – less than 20 percent.

o ***Raising the minimum wage helps parents:*** The average worker who would benefit from a rise in the minimum wage to \$9 an hour brought home 46 percent of his or her household's total wage and salary income in 2011, according to the Current Population Survey.

o ***For a working family earning \$20,000 - \$30,000, the extra \$3,500 per year from raising the minimum wage would cover:***

- The family's spending on groceries for a year; or
- The family's spending on utilities for a year; or
- The family's spending on gasoline and clothing for a year; or
- Six months of housing.

· **Providing high-quality preschool for every child:** For America to succeed in the 21st century, we must have the most dynamic, educated workforce in the world, and that education has to start early in life. Every dollar invested in early learning and development programs saves about \$7 down the road in higher earnings that yield more revenue, and lower government spending on social services and crime prevention. The President is presenting a plan to provide access to preschool for every child, while also incentivizing states to expand access to full-day kindergarten.

o ***The President's proposal will improve quality and expand access to preschool,*** through a partnership with all 50 states, to extend federal funds to expand high-quality public preschool to reach all low- and moderate-income four-year olds from families at or below 200% of poverty. The U.S. Department of Education will allocate funding to states based on their share of low- and moderate-income four-year olds, and distribute funds to local school districts and other partner providers to implement the

program. The proposal would include an incentive for states to broaden participation in their public preschool program for additional middle-class families.

o **Funds will support states as they ensure that children are enrolled in high-quality programs.** In order to access federal funding, states would be required to meet quality benchmarks that are linked to better outcomes for children, which include:

- state-level standards for early learning;
- qualified teachers for all preschool classrooms; and
- a plan to implement comprehensive data and assessment systems.

o **Preschool programs across the states would meet common and consistent standards** for quality across all programs, including:

- well-trained teachers, who are paid comparably to K-12 staff;
- small class sizes and low adult-to-child ratios;
- comprehensive health and related services; and
- effective evaluation and review of programs.

• **Partnering with communities to help them rebuild and put people back to work:** A child's zip code should never determine her destiny; but today, the neighborhood she grows up in impacts her odds of graduating high school, her health outcomes, and her lifetime economic opportunities. Working with local leadership, the President is proposing to align a number of his signature revitalization initiatives from the Department of Education, the Department of Housing and Urban Development, the Department of Commerce, the Department of Health and Human Services, the Department of Justice, and the Department for Agriculture to ensure that federal programs and resources are focused intensely on 20 communities hardest hit by the recession.

We've seen this approach work in places like San Antonio, TX where Mayor Julian Castro is revitalizing neighborhoods that have been distressed for decades, leveraging significant private investment to focus funding where the need is greatest and the evidence of impact is strongest. In San Antonio, the United Way is working alongside teachers and cops to improve young people's chances at graduating from high school.

The Administration will designate each of these areas as "Promise Zones" through a transparent, competitive process that can bring a number of programs to bear, including:

o **Targeted investments** can transform high-poverty communities into places of opportunity that can attract private investment, improve education, and create jobs. Such investments may include:

- Targeting neighborhoods to reduce violent crime by providing Department of Justice funding for local law enforcement and community leaders;
- Transforming high-poverty neighborhoods by leveraging Department of Housing and Urban Development grants to attract private investment to tear down distressed public housing and build new mixed income homes, while ensuring that low-income residents do not get displaced; and

- Ensuring students in these communities graduate high school prepared to enter the workforce or are prepared for college by utilizing Department of Education funding to expand early education, after school and summer instructional time, as well as reduce dropout rates.
- ***Promise Zone tax incentives*** to stimulate growth and investments in targeted communities. These incentives will include tax credits for hiring workers and tax write-offs for capital investment within the Zone.
- ***Helping local leaders*** navigate federal programs, cut red tape, and use federal resources more effectively.
- **Creating pathways to jobs:** The President's plan helps low-income youth find summer and year-round jobs, teaches our kids the real world skills they need to find a job, and offers incentives to companies that hire the long-term unemployed. These steps are critical to ensuring that our economic recovery reaches all Americans. In his FY2013 budget, the President proposed a Pathways Back to Work Fund to help support job and work-based training opportunities for long term unemployed and low income adults, , and support summer and year-round jobs for low-income youth. The fund would build on the successful efforts of the Recovery Act's TANF-ECF program, which helped support job opportunities for 260,000 low-income individuals in 39 States and DC, and the Administration's Summer Jobs+ effort in 2012. The President has shown a commitment to continuing to provide support to unemployed Americans by proposing wide-ranging reforms to the unemployment insurance program, some of which were adopted in the Middle Class Tax Relief and Jobs Creation Act of 2012. Recognizing that the opportunity to acquire the skills to get and keep a good job starts early and through education, the President will also announce:
 - ***Modernizing America's high schools for real-world learning:*** The President is announcing a new competition to kick-start a redesign of high schools to emphasize real-world learning. The President's plan will invest in redesigning high school to focus on providing challenging, relevant experiences, and reward schools that develop new partnerships with colleges and employers, and that create classes that focus on technology, science, engineering, and other skills today's employers are demanding to fill jobs open now and in the future. In addition, the President is proposing to strengthen and reform our federal investment in career and technical education to better align programs with the needs of employers and with the demands of higher education.
 - **Expanding early childhood opportunity for all Americans:** Today, far too many kids are already behind academically and developmentally by the time they start school, and never truly catch up—compromising our ability to compete in a global economy and sidelining huge pools of untapped talent.
 - ***Starting early childhood education from birth.*** In addition to providing high-quality preschool for every child, the President's proposal will grow the availability of high-quality early learning programs for young children to ensure that the expansion of preschool services for four-year-olds is part of a cohesive and well-aligned system of early learning for children from birth to age five. This investment will focus on our existing infrastructure of federally-funded programs such as Early Head Start, and the Child Care and Development Fund to expand services and boost their quality.
 - ***Extending and expanding voluntary home visiting:*** For our youngest at-risk children and parents, the President will also propose a substantial investment to expand voluntary home visiting programs that

provide nurses, social workers, and other professionals to connect families to assistance that will improve a child's health, development, and ability to learn. This will help ensure that our most vulnerable Americans are on track from birth, and that later educational investments rest upon a strong foundation.

- **Strengthening families:** The President will also continue his commitment to support healthy marriages for *all* families, including removing deterrents for low-income couples to get married and supporting the critical role that fathers play in enhancing the intellectual, emotional, and financial well-being of their sons and daughters. The Administration proposes to allow existing federal programs, like the child support program, to implement models that get more men working and engaging with their children. The Administration also proposes to allow States to test strategies to overcome financial deterrents to forming safe and stable two-parent households and marriage in federal programs.

Building on the Progress We've Made

In addition to the President's comprehensive reform agenda to increase access to high quality education for all Americans, the Administration will build on a strong foundation in these key areas that help create ladders of opportunity.

- **Increased access to early childhood education:** The Administration's significant investments in Head Start, Early Head Start, and child care funding have increased access to early education for hundreds of thousands of young children. We increased the number of children served in Head Start and Early Head Start by 61,000 and boosted child care funding, while implementing historic reforms to ensure that Head Start children are served only by the best programs. Under the President's leadership, enrollment in Early Head Start in particular has nearly doubled. The Race to the Top – Early Learning Challenge has rewarded 14 states that have agreed to raise the bar on the quality of their public and private early childhood education programs, establishing higher standards across programs and providing critical links with health, nutrition, mental health, and family support for our neediest children.

- **Supporting strong families and marriage:** The Affordable Care Act invests more federal funds in voluntary home visiting services for low-income parents and newborns—providing hundreds of thousands of families with services on maternal and child health, parenting skills, nutrition, child abuse prevention, and parental education and employment. The President fought to extend an expansion of the Earned Income Tax Credit (EITC) that reduces “marriage penalties” in the tax code for working parents with children. Finally, the President has a long-standing and deeply personal commitment to encouraging both parents to be actively engaged in a child's life, with a particular emphasis on reaching fathers through partnerships and modernizing our federal programs.

- **Revitalizing Neighborhoods:** Since 2009, the President has invested more than \$350 million in more than 100 of the nation's persistent pockets of poverty through two of his signature programs. Fashioned after the Harlem Children's Zone, the Administration has invested in *Promise Neighborhoods* to support high-poverty communities in building a ‘cradle through college’ pipeline of educational supports to help young people graduate high school and pursue higher education. *Choice Neighborhoods* helps transform neighborhoods with distressed public housing and concentrated poverty into opportunity-rich, mixed-income neighborhoods, by aligning investments in improved housing with expansion of high-quality educational opportunities.

- **Partnering with local leaders to support distressed cities:** In 2011, the White House launched *Strong Cities, Strong Communities*, a unique partnership between Mayors and the federal government to drive economic growth in chronically distressed cities. Through federal teams on the ground and specialized technical assistance, the pilot is helping seven Mayors implement their economic visions to promote strategic partnerships between government and businesses that create jobs, implement strategic city planning, and use taxpayer dollars more efficiently.
- **Providing jobs and skills training for low-income youth and adults:** The President's Pathways Back to Work Fund would build upon success in the Recovery Act, which helped place 372,000 low-income youth into summer and year-round employment and supported job opportunities for about 260,000 low-income individuals in 2009 and 2010. The President's Summer Jobs+ Initiative in 2012 also secured commitments from the private sector, non-profits and government at all levels to provide opportunities for low-income and disconnected youth. In total, more than 150 Summer Jobs+ partners committed over 300,000 training and mentorship opportunities, including over 100,000 paid jobs.
 - o ***Reforming our Unemployment Insurance System to Help Put People Back to Work:*** The President has already shown a commitment to continuing to provide support to unemployed Americans and to make our unemployment system more of a back-to-work system. The President proposed, and Congress adopted in the Middle Class Tax Relief and Jobs Creation Act of 2012, wide-ranging reform to the unemployment insurance program that encourage states to adopt work-sharing programs to prevent layoffs, help the unemployed start new businesses, and give states authority to run pilots helping workers on unemployment insurance get on-the-job experience designed to lead to employment.
 - **Strengthening economic security for all working Americans through tax relief:** As part of the end-of-year fiscal deal, the Obama Administration secured permanent middle-class tax relief, preventing a \$2,200 income tax increase this year for the typical family of four. The President fought hard to include extensions of Earned Income Tax Credit (EITC) and Child Tax Credit improvements that provide critical assistance to 15 million low- and moderate-income working families with children.