
January 11, 2016

Improving Opportunity: Building on Past Successes

By LaDonna Pavetti

Various participants in the January 9 GOP poverty forum stressed the importance of improving the job prospects of poor individuals by improving their education and skills. Rigorous evaluations over the last several decades have shown which types of programs improve disadvantaged workers' employment and earnings trajectories. To make good on the promise of increasing opportunity for unemployed and underemployed individuals, policymakers could start by expanding some of these effective, evidence-based practices.

Expand Opportunities for Disadvantaged Workers to Increase Their Education and Skills

As nearly all of the candidates in Saturday's forum acknowledged, education and skills are critical for success in today's labor market. To prepare unemployed and underemployed people to compete in today's labor market, policymakers should expand programs that have a track record of increasing participants' education or skill levels and can lead to increased employment and earnings. Examples include:

Increase investments in training linked to high-demand industries or occupational clusters. A rigorous study of three training programs that are linked directly to local industries with a high demand for labor offers new evidence that these programs can produce significant payoffs for participants.¹ The Jewish Vocational Service in Boston provided five months of training in the health care sector, Per Scholas in New York City provided up to 15 weeks of training (500 hours) in information technology, and the Wisconsin Regional Training Partnership provided programs that responded to specific employer requests in the construction, manufacturing, and health care sectors. In the second year after enrollment (the year after most participants completed training), participants who had been randomly selected to participate in the sector-focused training programs were significantly more likely to work steadily, earn higher wages, and work in jobs that provided benefits than those in the control group (who weren't selected to participate). For example, in the second year, wages were 29 percent higher for participants than for those in the control group. In addition, 52 percent of program participants worked in all 12 months, compared with 41 percent of the control group.

¹ Sheila Maguire *et al.*, "Tuning In to Local Labor Markets: Findings from the Sectoral Employment Impact Study," Public/Private Ventures, July 2010, <http://www.aspenwsi.org/wordpress/wp-content/uploads/TuningIntoLocalLaborMarkets.pdf>.

Support replication of programs that improve completion of education. Success in the labor market increasingly requires education beyond high school. Individuals who have not succeeded in school often struggle to get those credentials. Recent studies suggest several models that are worth replicating.² The Accelerated Study in Associate Program almost doubled the City University of New York’s three-year graduation rates. The program — which is targeted to students who are required to take developmental courses — provides tuition waivers, transportation assistance, personalized student support services, special seminars in topics such as goal setting and study skills, and intentional alignment and scheduling of courses to facilitate attendance. In addition, students participating in LaGuardia Community College’s Bridge to Health and Business Enhanced GED program were twice as likely to pass the GED exam, and three times as likely to enroll in college, as those in a traditional GED class. The program put the material of the GED classes into context — for example, using health care or business examples that exposed enrollees to higher-paying, in-demand career options and made the material more meaningful to participants.

Foster Greater Work Opportunities

Although the economy is improving, the number of people looking for work continues to exceed the number of available jobs. And all too often, individuals who want to work are shut out of the labor market because of limited work experience or for other reasons; for example, some can’t find employment because they have a criminal record. In addition, as several of the candidates at Saturday’s forum pointed out, many unemployed individuals face personal or family challenges, such as drug addiction or mental health issues, that may need to be addressed before they can sustain employment. Building on past successes, here are some actions policymakers could take to create greater work opportunities for people who have yet to find stable employment:

Create paid work opportunities to provide work experience and build skills. One way to address the need for more jobs is through direct job creation programs, often referred to as subsidized or transitional jobs programs. During the recent recession, 39 states, Washington, D.C., Puerto Rico, and the Virgin Islands used funds from the Temporary Assistance for Needy Families Emergency Fund (TANF EF) to successfully place 260,000 individuals in jobs, mostly in the private sector, that were subsidized with public dollars. These jobs put money into the pockets of program participants that they could go out and spend, thereby also boosting the economy.

These subsidized jobs programs also provided longer-term benefits for participants after the subsidized job placements ended, evidence suggests.³ In Florida, for example, people who

² Susan Scrivener *et al.*, “Doubling Graduation Rates: Three-Year Effects of CUNY’s Accelerated Study in Associate Programs (ASAP) for Developmental Education Students,” MDRC, February 2015, http://www.mdrc.org/sites/default/files/doubling_graduation_rates_fr.pdf; Vanessa Martin and Joseph Broadus, “Enhancing GED Instruction to Prepare Students for College and Careers: Early Success in LaGuardia Community College’s Bridge to Health and Business Program,” MDRC, May 2013, http://www.mdrc.org/sites/default/files/Enhancing_GED_Instruction_brief.pdf.

³ Anne Roder and Mark Elliott, “Stimulating Opportunity: An Evaluation of ARRA-Funded Subsidized Employment Programs,” Economic Mobility Corporation, September 2013, <http://economicmobilitycorp.org/uploads/stimulating-opportunity-full-report.pdf>; James A. Riccio, “Sustained Earnings Gains for Residents in a Public Housing Jobs Program: Seven-Year Findings From the Jobs-Plus Demonstration,” MDRC, January 2010, http://www.mdrc.org/sites/default/files/policybrief_33.pdf; and Alicia Meckstroth *et al.*, “Teaching Self-Sufficiency Through Home Visitation and Life Skills Education,” Mathematica Policy Research, July 2009, http://www.mathematica-mpr.com/~media/publications/PDFs/family_support/bnf_issbrief3.pdf.

participated in a subsidized jobs program earned \$4,000 more in the year after the program than they had in the year before the program started, while people who had applied for but did not receive a subsidized job earned only \$1,500 more. The benefits were particularly pronounced for the most disadvantaged populations, including the long-term unemployed and non-custodial parents. In Mississippi, in the year following participation in the program, average earnings increased about twice as much for long-term unemployed individuals who participated as they did for all unemployed participants. And for a group of “targeted non-custodial parents” in Wisconsin, many of whom had criminal records, employment rose 15 percentage points between the year before and the year after program participation.

Continue expanding on-site employment and training programs for public housing residents. The Jobs-Plus program, a voluntary program for public housing residents, tested whether combining employment and training services, new rent rules that allowed workers to keep more of what they earned, and neighbor-to-neighbor outreach centering on work would lead to greater employment and increased earnings. The program was tested in six sites. In the three sites where the program was fully implemented, earnings for the Jobs-Plus group were 16 percent higher than for a comparison group during the four years in which the program operated and 19 percent higher in the three years after the program ended. The program has recently been implemented in nine additional sites, and Congress provided an additional \$15 million in fiscal year 2016 to fund further expansion; with additional resources, it could expand to still more sites.

Recognize the value of alternative pathways to work. Building Nebraska’s Families, one of the most effective “employment” programs for public benefit recipients, didn’t focus directly on helping participants find jobs but instead on setting personal and family goals and developing “life skills” such as time management, conflict resolution, and budgeting that participants needed to successfully reach their goals. Skilled counselors delivered services in participants’ homes. This program is one of the few targeted to families receiving cash assistance that significantly increased stable employment among the hardest-to-employ participants. About 46 percent of the hardest-to-employ participants subsequently worked for at least 12 consecutive months, up from 29 percent of those in a control group who didn’t receive the same services. The hard-to-employ program participants were also significantly more likely than the hard-to-employ control group to earn higher wages and to work in jobs that provided benefits. In spite of the effectiveness of initiatives like Building Nebraska’s Families, programs that are designed to teach life skills or otherwise help individuals improve their employability through options other than job search, work, or education are *not* recognized as legitimate work activities for purposes of meeting the work requirements under TANF. They should be, which would enable states to provide such programs.

Support Policies That Reward Work and Direct Adequate Funding to Employment and Training Programs for the Most Disadvantaged Individuals

Several candidates emphasized the importance of providing resources to local programs that can tailor their approaches to the needs of local communities. However, policymakers have an important role to play in making sure that effective programs are adequately funded and that funds go to the purposes for which they were intended. Among the related actions that policymakers should take:

Strengthen the EITC for childless workers. Policymakers have made substantial progress in recent years in “making work pay” for low-income families with children by strengthening the

Earned Income Tax Credit (EITC) and Child Tax Credit. But low-income childless workers — that is, adults without children and non-custodial parents — receive little or nothing from the EITC. As a result, childless workers are the sole group that the federal tax system taxes deeper into poverty. To strengthen the EITC for childless workers, policymakers should lower the eligibility age (workers under age 25 are currently ineligible) and raise the maximum credit and the credit's phase-in rate. Providing a more adequate EITC to low-income childless workers and lowering the eligibility age would not only raise these workers' incomes and help offset their federal taxes but could also help increase labor force participation.

Provide additional funding for employment and training programs for disadvantaged workers. In 2014, Congress passed on a bipartisan basis the Workforce Innovation and Opportunity Act, which prioritizes workforce services to people with the greatest need and places a greater emphasis on enrolling such individuals in training programs than the Workforce Invest Act, which it replaced. The problem, however, is that the current funding level isn't adequate to meet the need for job training. Although funding in fiscal year 2016 is about \$100 million over 2015 funding levels in nominal terms, it's about \$613 million less than in 2010 after adjusting for inflation.

Require states to spend at least half of their state and federal TANF funds on TANF's core purposes — work activities, child care, and cash assistance. Although most adult TANF recipients are subject to work requirements, states spend only about a quarter of their state and federal TANF dollars on work activities and child care combined (and they spend just 26 percent of TANF funds on cash assistance to poor families).⁴ States raised spending on work activities and child care in TANF's early years but did not sustain those modest increases. And they used *only 8 percent* of their federal and state TANF funds for work activities in 2014; ten states spent less than 5 percent. States spent just 16 percent of total TANF and state funds on child care, with 15 states spending less than 5 percent. One way to increase TANF's ability to provide real work opportunities to recipients subject to work requirements would be to require states to spend at least half of their federal and state TANF funds on TANF's core purposes of employment, child care, and cash assistance.

Require states to provide a job training or work slot for individuals who are required to work. At least 500,000 of the nation's poorest people will be cut off SNAP (formerly known as the Food Stamp Program) over the course of 2016, due to the return in many areas of a three-month limit on SNAP benefits for unemployed adults aged 18-49 who aren't disabled or raising minor children.⁵ Months of SNAP receipt do not count toward the limit if the individual is working at least half-time, participating in qualifying work or training program activities for at least 20 hours a week, doing workfare, or living in an area with high unemployment where the three-month limit is temporarily waived. But states aren't required to offer these recipients a place in a work or training program for 20 hours a week — and very few do. This leaves it up to individuals who can't find a job to try to find training or work program openings on their own, which few are able to do — especially since most training programs have insufficient resources to meet demand, resulting in long

⁴ Liz Schott, LaDonna Pavetti, and Ife Floyd, "How States Use Federal and State Funds Under the TANF Block Grant," Center on Budget and Policy Priorities, updated October 15, 2015, <http://www.cbpp.org/research/family-income-support/how-states-use-federal-and-state-funds-under-the-tanf-block-grant>.

⁵ Ed Bolen *et al.*, "More Than 500,000 Adults Will Lose SNAP Benefits in 2016 as Waivers Expire," Center on Budget and Policy Priorities, updated January 5, 2016, <http://www.cbpp.org/research/food-assistance/more-than-500000-adults-will-lose-snap-benefits-in-2016-as-waivers-expire>.

waiting lists. *A person who wants to work and is searching for a job but unable to find one, and is willing to participate in job training but has no opportunity to do so, loses all of his or her SNAP benefits at the three-month point.* One way to promote opportunity for this very disadvantaged group of individuals would be to require states to provide a job training or work slot for individuals subject to this requirement.