

COMMENT ON “HELPING POOR WORKING PARENTS GET AHEAD”

Lawrence M. Mead
New York University

Harry Holzer and Karin Martinson propose to spend up to \$5 billion a year of new federal money on creating “state-level advancement systems” to promote higher skills and earnings among low-income working parents. I find their proposals attractive but premature. I would rather spend new money first on promoting higher work levels among these adults and on developing better programs. The time for a new advancement system will come, but not right away.

In table 1 of “Helping Poor Working Parents Get Ahead,” Holzer and Martinson show that higher incomes are strongly associated with higher educational levels. Incomes are even more strongly linked, however, simply to higher work levels. Among adults age 16 and older with incomes under the poverty level, only 37 percent claimed any earnings at all in 2006, and only 12 percent worked full time year-round. Even among those with incomes under 200 percent of the poverty level, only 47 percent worked at all, and only 24 percent full time year-round. For the population as a whole, the equivalent figures were 68 and 46 percent. For heads of family with children living under the poverty level, only 54 percent worked, 22 percent full time year-round. Looking at heads of families with incomes under 200 percent of the poverty level, the comparable figures were 69 and 41 percent. Among the U.S. population, they were 83 and 62 percent.¹ For the low-income group to work at levels typical of the population would do more to raise family income than anything else.

While welfare reform generated a sharp rise in work among poor single mothers, those levels fell somewhat after 1999, and the rise was offset by a continuing fall in work among low-income men. One countermeasure is to complete welfare reform. As late as 2004, only 32 percent of TANF cases met the work participation standards set in PRWORA in 1996. If these levels rise, as mandated by the 2006 reauthorization of TANF, the likely result will be a further decline in the rolls and higher work levels off welfare. A second countermeasure is to promote higher employment among low-income men through a combination of work

enforcement and new benefits, the same formula used in welfare reform (Mead 2007). A third essential is to reduce immigration so employers face more pressure to hire low-skilled workers from among the native-born.

This strategy is less in conflict with skills enhancement than might appear. Controversies over welfare reform have promoted a false idea that working in existing jobs and training for better ones are mutually exclusive. Actually, the main place workers upgrade their skills is on the job. They learn how to do their current jobs better, and employers sometimes offer workers training to qualify for better positions. This work-based learning is generally superior to training provided in schools or separate training programs because it captures more of the noncognitive skills needed to succeed and because most people learn new skills best in an applied setting. The training is also likelier to be aimed at jobs where labor is in demand (Lerman 2008).

We need to get over the idea that people acquire “human capital” by being instructed in classrooms apart from work. That is the way most of those likely to read these pages acquired their credentials—we were good at school. Most low-income adults, however, never progressed beyond high school, and high proportions are dropouts, as the authors show. Many resist returning to school. Our ideas of success have become too individualist and middle-class. We think it means getting ahead as individuals by showing personal talent. Most workers in America, however, have gotten ahead largely by putting in time on the job and accumulating experience and seniority. To be effective, skills enhancement must piggyback on that process and not try to replace it.

Holzer and Martinson realize that the best training programs tend to be work-connected. These programs typically involve employers collaborating with community colleges or programs funded under the Workforce Investment Act (WIA) to prepare workers for jobs they need to fill. Many collaborative programs have already appeared and look promising. The proposed advancement system would chiefly build up this system, largely through sponsoring the development of further programs.

And Holzer and Martinson assume that the new system would reach the low-income parents they are concerned about. But this requires that these adults qualify to be hired by larger, better employers of the kind likely to offer career ladders, train their workers to move up in the organization, and support the new collaborative programs. To gain those slots, those adults need to do better in the initial, often low-paid jobs that they first get on leaving school. Above all, they have to work more steadily and withdraw less often from the labor force.

One question is whether there would be much value added. The authors admit that training institutions are already moving in this direction. How much could federal funding accelerate that process? The authors regret the low funding that WIA now gets, but this reflects the fact that stand-alone training programs run by predecessor structures did not evaluate well. While the newer, more collaborative programs look more promising, evaluations of them are still sketchy. For now, Washington should fund further evaluations but defer committing to a new national program structure until it is clearer “what works.”

To address that problem, new federal funding should be spent first on the improvements in welfare reform and men’s work programs mentioned earlier. Others have suggested enhanced wage subsidies where eligibility depended on working full time (Berlin 2007; Edelman, Holzer, and Offner 2006). I would add to that caseworkers assigned to sell a package of work-for-benefits to the eligibles. These staff, as in New Hope, would encourage low-income adults to put in the hours needed to qualify for the subsidies, and also help them work out problems with such support services as child care. Once they worked more steadily, these employees would be better able to qualify for better jobs and thus gain from the proposed advancement system (Riemer 1994–95).

Once we are surer what works, and once more adults were truly available for advancement programs, then the new spending the authors propose will become a good investment.

Notes

¹ Calculated from Bureau of the Census, March 2007 Annual Social and Economic Supplement, tables 15 and 22.

References

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