

## COMMENT ON “HELPING POOR WORKING PARENTS GET AHEAD”

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Holzer and Martinson are right on in describing both the poor advancement prospects of low-skilled workers and the seriously compromised capacity of the public workforce system to meet the needs of workers or employers because of the steady erosion of federal support for training and employment assistance. (U.S. Department of Labor expenditures on such services have declined from \$63 per worker in 1986 to \$35 per worker in 2006, without adjustment for inflation.) They are also correct in pointing out that even though we need more research, we presently know enough about what works to effectively invest resources in improving the economic prospects of low-income, low-skilled workers.

A major infusion of new money for workforce programs is desperately needed, and Holzer and Martinson’s proposal for a dedicated funding stream targeted at improving system capacity to advance the economic prospects of low-skilled, low-income individuals has the potential to infuse new life into the public workforce system. CLASP has documented the steady decline in the share of low-income individuals receiving training and intensive services under the Workforce Investment Act (WIA) since its enactment. WIA required one-stop centers to serve all workers seeking employment but never provided enough funds to do so except with low-intensity core services, such as job placement, information, and referral services. As a result, much of the on-the-ground capacity to serve populations with barriers to employment has been lost. Most one-stop centers currently are not equipped to serve “hard to employ” individuals; community-based organizations have had to retrench because of lack of resources. Necessary partnerships among public agencies and with the private sector, especially small companies that employ many low-wage workers, also need to be strengthened. While there is growing consensus in the field that the instructional accommodations, partnerships with employers, financial incentives, and support and services strategies that Holzer and

Martinson discuss are the right ones, these approaches, unfortunately, are still considered innovations rather than common practice.

A discretionary grant program that includes a solid research and technical assistance component such as the one proposed by Holzer and Martinson should be created in the pending reauthorization of the Workforce Investment Act to inform future federal investment in workforce programs. The grant program would generate new knowledge about what works in helping both low-income workers and “hard to employ” job seekers advance economically, and it would broaden adoption of effective policies and practices throughout the system. Both system change and more evidence on effective strategies are needed to garner greater political support and funding for workforce programs.

That said, I offer the following observations and suggestions that I think would strengthen the proposal:

First, this new funding stream should not substitute for or diminish already overstretched funding for the ongoing workforce system. Given the natural tendency toward serving those with fewer needs, emphasis should be placed on serving people with barriers to employment.

Second, implementing effective policies and practices “at scale” will require not only convincing program providers to adopt these innovations, but actually changing policies governing federal programs so they are better aligned and promote, rather than inhibit, the more integrated use of federal funding streams. Many of the model programs discussed in the paper are now being funded by foundations, with state and/or federal discretionary funds and under waivers from the WIA rules because current accountability and policies make it difficult to use the majority of WIA Title I funds for these purposes. Federal adult education policies have made it difficult to use WIA Title II resources for programs that integrate remediation and occupational training to accelerate learning and credential attainment. Congress should create an interagency panel to resolve policy problems within the scope of agencies’ current authority and to recommend legislative changes across federal funding streams that would promote and support implementation of the policies and practices determined to be effective by research.

Third, in discretionary grant programs such as the one proposed, there is often pressure to demonstrate results quickly. This encourages grantees to focus their attention on models that can be mounted quickly, rather than on the system and institutional change desired. Grants could be weighted to support states that make systemic changes in the delivery of education services or, for example, implement policies that improve job quality and the structure of opportunity in the labor market. In addition, Congress could require the development of benchmarks of system change by which progress along this dimension can be measured and rewarded over time.

Finally, the discussion of the potential returns on investment (ROI) from the proposed strategies highlights the tradeoffs between investments in training, training with stipends, and providing work supports such as the EITC and child care without the additional investment in training. While there is some economic benefit to short-term training, especially if it is targeted to demand occupations with opportunities for advancement, there is a significantly greater return on longer-term training. Research from Washington State identified a one-year occupational credential and 45 credits as the “tipping point” for substantially increased earnings and a solid foundation for further postsecondary education and training. Yet, most low-income students never reach this important milestone. In part this is because they do not have access to the instructional innovations and support services that have been shown to increase student persistence and success; and in part this is because students drop out when they cannot afford to stay in school or when the pressures of working long hours to pay the bills interfere with students’ ability to succeed in school. The average unmet need for a single parent in community colleges is about \$4,000. So the proposed \$4,000 income stipend to supplement Pell grants and state aid coupled with instructional and institutional changes could make a big difference in helping students attain necessary postsecondary credentials, and therefore improve their access to better jobs

and more stable employment. These improved outcomes would increase the long-term return on investment in training.

Yet, the return on investment from work supports, such as EITC and child care subsidies, results from increased work effort while the work support is provided. An investment of \$4,000 per family in expanded financial supports, even if it has less effect on future earnings, can reach many more families for the same total investment and therefore reduce the costs borne by society as the result of children growing up in low-income families.

Rather than pitting work supports against training in the competition for increased funding, research should be devoted to better understanding how these two types of investments can be better aligned to help low-income families truly achieve a better quality of life and the economic, institutional, and other circumstances under which these different approaches are most likely to have the desired effect.