

A New Safety Net for Low-Income Families

Number 4



America's low-income working families are struggling to get by, too often making impossible choices among food, housing, and health care because their incomes do not stretch far enough. Government safety nets were reformed in the mid-1990s with the promise that work would pay. But that promise remains unfulfilled for many families. This series of essays explores the challenges these vulnerable households face and suggests ways to protect them and help them thrive—urgent goals with far-reaching benefits for our children, our families, and our economic future.

Helping Poor Working Parents Get Ahead—Summary

Harry J. Holzer and Karin Martinson

Low-wage adult workers have trouble getting and keeping higher-paying jobs. Most lack the basic skills and education needed to move up, but certain kinds of assistance might give some the edge they need to break the pattern. Programs featuring instructional accommodations for low-skilled workers, employer partnerships, financial incentives, and other supports can provide the opportunity to increase job skills and gain greater access to higher-paying jobs and better financial support. Youth, hard-to-employ adults, and families can benefit, but our emphasis here is on low-income working parents who have additional needs to consider, such as juggling work and family demands, when devoting time to improving their job skills and prospects.

BARRIERS TO ADVANCEMENT

Throughout much of the 1980s and '90s, earnings fell for workers who had no more than a high school diploma. Not surprisingly, higher wages are generally tied to educational attainment. More than 70 percent of poor parents have only a high school diploma or GED, or less. More education can give low-wage parents a leg up, but tuition costs, family obligations, a low skill base, and lack of access to transportation and child care are significant barriers to their obtaining more schooling and better jobs.

Government spending for the Workforce Investment Act (WIA) and its local boards has declined by nearly 70 percent since the late 1970s. The One-Stop

Centers established by WIA that provide access to jobs, training, and supports are underfunded and have too few partnerships with business. It may be time to revamp the system with fresh ideas, and some states and localities are leading the way with promising approaches.

In addition to various well-established programs, dozens of small new programs have emerged in states and localities to spur worker advancement by chipping away at barriers. Efforts include training at employer worksites, “bridge” classes that help students get the academic skills they need to take more advanced courses, and instruction geared toward specific high-paying, high-needs jobs that don't require college degrees. These programs are often combined with financial and other supports, including stipends to encourage program completion, job-placement assistance, child care, and tutoring.

So far, some of these efforts have yielded promising results for low-wage workers, but most operate on a small scale and have not been rigorously evaluated. Further expansion requires greater federal funding and support, along with serious evaluations of what works.

RECOMMENDATIONS

We propose a new federal funding stream to support promising initiatives at the regional, state, and local levels. Federal grants would reward states for innovative designs and help them build comprehensive systems to help low-wage workers get ahead.

- *Matching grants:* Award competitive grants where states use public and private expenditures to match new federal spending on advancement programs for disadvantaged workers and youth. To win grants,

states must develop new strategies and must spend more than they do now on training for low-income workers. Each state could design programs to fit its economy, demographics, and current policies. Preference would be given to states that combine several promising strategies.

- *Partnerships:* To qualify for grants, states would have to form partnerships with local workforce investment boards, community colleges and high schools, and employers and industry associations. The grants would be long term to allow time to develop these partnerships. New approaches can link to existing programs, but the goal is to build on and surpass workforce efforts already in place.
- *Evaluations:* We recommend requiring evidence of progress before grants are renewed. In addition,

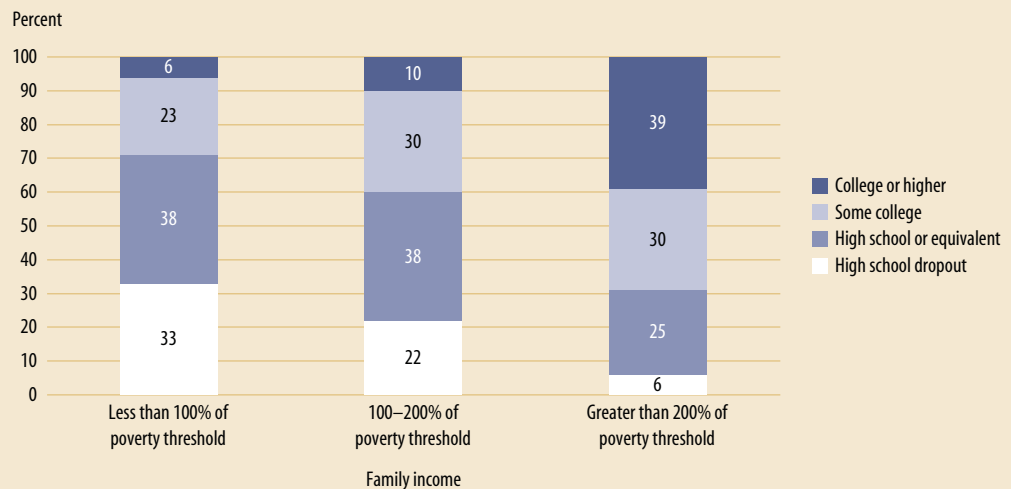
states should conduct evaluations of their programs, and the Department of Labor should sponsor rigorous evaluations of selected programs. From these findings, states can learn from each other, see what works and what doesn't, identify the most cost-effective services and supports, and get technical assistance for putting programs into practice.

OUTCOME

Our proposal will complement existing workforce development efforts, boosting areas where funding is stretched thin. New systems can strengthen the WIA and play a part in its broader reform. By supporting new ideas and integrating programs and support services, we can help low-wage workers build skills and break away from low-paying jobs.

EDUCATIONAL ACHIEVEMENT OF FAMILY HEAD BY INCOME LEVEL

Source: March 2007 Current Population Survey.



For the full report, see "Helping Poor Working Parents Get Ahead: Federal Funds for New State Strategies and Systems" by Harry J. Holzer and Karin Martinson.

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