

How States Can Help Low-Income Workers

For America's 20 million low-income working families with children, the economy is giving off decidedly mixed signals. According to new reports from the Department of Labor and many state capitals, the U.S. labor market remains fairly soft, but revenues in many states are surging.

What can families struggling to make ends meet expect under these circumstances? And what can states do to make headway against the nested problems that plague low-income workers?

What poor families can't expect right now is help from Washington. Addicted to partisan wrangling and facing daunting budget deficits, Congress is poised to cut programs for low-income families. On the chopping block are Medicaid, housing, and job training programs, among many others.

But signs are more hopeful at the state level. Sixteen states have reset the minimum wage above the federal level of \$5.15 an hour. A score of states has extended unemployment insurance coverage to low-wage workers in recent years, and others—like California—have raised benefit levels. A few are considering paid leave for maternity or illness. And many are improving education and job training for low-income adults.

In general, state legislatures and governors are more practical than federal policymakers. They live closer to the consequences of their actions, and the scale they work on gives them license to innovate. And, though the scars of the recent economic downturn are still visible, the new revenue windfalls give them more latitude.

In this new sweet-and-sour economic climate, four types of initiatives offer special promise. First is improving education opportunities. States that supplement federal Pell grants can make community college—an excellent job-training ground—affordable to low-income working parents. Taking a page from Kentucky's Community and Technical College System and similar models, states should use their extra funding to nudge community colleges to offer more courses and make schedules more flexible at the same time.

Low earners also need help finding better jobs. Key here are savvy intermediaries—whether for-profit temp agencies or nonprofit placement services—that more and more states and localities are using to make the workforce connections. Following the lead of Massachusetts and Wisconsin, states can also encourage employers in growth sectors to develop new skill credentials, training options, and career ladders for unskilled workers. In California and New Jersey, tax credits for training entry-level workers have prompted businesses to promote more unskilled workers. Supports for apprenticeships and internships for low-income workers also make sense.

States need to make it easier for parents to work too. Working moms and dads can breathe easier if states have universal pre-kindergarten, as Oklahoma, Georgia, and Florida do. Health care for low-income children is available from the State Children's Health Insurance Program, but some working adults who can't get Medicaid need similar coverage. Other pro-work supports might include expanded eligibility for unemployment insurance, paid parental leave during illness or maternity (as California has and Washington and Massachusetts are considering), and state tax credits to supplement the federal earned income tax credit.

Last, low-income fathers who don't have custody of their kids need special help. While low-income single mothers entered the workforce in droves in the 1990s, employment among low-income fathers—especially African Americans—kept falling. Many non-custodial fathers who are behind on their child-support payments avoid work rather than get their meager earnings dunned by the state until they catch up. They might take jobs if states forgave past debts for dads who start paying the support they owe.

Similarly, low-skilled but nonviolent ex-offenders dogged by criminal records that discourage or prevent employers from hiring them could get a new lease on work life if they were allowed to get driver's licenses and fewer jobs were off limits. Path-breaking training and work-experience initiatives like Maryland's Partners for Re-entry program, Oregon's Transitions project, and Texas's Reintegrating Offenders program can jumpstart efforts to enter or reenter the working world and complement faith-based programs to help low-income men become better fathers.

Rigorous evaluation of these pioneering efforts remains key to finding out what works over time. And some extra funds for programs will be needed too, but not bank-breaking sums. Both seem small prices to pay for helping working parents and parents who want to work do right by their families.

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