

COMMENT ON “SUPPORTING WORK FOR LOW-INCOME PEOPLE WITH SIGNIFICANT CHALLENGES”

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“Supporting Work for Low-Income People with Significant Challenges,” by Pamela Loprest and Karin Martinson, provides an excellent overview of the policy and programmatic challenges confronting efforts to improve employment outcomes for low-income parents who face serious barriers to steady, full-time work. The paper is particularly strong in describing systems challenges such as Workforce Investment Act (WIA) performance standards that discourage local programs from serving the hard-to-employ, work disincentives in disability assistance programs, and rules in the Temporary Assistance for Needy Families (TANF) program that discourage states from providing intensive, long-term services. Perhaps most important, the authors also note that relatively few service strategies have been shown to increase employment for the most disadvantaged and that even those approaches that “work” still leave participants with very low earnings.

The authors propose three different kinds of strategies: (1) changes within existing systems to promote employment services for those facing serious barriers; (2) additional funding and research to develop and identify more effective employment strategies; and (3) broader policy changes to provide income assistance to parents whose personal challenges seriously reduce their earnings capacity.

In the first category, the authors propose specific changes in the TANF and WIA systems, among others. With regard to TANF, for example, they propose to relax the current rule that limits to six weeks the amount of time states can count “barrier removal activities” as work. Although it would be controversial, this change is consistent with the goal of the block grant structure: providing states with flexibility to determine how best to move recipients toward employment. It serves no one’s interest to allow recipients to languish in ill-defined barrier removal activities, but certainly some types of recipients—for example, those with serious substance abuse disorders—could benefit from more than six weeks of treatment before moving to traditional work

activities. This is particularly likely to be the case because rates of relapse are high and many people require multiple episodes of treatment.

Although useful, changes in TANF would affect relatively few people because, as the authors note, the TANF program is much smaller than it once was. Similarly, the WIA system is thinly funded and provides intensive services to relatively few people. Loprest and Martinson's second proposal for a new \$1 billion federal grant program to support program development and replication responds to the facts that funding for employment services in the individual systems that serve the hard-to-employ is quite limited and that many of those facing serious challenges (e.g., former TANF recipients) are not connected to systems. The authors propose to channel funding through WIA, which makes sense to avoid creating a new administrative apparatus. It would be critical to earmark the new funding to ensure that it remains targeted to the populations of interest, given the countervailing pressures within WIA.

This proposal bears some resemblance to the Welfare-to-Work grant program, which provided special funding through the workforce development system to serve long-term welfare recipients and others considered hard to employ. A national study found that the program stimulated new partnerships and programmatic innovations in many areas of the country (Nightingale et al. 2003). Unfortunately, however, the Welfare-to-Work grants did not leave a legacy of expanded knowledge about what works. Given the scarcity of public funding and the high cost of services, this would be an unfortunate outcome for any future program. Thus, rigorous evaluation should be a central focus of any new program, rather than a supplemental activity.

In the third category, the authors discuss longer-term options such as new forms of income assistance for individuals with partial or temporary disabilities. This area is crucial for further policy development because there appears to be a significant group of adults with mental or physical health problems that are not severe enough to qualify them for disability assistance but that are severe enough to hinder their earnings capacity—even with services from an employment program. The TANF/AFDC program once provided income support to many of these people, but the program is now very small and time-limited, with severe sanctions for people who do not meet its stringent work requirements. Today, fewer than half of eligible families actually receive TANF assistance, down from 80 percent in the early 1990s (Parrott and Sherman 2006). There are models for temporary or partial disability programs in Europe and even in our own compensation program for disabled veterans.

A final point concerns targeting. Loprest and Martinson focus primarily on *parents* in low-income, low-work families, but there are good reasons to extend the discussion to include some adults with personal challenges who are not living with children. For example, roughly 700,000 people (mostly men) return to the community from prison each year, and many of them face the same personal challenges discussed earlier. Ex-prisoners have extremely high rates of substance abuse and mental illness (as well as housing problems and other barriers to reintegration), and their criminal records further hinder their labor market prospects. Like the parents discussed by Loprest and Martinson, ex-prisoners are unlikely to receive employment assistance from programs like WIA, TANF, and VR. Further, unlike custodial parents, they do not benefit much from the earned income tax credit when they work.¹ About two-thirds of ex-prisoners are rearrested and half return to prison within three years.

Recidivism obviously has implications for public safety and for state budgets (given the very high cost of incarceration), but there is also a direct connection to the families Loprest and Martinson are discussing. Most of those low-income, low-work families are headed by single mothers, and likely few of those mothers receive steady financial support from their children's fathers.² In other words, these families are poor both because the mothers face personal challenge and because they are the sole breadwinners. It is probably no coincidence that more than half of state prisoners are fathers, many of whom owe vast amounts of child support. In addition, ex-prisoners disproportionately come from—and return to—a small number of urban communities that undoubtedly house a large proportion of the families Loprest and Martinson discuss. In short, it is

important to include at least some “childless” adults in discussions about strategies for increasing employment among individuals with personal challenges.

Similarly, it is worth considering whether any new form of temporary or partial disability assistance should be targeted specifically at custodial parents—in which case it might begin to look like a new TANF program—or whether it should be a federally funded, means-tested disability assistance program, open to any adult who qualifies.

Efforts to increase the earnings of individuals with significant personal challenges should include the components described by Loprest and Martinson: systems changes, research and development, and new forms of income support. Ideally, these efforts should go beyond custodial parents to include a wider range of adults whose employment problems affect low-income families and communities, and public budgets.

Notes

¹ There are a number of current proposals to increase the size of the earned income credit for “childless” workers.

² About 65 percent of families below 200 percent of the poverty level with no full-time, year-round workers are headed by single mothers.

References

Nightingale, Demetra, Carolyn O’Brien, Michael Egner, Nancy Pindus, John Trutko. 2003. *Welfare-to-Work Grants Programs: Adjusting to Changing Circumstances*. Princeton, NJ: Mathematica Policy Research.

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