

Work-Plus:

Boosting the Bottom Line for Low-Wage Working Parents

Policy Brief No. 15

To provide for their families, low-wage working parents need good jobs. “Work-plus” is the most promising avenue to helping parents obtain family-sustaining jobs. This approach can benefit both low-wage working families and employers by upgrading workers’ skills, improving job retention and helping parents access work supports.

Overview

Rare is the day when you don’t meet one going about your daily business: a cashier, housekeeper, health aide, cook or waiter/waitress. In fact, **nearly one fourth of the US labor force earns \$9.00 or less per hour**, according to the Urban Institute.¹

Some of these working parents have just moved from welfare to work. Others have been in these positions for years, just barely avoiding welfare. For families relying on low-wage jobs, trying to earn a living all too often means sustained economic hardship and few prospects for upward mobility.²

What low-wage working parents need is a set of services – customized to their situation – that will help them stay employed, develop advanced skills that employers need and progress in their careers. What they tend to get is a system focused on moving welfare recipients and disadvantaged workers quickly into jobs and then letting them sink or swim. This work-first/work-alone system all too often results in wages that are too low to meet the

basic needs of a family with children. Further, the approach does little to abate employers’ costs related to absenteeism and turnover in the low-wage workforce.

Recognizing the limitations of the work-first/work-alone approach to ending dependency on welfare, community-based organizations (CBOs) and policy makers are actively exploring how to both lift low-wage working families out of poverty *and* improve business competitiveness. Job advancement – or “work-plus,” as used in this brief – represents a promising strategy to achieve both of these goals.

Work-plus services help low-wage parents qualify for, land and keep good jobs that reward work with family-sustaining income, benefits, stability and career advancement. This strategy also engages employers and expands the use of work supports, especially the earned income tax credit (EITC), food stamps, child care subsidies and

Medicaid or the State Children's Health Insurance Program (SCHIP). Researchers with the Annie E. Casey Foundation, Brookings Institution, Corporate Voices for Working Families, Jobs for the Future and Urban Institute report services to help low-wage working parents get better jobs are needed because:

- One in three children in working families is in a low-income household, including children whose parents have full-time jobs.^{12, 15, 18, 19}
- Low wages make it difficult for working parents to meet their children's basic needs, which include a stable and secure home environment.¹³
- Low-wage jobs offer few advancement opportunities.^{13, 21}
- Post-employment services offered for more than 90 days and other job-advancement supports are not readily available.¹²
- Low earners and employers benefit when employees gain skills and receive federal work supports.^{18, 22-25}

Members of Corporate Voices for Working Families and manufacturers in a study conducted by Deloitte have found investing in the low-wage workforce can improve the bottom line. For example, quality work-plus services can increase productivity and reduce turnover and absenteeism.^{24, 26}

This brief examines a work-plus approach to helping low-wage parents move up to and keep family-sustaining jobs. Both researchers and practitioners know many low-wage working parents require services and supports to get and keep family-sustaining jobs. Ideally, work-plus provides a set of services – customized to individuals' and their families' circumstances – that includes:

- Education, training, job placement and post-employment services to help low-wage parents get and keep better jobs by overcoming labor market disadvantages (e.g., no high school diploma or limited English proficiency).²⁰
- Assistance in accessing work supports.
- Partnerships with employers to promote steps that enrich job quality (e.g., through low-cost, effective strategies) to help their low-wage employees stay and advance in their jobs.

Work-plus merits policy attention due to mixed outcomes achieved by work-first/work-alone approaches and the growing gap between workers' skills and workforce demand. The work-plus approach also pertains to recent policy changes in Temporary Assistance for Needy Families (TANF) and the pending reauthorization of the Workforce Investment Act (WIA) and the Higher Education Act. Work-plus is a promising practice that can generate the following benefits:

- Good jobs that enable low-income families to become more self-sufficient.^{13, 23}
- Enhanced child well-being as parents receive services and supports or obtain better jobs.¹²
- Improved business competitiveness, an expanded tax base and reduced welfare recidivism.^{15, 20, 26}

Policy implications. At all levels of government, policy makers have opportunities to adopt a work-plus approach to help low-wage working parents move out of poverty through good jobs and use of work supports.

Definitions for Key Terms Used in this Policy Brief

Better Employers – These employers are characterized as paying higher wages for comparable jobs, offering benefits and a supportive workplace, providing training and/or having career ladders for low-wage employees.^{13, 14, 21, 42}

Family-Centered – According to the Family Strengthening Policy Center, family-centered means “Policy and services intentionally address the needs of the family as a whole or collective unit instead of serving only individuals. Services are tailored to help the individual in the context of family and community.”⁵

Good Jobs – The Russell Sage Foundation Forum on the Future of Work definition of “good jobs” centers on annual net earnings that exceed the poverty line and employer-sponsored health insurance. It recognizes food stamps and EITC may still be needed to sustain the family.¹⁰ Good jobs, in the context of the Annie E. Casey Foundation’s Jobs Initiative, also consists of other non-wage benefits, retention and career mobility as characteristics of good jobs.¹²

Intermediary – Intermediaries are organizations that bring together public agencies, service providers, employers and even labor representatives to help both employers and low-income workers succeed in the marketplace. Intermediaries bring together partners and funding sources to achieve common goals.⁹

Job Retention – The Jobs Initiative used an ambitious measure of job retention: “remaining in the labor markets, rather than a particular job, for a year with no more than short-term gaps in employment. Any job change must pay at least as much as the previous job and provide equal benefits.”¹³

Jobs Initiative – The Annie E. Casey Foundation’s Jobs Initiative was designed to connect inner-city young men and women to family-supporting jobs and to improve the way five urban labor market systems function for low-income, low-skilled workers.

Self-Sufficiency Standard – The standard is the income needed by working adults to meet basic needs without subsidies of any kind. Developed by the nonpartisan, nonprofit Wider Opportunities for Women, the self-sufficiency standard tool takes into account the local cost of living, family size and other factors.¹⁷

Work-Plus – To help low-wage parents move up to and keep family-sustaining jobs, the work-plus approach offers a set of services that is customized to individual workers’ and their families’ circumstances. Essential services are threefold: 1) education, training, job placement and post-employment services;²⁰ 2) assistance in accessing work supports; and 3) partnerships with employers to encourage them to enrich the quality of low-wage jobs.

Workforce Development – At a minimum, this system encompasses services for job readiness, postsecondary education, skills training, basic and adult education, English proficiency, literacy and employment services.

Governments can:

- Adopt family self-sufficiency as the leading policy goal for workforce development and welfare-to-work systems. Consequent changes in policies, performance management systems and financing ought to enable public agencies and service providers to shift from a work-first to a work-plus approach.
- Improve access to work supports for low-income working families.
- Engage employers in partnerships that invest in the low-wage workforce and improve business competitiveness.

Low-Wage Jobs ≠ Family Economic Success

The picture is crystal clear: the federal minimum wage – at \$5.15 per hour – is not enough to support a three-person family. In fact, annual minimum-wage earnings of \$10,300 are below the federal poverty level (see *Figure 1*).^{14, 15} On average, families that no longer receive welfare^a have an income of \$12,000 to \$18,000 per year. Their low-wage jobs often lack health insurance and other employer-sponsored benefits.^{21, 27}

The last increase in the federal minimum wage was almost 10 years ago in 1997.¹⁵ If it had kept pace with inflation, the minimum wage would now be \$7.50/hour (a 45 percent increase).¹⁴ To be fully self-sufficient, most families of four need an income of at least \$35,000 (or more than \$16 per hour if the family has a single wage-earner).¹⁴ As of publication, congressional efforts to raise the minimum wage for the 2007 fiscal year had yet to be resolved, but the

^a The data are for all welfare-leaver families, regardless of why they no longer receive TANF benefits.

FIGURE 1. Low Wages and Poverty

\$65,093	US median income for a family of four, 2003 ⁹
\$18,850	Federal poverty level for a family of four, 2004 ¹¹
\$37,700	Low-income level (twice the federal poverty level) for a family of four, 2004 (the point at which a family may become ineligible for government work supports) ^{1, 11}
\$10,300	Approximate annual earnings of a full-time, full-year minimum-wage job, 1997-present ^{14, 15}
19,000,000	Number of low-income children who resided with regularly working parents, 2001 ¹⁶

debate by policymakers has brought the issue back into public awareness.

To improve the odds that working families can make ends meet, 19 states have raised their minimum wages.²⁸ In addition, the Association of Community Organizations for Reform Now (ACORN) reports that 130 local governments have adopted living-wage laws or ordinances.²⁹ (Living-wage laws require businesses that have government contracts or receive government financial assistance to pay wages that enable a worker to provide for a family's basic needs without governmental assistance.³⁰)

Good Jobs and Child Well-being

Poverty is associated with a wide range of childhood disadvantages. Children in lower-income families fare worse than children in higher-income families

on a wide set of indicators, based on National Survey of Children's Health analyses and other data.^{1, 31-35}

Comparing children whose parents moved up to good jobs via the Jobs Initiative (see *Definitions, page 3*) with children whose parents remained in low-wage jobs, a small study found that:¹²

- Good jobs increased family connections to and involvement in the community.
- When parents got good jobs, children's grades and other markers of well-being improved.

After synthesizing studies of welfare-to-work demonstration programs, MDRC^b concluded that employment and increased income improved children's school achievement; some programs also had a positive effect on children's social behaviors and health.³⁹

When work-plus services result in good jobs, family-sustaining wages and benefits can move families towards economic independence.¹⁵ These positive outcomes are more likely when work-plus services are customized to the circumstances of each individual worker and his/her family.^{12, 13, 36-38}

Labor Market Disadvantages and Low-Wage Workers

Many low-wage employees have very limited upward mobility.¹⁴ Work-plus services aim to help them overcome labor market disadvantages so they can get and keep good jobs. Two disadvantages – limited education (especially not having high school credentials) and the lack of advanced skills – correspond to workers' personal characteristics.

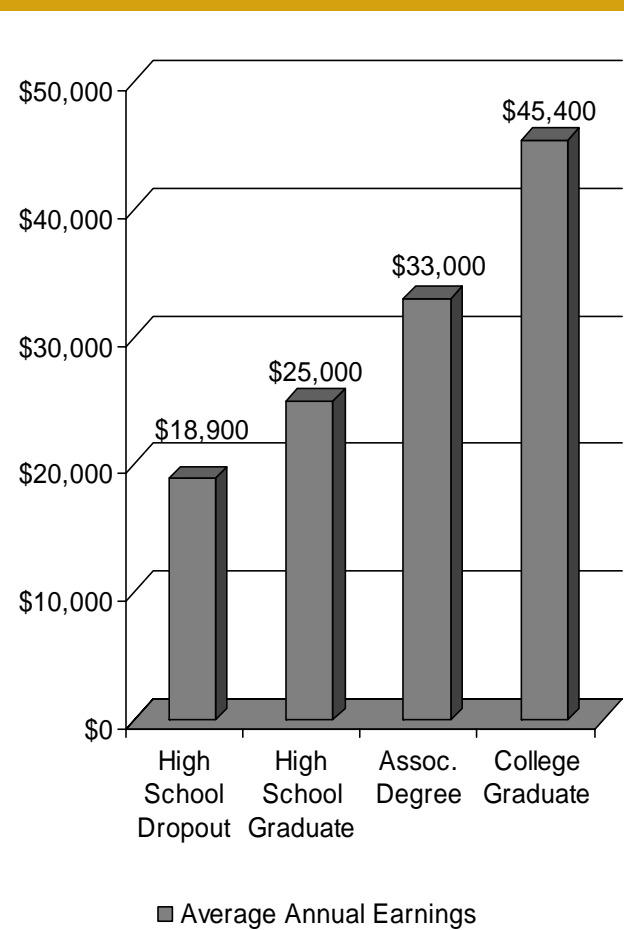
^b Formerly, the Manpower Demonstration Research Corp.

Market (external) disadvantages include the structure of low-wage employment and gaps in community and social resources. The Jobs Initiative demonstrates that it is possible, even necessary, to address both personal and market forces.^{9, 13, 23}

Limited Education and Lack of High School Credentials

Education strongly correlates with both earnings and full-time, steady employment in the US labor market, as illustrated in Figures 2 and 3.^{3, 18} For example, one or both parents lack a high school degree or General Equivalency Diploma (GED) in one third of

FIGURE 2. Educational Attainment and Average Annual Earnings, 1997-99³



low-income working families. In contrast, this circumstance is found in only 12 percent of middle and upper-income families.¹⁵

Few Advanced Skills

Increasingly, employers are seeking workers who have basic and technical skills, even for entry-level jobs. The Bureau of Labor Statistics estimates that by 2010 there will be a 24 percent increase in the number of positions that require an associate's degree or postsecondary vocational credential.⁴⁰ Yet, data from the National Survey of America's

Families indicate among heads of low-income families with full-time, steady employment:¹

- 28 percent never completed high school.
- 40 percent hold only a high school degree or GED.

Thus, national data indicate many incumbent low earners need basic education. Others will require advanced skills training or postsecondary education in order to access good jobs that are in demand.

A national survey conducted by Deloitte and The Manufacturing Institute further illustrates the current skills gap. Manufacturers reported:²⁶

- Skill deficiencies in mathematics, reading, writing, interpersonal relations and teamwork.
- Deficient employability skills (or soft skills^c), which “significantly contribute to negative business performance.”

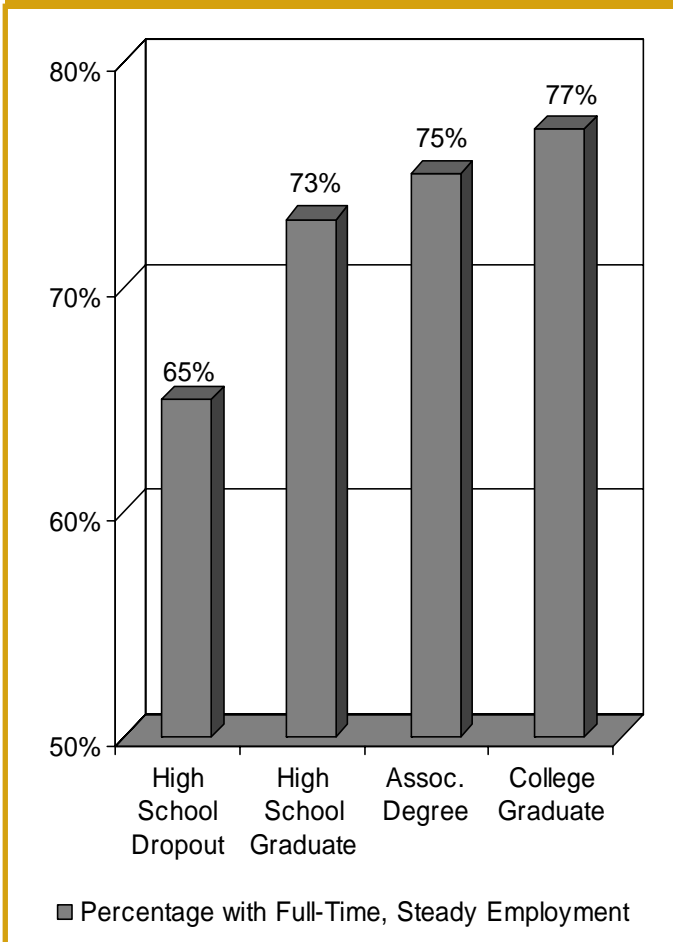
Yet, high-quality basic skills programs can be scarce, even though they help low-wage workers complete postsecondary education and skills training and succeed in jobs.¹⁴

In the future, this skills gap is predicted to worsen. If current trends continue, by 2020 up to 12 million jobs requiring postsecondary credentials (a vocational certificate, associate's degree or higher) will go unfilled because the labor market is projected to add only 3 million workers.⁴¹

Retention Rates and Low-Quality Jobs

Adults with few advanced skills are more likely to lose or terminate jobs without having a new position

FIGURE 3. Educational Attainment and Full-Time, Steady Employment, 1997-99³



^c Soft skills include coming to work on time, dressing appropriately and showing supervisors and coworkers respect. (Fleischer, 2001, Extending Ladders)

than other workers. Unemployment, in turn, reduces earnings and eventually inhibits wage growth because the worker is not accumulating seniority, gaining general work experience and building a strong work history.^{36, 42} Low retention also hurts employers. To fill a position paying \$16,000 per year, employers typically spend \$6,000 to \$12,000.⁴³

Job turnover is more than a matter of personal responsibility and will. Compared to higher-wage jobs, low-wage positions are more likely to:^{1, 25, 36, 42}

- Be unstable, part-time and/or seasonal.
- Offer few advancement prospects.
- Lack benefits, including health insurance and paid leave.

Absenteeism contributes to job loss. Low-wage employees struggle with unreliable child care and transportation, health problems and other family disruptions. Yet, paid leave, flexible scheduling and subsidized health insurance are benefits typically reserved for higher earners. Although low wages offer employees little incentive to be productive and stay in the job, entry-level jobs can benefit persons with limited work experience by helping them transition to the labor marketplace. For example, they can gain soft skills and expand their employment history.^{36, 42, 44}

A substantial portion of low-wage jobs are in small and medium-sized businesses, according to Corporate Voices for Working Families.²⁵ On average, smaller employers pay lower wages and are less likely to sponsor health insurance than larger companies.^{45, 46} The Finance Project notes that smaller employers often have few resources to invest in workforce education and training, lack the scale to create job ladders and have limited knowledge about services that can help low-wage employees and their families.⁴⁷

Gaps in Community and Social Resources

Education and training for career advancement are often inaccessible to low-wage working parents. Prominent barriers are as follows:^{14, 48-50}

- Programs funded by the Workforce Investment Act (WIA) require participants to complete a sequence of employment services before they can access education and training.
- Even with recent policy changes, federal financial aid for postsecondary education is not structured for nontraditional students who want to attend part-time, year-round.
- Postsecondary course scheduling and program structures often do not mesh with working parents' responsibilities.
- Current workforce development funding meets only a small portion of the needs of adult workers. According to The Workforce Alliance, many low earners are interested in upgrading their skills but have no money to pay for education and training.⁵⁰

Low-wage workers also encounter problems in accessing better employers that pay higher wages for similar jobs, offer benefits and have supportive workplace practices. First, low earners often live in neighborhoods that are physically distant from higher-wage employers.^{42, 44} Second, information gaps can stymie low earners' ability to connect with better job opportunities.⁴² Finally, in regional surveys, low-income job seekers reported knowing only five or fewer people who could help them find a job.⁵¹

From "Work-First" to "Work-Plus"

In the 1990s, work-first became the predominant approach used to help TANF families and disadvantaged workers accessing WIA services.^{4, 36}

Some studies involving welfare recipients found work habits and skills were best developed on the job than in the classroom. Accordingly, TANF and WIA agencies sought to help their clients quickly get jobs, and strong economic growth helped agencies succeed in quickly placing many, but not all, clients. The initial placements tended to be low-wage positions with no or few benefits that did little to alleviate economic hardship. Yet, the de facto post-placement approach was “work-alone.” In other words, the newly employed were offered little, if any, follow-up support to help them stay on the job, access work supports and progress to better jobs.^{13, 52}

The net result of the work-first approach was characterized by Harry Holzer, a leading labor

economist, in this way: “[A]dvancement prospects will continue to be a real challenge. This has been, in some sense, the hardest nut to crack in our welfare reform experience.”⁵³ Figure 4 summarizes the pros and cons of a work-first/work-alone approach.

Figure 4 also suggests that work-first and work-alone do little to advance business competitiveness. Welfare recipients placed in jobs by work-first strategies often lack the advanced skills necessary to generate productivity gains. In addition, firms are likely to face ongoing costs related to job turnover, especially if low-wage employees do not receive work supports, which have been shown to improve retention.^{54, 55}

FIGURE 4. Advantages and Limitations of the Work-First/Work-Alone Approach

Advantages of Work-First	Limitations of Work-First/Work-Alone
Entry-level positions help welfare recipients develop and demonstrate job readiness, thus making them more attractive to other potential employers. ⁴⁴	Job placements associated with the work-first approach tend to be low wage and unstable. ^{18, 44}
Welfare recipients quickly enter employment (instead of spending time in training and education). ^{18, 36, 44}	Most welfare leavers lack not only basic and advanced skills but also ready access to education and training that lead to longer-term wage gains. ¹⁴
Initial job placements give disadvantaged workers a context and motivation to succeed in education and training programs leading to better jobs. ⁸	On a macro level, work-first does not help close the skills gap (in which employer demand for workers with postsecondary training is increasing at a faster rate than growth in workers with such skills). ^{36, 56, 57}
Quick employment contributes to reduced TANF rolls. ^{4, 18, 36}	Limited upward mobility in low-wage jobs may perpetuate dependence on means-tested benefits because employees continue to encounter multiple barriers to moving onto and up career ladders that can lead to economic self-sufficiency. ^{18, 44}

Work-first merits continued use for some populations, such as moderately educated welfare recipients who primarily need assistance in getting a job. However, if the initial job is not part of a career ladder, these welfare leavers often must acquire additional skills to rise above entry-level wages.^{8, 58}

In contrast, *the work-plus approach focuses on helping welfare recipients and other disadvantaged workers move up to family-sustaining jobs*. The strategy entails an employment-focused package of services – customized to individual workers and their families – to help them retain jobs, access work supports and advance in their careers (e.g., through skill-building and career counseling). In the Jobs Initiative, helping low-wage working parents get and keep good jobs required intensive services provided over multiple years.¹²

Job Advancement Strategies Gain Currency

With strong economic growth and declining TANF rolls, states have begun to invest in programs and policies that help low-wage employees. Post-employment case management and simplification of the enrollment process for work supports are just two of many efforts.^{4, 18, 36} Private grantmakers, including the Annie E. Casey Foundation, likewise began piloting strategies to help welfare leavers and other low-wage parents obtain family-sustaining jobs.

During this time, CBOs became a vital partner in regional workforce development initiatives because of their community connections and knowledge.⁵⁵ With employers, enterprising CBOs positioned themselves as a source for skilled workers and post-employment services that improve retention.⁹

Finally, regional intermediaries – such as community colleges, workforce investment boards and

community development corporations – have emerged as essential players (*see Intermediary Finds Family-Supporting Jobs Is Good for Business, page 9*). Specifically, they have developed partnerships with employers and educators/trainers, analyzed market trends, created workforce development pathways for growing industry sectors and more.⁵⁵

“Work-Plus” Strategies and Supports

Work-first and work-plus can be complementary approaches to helping low-wage working parents get better jobs.⁴⁴ By working with intermediaries and tapping multiple funding streams, CBOs can develop a cohesive package of services that is customized to individual clients.^{12, 13, 36, 42} Key workforce services include job placement, education and training, post-employment services and assistance with changing jobs.

Job placement with better employers. A first step towards family-sustaining employment can begin with placing low-wage parents with better employers. Such employers are characterized as paying higher wages, offering benefits and a supportive workplace, providing training and/or offering career ladders.^{13, 14, 21, 42} Both higher wages and benefits are associated with gains in productivity, retention, family economic security and child well-being.¹⁹

Studies indicate that workers receiving a higher starting wage are more likely than others to progress towards self-sufficiency and retain jobs.^{13, 21, 42} These gains occurred even if the workers did not participate in hard-skills training.¹³ However, in the Jobs Initiative, better wages made little difference if employers’ policies and practices hampered the ability of low-wage parents to balance work and family responsibilities.¹²

Education and training. Getting and keeping good jobs often requires overcoming educational and skill barriers. After reviewing studies comparing skills-training participants with nonparticipants, The Workforce Alliance concluded that skills training can increase earnings (by 10 percent to 156 percent) and the likelihood of employer-paid benefits and steady work.⁵² Other analyses have found:^{23, 49, 59, 60}

- Job-readiness services (to build employability or “soft skills”) enhanced short-term retention.
- Hard-skills training was associated with longer-term retention and higher earnings.
- Comprehensive services and training achieve better employment and wage gains than do narrow programs.

Measured in terms of lifetime earnings relative to upfront costs, education and training programs yield a real rate of return on investment of 7 percent to 10 percent per year.⁶¹ (See *Appendix A for a partial list of federal workforce development programs, page 28.*)

Julie Strawn, Center for Law and Social Policy, notes, “Research has shown that the welfare-to-work programs that have been most successful in helping parents work more and increase earnings over the long run are those that include substantial access to education and training, together with employment services and a strong overall focus on work as the goal. This is because skills and educational credentials are strongly linked to success in the labor market generally and because welfare recipients on average have low skills that hinder their efforts to earn enough to support a family.”⁵⁹

Indeed, the Jobs Initiative and an Urban Institute literature review indicate that the most effective programs for career advancement pair employment services with education or training programs so

The most effective programs for job advancement bring together employment services with education and training programs so participants attain credentials that employers value.

participants acquire credentials that employers value.^{9, 13, 42} Studies suggest the quality of training makes a significant difference.^{13, 52}

A promising emerging approach is to link or integrate remedial education, including English proficiency, with periodic post-employment services focused on high-demand jobs. In this approach, education and training can be acquired at strategic points in workers’ careers. For example, parents with weak basic skills may participate in remedial education; a year later, their family circumstances may enable them to enroll in vocational training courses. Other parents who have high school credentials may initially land a better job, but be unable to advance to family-sustaining wages until they earn vocational certificates.^{12, 15, 44, 49}

Post-employment services. Services that help low earners after they start their jobs differentiate a work-plus from a work-first/work-alone approach. Work-plus recognizes that many low earners face ongoing challenges that interfere with job and/or family stability. In the Jobs Initiative, problems with child care, transportation and health were common and threatened to disrupt employment, even among parents who held good jobs.^{12, 13, 23} Similar data from the National Survey of America’s Families confirms that many low-income working families do not have

enough food, miss rent or mortgage payments and delay needed health care because of financial hardships.⁶²

Thus, *helping low earners access work supports is a core post-employment service*. Food stamps, child care tax credits and subsidies, EITC, transportation assistance and Medicaid/SCHIP (or other subsidized health insurance) make a tangible difference in job retention, according to an extensive Brookings

Institution review and a joint analysis by MDRC/National Governors Association Center for Best Practices.^{36, 63} When employees' income inches above eligibility limits for work supports, they often need referrals to other community-based supports, such as food pantries or utility companies' budget payment plans.

Another post-employment service focuses on job retention. The goal is to help low earners keep their

E-Learning Program Achieves Wage and Career Advancements^{7, 8}

Goodwill Industries International

Honolulu, HI; Los Angeles, CA; Peoria, IL; Reading, PA; and San Francisco, CA

<http://www.goodwill.org>

Each year more than 847,000 people with labor market disadvantages receive employment and training services from local Goodwill agencies. Helping these clients work towards economic self-sufficiency is increasingly a goal for Goodwill Industries International, Inc., and its network of community-based agencies.

With a grant from the U.S. Department of Commerce, Goodwill developed a self-paced online learning program. Launched in 2003 – and still available today, the Goodwill Virtual Community helps people find, keep and advance in jobs by developing computer and work skills. Users can opt for self-paced or free instructor-supported courses, some of which are in Spanish.

In the pilot phase, five local Goodwill agencies gave participants laptops to use at home. This model enabled parents to do their online training and exchange e-mails with Goodwill career counselors in between work and family responsibilities. The chance to keep laptops provided an incentive to meet program benchmarks. In addition to excellent program retention rates, evaluators found:

- 93 percent of participants stayed employed six to 12 months after placement – well above six-month employment retention rates for other Goodwill clients.
- Total earnings for participants were higher and grew faster than for other Goodwill clients, most likely as e-learners received additional job responsibilities or advancements.
- The presence of a computer in the home not only raised participants' self-confidence, which subsequently boosted job performance, but also had a positive impact on their status in the community and workplace.
- Anecdotal evidence indicates the program had an indirect, positive impact on children's school performance and behavior.

jobs long enough to improve their work history and qualify for raises and/or promotions. In addition, retention services improve outcomes for employers by reducing turnover costs (see *Intermediary Finds Family-Supporting Jobs Is Good for Business*, page 9). *Other post-employment services – such as case management, mentoring and career counseling – assist low-wage employees in navigating complex career ladders.* For example, case managers can help workers avoid or deal with set backs (e.g., a short-term disability), land jobs with better employers and take other steps to improve wages.^{12, 36, 42}

Job-change assistance. An analysis of national Longitudinal Employer-Household Dynamics (LEHD) data found periodic, voluntary job changes produced higher wage gains than those achieved by staying with one employer over time.²¹ The Jobs Initiative also showed that strategic job changes can improve career prospects and access to health insurance and other benefits. Frequent job changes, however, hindered or erased earnings growth.^{12, 13}

Family-Friendly and Family-Centered Approaches

Family composition and circumstances can affect the employment – and career advancement prospects – of any adult member. Nearly all single parents, who comprise the vast majority of welfare recipients,⁶⁴ struggle to meet work and family responsibilities. In particular, they often lack the time to make new commitments, even if a program will help them get ahead in the long run.^{12, 64} Moreover, unless they receive replacement income or benefits, parents with children to support may be unable to participate in education and training if it substantially reduces work hours and earnings.^{37, 42}

Thus, work-plus programs must be family-friendly by accommodating working parents' schedules and responsibilities. Options include:⁴²

- Accelerated education/training programs.
- Training or case management during lunch breaks or immediately after work.
- The integration of basic education and skills training into job-retention or skills-credentialing programs.
- Free child care while parents participate in the program. (See *Innovative Programs Help Families Move Towards Self-Sufficiency*, page 13.)
- Customized services to reflect each participant's circumstances and those of his/her family.
- Replacement income. For example, Maine's Parents as Scholars Program offers cash benefits, child care and transportation assistance to parents while they complete a two- or four-year postsecondary education program. The program is supported by the state's TANF maintenance-of-effort funds.^{15, 18}

Family-centered programs go the next step by engaging the family as a unit and extending support to the entire household (which may include nonresidential parents, current partners, stepchildren, grandparents and friends). This approach recognizes that many families with low-wage workers need more than one income to make ends meet. Although family-centered programs have yet to be fully tested, they may improve recruitment and retention by involving other family members.³⁷

Whether programs are family-friendly or family-centered, any work-plus supports that increase the wages of the primary earner should benefit the entire family.

Initial Evidence on Promising Practices

Best practices for work-plus programs have yet to be established. Yet, areas of emerging consensus about promising practices – synthesized from a wide variety of sources^{4, 12, 13, 21-23, 36, 42, 52, 59, 65-67} – are as follows.

- Provide a package of intense and multi-year supports with a strong employment focus. Significant personal and market barriers mean quick, narrow “fixes” are insufficient. Further, low-wage parents may need to pause their job-advancement efforts as family needs change.

Innovative Programs Help Families Move Towards Self-Sufficiency⁴

Human Services Coalition of Dade County, Inc.

Miami-Dade, Florida

<http://www.hscdade.org>; <http://www.prosperitycampaign.org>

In Miami, the Human Services Coalition of Dade County, Inc., (HSC) piloted Families in Touch (FIT), a program to provide newly hired welfare recipients and welfare leavers with a broad range of post-employment supports. Structured peer-group meetings near participants' homes were a central element. Over the course of a year, the weekly sessions enabled participants to gradually build work-behaviors and life skills, explore career interests, learn about participating in civic life and managing work-family challenges and address other barriers that could interfere with employment. The program also provided participants with personal and career counseling and service referrals. HSC sustained program participation by providing:

- Child care, which included homework assistance and activities that paralleled their parents' program.
- Cash incentives (\$50) for participants attending three or more meetings each month. Participants used the cash awards to build their savings accounts, which the program helped them open.

Although HSC was unable to secure replication funding for FIT, the coalition continues to aid low-wage working families in Miami-Dade County.

- After commissioning a self-sufficiency standard for Florida, HSC used the results to advocate for policy changes in public benefits, minimum wages and family supports. Successes include new living-wage ordinances in Miami Beach, Miami Dade County and the City of Miami.
- An HSC-organized partnership of government, business and nonprofit agencies – the Prosperity Campaign – educates Miami residents about EITC, other economic benefits, financial management and asset building. The campaign's “prosperity centers” provide free tax preparation, public benefits screening and connection to reliable financial institutions. The campaign reports that its first year resulted in a 13 percent increase in EITC revenues in Miami-Dade County.
- Through an intensive mentoring program, trained and experienced community residents guide low-wage families in achieving financial and life goals.

- Customize work-plus services to each individual worker and his/her family. Evaluations of national demonstration projects, including the Jobs Initiative, provides good evidence that package of multiple services yields better employment and wage outcomes than either education-only or employment-only programs. The package could include education, training, employment services, case management, benefits access and career counseling.
- Engage employers in designing education or training programs, placing and retaining disadvantaged workers, developing career ladders and providing a supportive workplace for low-wage working parents.
- Be opportunistic by targeting:
 - Occupations and industries that provide disadvantaged workers with good opportunities for advancement.
 - Better employers, especially those providing supportive workplaces for low-wage working families.
- Deliver services in a family-friendly manner.
- Use case management to bring together resources across community sectors for each family. Case management is most effective when conducted by CBOs with neighborhood ties to service providers.²³

The Bottom Line: Can Work-Plus Initiatives Strengthen Families?

Work-plus strategies have demonstrated the feasibility of moving low-wage working parents, including hard-to-serve populations, into better jobs. Evaluations and field experience indicate well-designed and implemented initiatives can produce a wide range of positive outcomes, such as

employment stability, job retention, earnings growth, receipt of employer benefits, changes in poverty status and career advancement.^{4, 12, 13, 23, 36, 60, 64, 65, 68}

In addition, there is some evidence that children do better when parents’ wages increase or they move up their career ladders.

- A combination of work supports with employment services is linked to:^{36, 69}
 - Gains in schooling and positive behaviors in school-age children.
 - Reductions in domestic violence, poverty and marital instability.
- Low-income children benefited when their parents moved up to “good jobs” via the Jobs Initiative, as compared to children whose parents remained in low-wage jobs. Also, family stability fostered by case management had a positive impact on Jobs Initiative children.¹²
- Paid leave and flexible scheduling can contribute to the well-being of children with working parents.¹⁹

Limitations. Work-plus approaches have several important limitations. First, demonstrations have required significant investments to support intensive, multi-year services. Second, because best practices are still emerging, outcomes have varied.^{12-14, 23, 36, 60, 64, 65} Third, service providers and intermediaries have limited influence over the many factors that affect employment.^d This last limitation is why work-plus

^d The regional economy, workplace policies set by distant corporate headquarters and the quality of the K-12 educational system are some of these factors.

initiatives must complement other efforts to add new and better jobs to the local labor market.⁴⁴

In summary, work-plus merits continued investment as a promising practice. Policy makers, program administrators and service providers must focus on continuing to develop and refine models that will be cost effective. Further, employer investment and support in the low-wage workforce should be increased.

Moving from the Margins to the Mainstream

The preceding sections of this brief reveal that prospects for job advancement improve when low earners obtain:

- Soft and hard skills that employers value.
- Access to better employers and work supports.
- Post-employment services that not only help low-wage parents progress towards family-

sustaining earnings but also enhance business competitiveness.

Policy Barriers

At all levels of government, policy makers and program administrators have taken steps to help low-wage working families rise above poverty. Yet, in many areas of the country, implementing and sustaining work-plus initiatives is challenging because of policy and labor market barriers.

A foremost policy barrier is the erosion of federal investment in workforce development.

An analysis by The Workforce Alliance found:⁵⁰

- From 1985 to 2003, inflation-adjusted spending on US Department of Labor worker training programs fell by 29 percent.
- Funding for welfare-related education and training services in 2002 was about half of the level provided in the mid-1990s.

Intermediary Finds Family-Supporting Jobs Is Good for Business⁹

Wisconsin Regional Training Partnership (WRTP)

Milwaukee, Wisconsin

<http://www.wrtp.org>; <http://www.aecf.org>

Launched in 1995, the Annie E. Casey Foundation Jobs Initiative program provides funding and support for community-based initiatives in five cities, including Milwaukee, that help young, low-income workers find meaningful jobs and to identify national employment and training models.

In Milwaukee, the Wisconsin Regional Training Partnership (WRTP) leveraged strong ties with manufacturers and local unions to forge a joint agenda for workforce and economic development. Evaluations indicate WRTP programs in skills training, mentoring and employee assistance programs raised retention rates for health care and hotel clients and increased productivity and sales for manufacturers.

WRTP also focuses on improving workplace policies and programs for both workers and employers. As of 2004, nearly 30 companies participated in its Quality Employers program.

The Center for Law and Social Policy reports that federal appropriations for a variety of training and employment programs have declined in real terms since 2003.⁷⁰ This has occurred despite a growing evidence base indicating the effectiveness of job retention and training services with a strong employment focus.¹³

The Higher Education Act (HEA) supplies \$56 billion per year in financial aid – outstripping any other federal funding stream for workforce development. Yet, this level of investment falls short.

- State-administered programs in adult education and literacy only receive about \$80 per US adult without high school credentials.
- Prior to the Deficit Reduction Act of 2005, Pell grants covered just over half of the annual tuition and fees at a typical community college, even though they are a prime means by which low-wage workers can finance postsecondary education.¹⁵

Recent policy changes in the postsecondary financial aid system should improve access for low-wage working parents. However, other HEA policies need updating to expand access to postsecondary education for low-wage working parents.^{71, 72}

There is no defined system for financing and delivering work-plus services with the goal of helping low-income working families achieve economic independence.¹³ Long-term, intensive services for low-wage working parents are possible only by coordinating multiple programs and funding streams. Service and funding coordination is easier in states that have completely integrated their workforce and human services systems. The American Public Human Services Association reports that some states have completely integrated

Narrow program goals, funding streams, performance measures and bureaucracies impede service providers' ability to develop a cohesive set of work-plus services.

their workforce and human services systems, but many lack broad-based coordination between the two sectors.³² As a result, narrow program goals, funding streams, performance measures and bureaucracies impede service providers' ability to develop a cohesive set of services.^{13, 19}

States lack the capacity to help CBOs design and implement effective work-plus services. To adopt a work-plus approach, many local workforce development programs would benefit from technical assistance, training and other tools. However, many states do not have knowledgeable personnel to provide this assistance.⁴

Service sequencing in WIA delays timely delivery of training services needed by workers to advance and by local industry to fill job openings.^{48, 56} WIA requires participants to complete a sequence of services (the first is core/job search, which is then followed by intensive/job readiness, placement and job retention) before they can access training vouchers.⁷³ This approach delays timely delivery of training services needed by local industry to fill job openings and by workers to advance.^{48, 56} Depending on workers' experiences and circumstances, sequencing may cause public funds to be spent for services that do not match participants' and employers' foremost needs.

WIA performance data has limited utility.

Performance data throughout the workforce development system is only partially useful. Jobs for the Future reports that states do not have effective systems for comparing workforce development models and funding those that achieve the best results.

In particular, the current WIA performance system inadequately tracks participants as well as program expenditures by service type and outcomes. No data is available to assess progress towards family-sustaining employment, such as job quality and wage gains. Further, practitioners and program administrators indicate reporting requirements are cumbersome and expensive.^{32, 49, 68, 74, 75}

TANF and workforce development systems often have inadequate employer partnerships.

CBOs that have staff with private sector experience can be adept at developing and maintaining relationships with employers. However, some intermediaries and many service providers have yet to develop this type of capacity, according to Public/Private Ventures.⁴

Many low-wage families do not access the full range of work supports, which are known to improve job retention, increase work effort and reduce poverty.^{36, 54, 63, 76}

Only a small set of families in poverty (7 percent) receive all four “core” work supports: EITC, food stamps, child care subsidies and Medicaid/SCHIP. Two factors affecting receipt include knowledge of program rules and local enrollment processes.⁷⁶

For some families, parents’ wage gains eventually make them ineligible for work supports, even though there is still a need that affects workers’ ability to keep good jobs. As parents move into good jobs, their wage gains may

result in loss of their means-tested work supports. If there is still a need that does not appear “on paper,” then the loss of child care, food and other subsidies can be disruptive to employment and the family. Such cut-offs may provide an unintended disincentive for working families in their quest for economic self-sufficiency.¹²

Labor Market Barriers

Given the current federal budget deficit, public investment in the low-wage workforce is unlikely to rise to meet growing demand for skilled workers.⁴⁹ Closing the gap will require increased private investment, which is reasonable because employers benefit from an improved pool of skilled labor. Private sector investment can take the form of corporate donations, fees or in-kind contributions; public/private partnerships (see Figure 6, page 23); and foundation grants.

Efforts to engage employers must take into account the barriers that employers – especially small and medium-sized firms – face in creating supportive policies for low-wage parents. Employers may need information about how investing in the low-wage workforce will improve their bottom line and what options they have to create supportive programs and policies for low-wage parents.^{47, 77}

Policy Recommendations

Summary of Policy Brief Findings

Work-first has dominated efforts to move welfare recipients off the rolls and disadvantaged workers into jobs. Once they have jobs, the de facto approach has been “work-alone,” which denotes the lack of follow-up support to help low earners stay on the job, access work supports and progress to better jobs.

FIGURE 5. Benefits Associated with Work-Plus Investments in Low Earners

Demonstrated and Potential Benefits for:	
Governments ^{4, 15, 20, 61}	Employers ^{24, 26}
<ul style="list-style-type: none"> • Improved economic competitiveness • Expanded tax base • Reduced welfare recidivism • Aversion of long-term dependence on work supports (e.g., EITC, food stamps) 	<ul style="list-style-type: none"> • Reduced turnover costs • Enhanced recruitment and retention • Lower costs for training new hires (averted when incumbent employees stay on the job longer) • Increased profits • Improved customer service • Productivity gains • Reduced absenteeism

To provide for their families, low-wage working parents need good jobs. However, most lack sufficient resources to acquire additional education or training credentials and gain entrée to better employers on their own. Work supports are often vital to their efforts to get and keep good jobs.

A promising approach that merits increased use is work-plus, which provides a package of:

- Employment placement and retention services.
- Work-focused education and training.
- Case management and post-employment assistance, including access to work supports (e.g., food stamps, child care subsidies).

Customized work-plus services, especially when provided intensively for a year or more in a well-designed program, help low-wage working parents build a foundation for long-term wage gains and upward career mobility.

What is the cost of inaction? Additional investment in the working class is necessary for the United States to maintain the economic expansion realized in past decades. Namely, work-plus ought to be part of the nation’s response – from both governments and the private sector – to the growing skills gap. Not investing in the working class threatens long-term business competitiveness, according to Deloitte, The Manufacturing Institute, MDRC, National Center on Education and the Economy, National Governors Association and others.^{26, 36, 56, 57, 61} Figure 5 outlines the dividends that governments and employers can receive through work-plus investments.

Governments and businesses both have a stake in improving the employment prospects of low-wage working parents. Each has opportunities in its own sector to help welfare parents and disadvantaged workers progress towards family-sustaining wages. Together, they can create effective work-plus systems that enable low-wage working parents to

fulfill work and family responsibilities, be an asset to their employers and move up the career ladder.

Actions for Federal and State Governments

In varying degrees, federal and state policy makers have begun a shift to work-plus, primarily by enhancing access to work supports.^{63, 78} Going the next mile in **creating welfare and workforce development systems that move low-wage working families towards self-sufficiency** requires taking the following steps:

- **Make family self-sufficiency a leading policy goal in welfare and workforce development systems.** This policy goal entails giving priority to occupations and industries that provide good jobs to less skilled workers. The self-sufficiency standard by Wider Opportunities for Women (*see Resources, page 25*) is an off-the-shelf tool that has helped program administrators and service providers operationalize a policy goal of family self-sufficiency. The tool has also been used in program planning and resource allocation.⁴⁸
- **Integrate improvements in family self-sufficiency into performance management systems.** New performance measures regarding how working families are progressing towards self-sufficiency could use indicators such as wage changes, steadiness of employment, job retention, employment quality, movements in occupation, attainment of credentials and more.⁴⁸ Developed with input from service providers and employers, the measures would be integrated into performance management systems for welfare and workforce development programs. For example, service providers could have targets for low-wage workers' participation in and graduation from occupational education programs as well as

placement into higher-wage jobs. The specific targets ought to reflect case mix and the regional economy. Performance systems could offer financial incentives to service providers that reach or exceed their targets regarding improvements in family self-sufficiency.^{49, 79} (*See also recommendation regarding improving WIA performance measures on page 20.*)

- **Offer time-limited, competitive grants to TANF and WIA program administrators, intermediaries and service providers so they can develop the capacity to effectively engage employers in a work-plus system.** Public agencies could use the funding to deliver technical assistance, training and information to help service providers adopt promising work-plus practices. Intermediaries and service providers could use the funds to hire staff dedicated to employer outreach and partnerships. Preference ought to be given to applicants that have a feasible plan for sustaining capacity after their grants end.^{4, 47}
- **Align public investment in workforce development with current and projected demand for skilled labor.**^{12, 15, 44, 80, 81} Although the skills gap is growing, federal and state budgetary pressures in the near term are likely to moderate increased funding for workforce development. Because providing intensive and multi-year work-plus services is expensive, program administrators must carefully invest available public funding. Local economic conditions, employment outlooks and case mix are critical factors in determining how to best leverage finite resources.⁵⁸
- **Enhance flexibility in existing programs so administrators and service providers can**

provide low-wage working families with job-advancement supports tailored to individual family circumstances and the local economy.

State policy makers are seeking federal authority that will give them the option of coordinating funding from WIA, postsecondary education, TANF and other federal skills-training programs in ways that will maintain federal workforce development resources.^{32, 74, 82, 83}

The WIA reauthorization legislation and subsequent rulemaking ought to integrate a work-plus approach so low-wage workers can obtain needed services that will also improve business competitiveness.

- ***Eliminate service-sequencing requirements*** so case managers can customize WIA services to local economic outlooks and the circumstances of working parents and their families.^{32, 48, 56, 74, 80}
- ***Fix the WIA performance measurement system.*** Better data is needed to inform program planning, policy decisions and best practices. Specifically, the system must collect WIA expenditures by type of assistance, program participant characteristics, pre- and post-program actual wages and progression in earnings and employment hours in relation to a

“While they work more each year after they leave welfare, their wages remain stubbornly low, even after years of work, particularly for those who start out in low-wage jobs.”

– Wendy Fleischer, workforce specialist¹³

self-sufficiency standard. Concurrently, changes must be made to capture data on all participants as well as enable efficient data collection and reporting.^{32, 48, 75}

- ***Maintain separate WIA funding streams for the current groups*** (youth, adults, dislocated workers) to assure each population can access employment and training needed to obtain better jobs.⁴⁸
 - Federal policy makers could also *create waivers for family-centered demonstration projects.* These waivers would permit program administrators to blend WIA funding streams in order to test innovative family-centered job-advancement programs. The waivers would require evaluations and maintenance-of-effort for the currently defined WIA populations.³⁷ (See discussion of family-centered programs on page 12.)
- ***Adjust state WIA performance goals for local economic conditions and participant attributes*** (e.g., educational credentials, employment history, health, skills, English proficiency). Recent WIA guidance provides an opportunity to negotiate performance goals that reflect employment barriers facing the projected caseload. (In the past, performance goals inadvertently encouraged agencies to focus on easier-to-employ clients so as to meet performance goals.) Specific performance goals could be set regarding serving clients who have multiple employment barriers.⁷⁹

The HEA reauthorization legislation and subsequent rulemaking ought to improve college affordability for low-income working parents. The following recommendations would build on the

important strides made in the Deficit Reduction Act of 2005 that will help low-income working parents access more federal financial aid than in the past.⁷²

- ***Make year-round Pell grants available so working parents could attain credentials more quickly by attending summer classes.***^{71, 84, 85}
- ***Continue raising the Pell Grant maximum-allowable award*** in recognition of the cost of postsecondary education.^{15, 84}
- ***Improve the ability of community colleges to access federal campus-based aid, including work study and supplemental grants.*** Community colleges serve about 40 percent of all low-income undergraduate students, but receive less than 10 percent of this category of federal funds.⁸⁵
- ***Increase funding for on-campus Student Support Services*** (part of the federal TRIO system^e) to enable more low-wage working parents to persist in their education (while attending to work and family responsibilities).⁸⁵ Funding for TRIO programs for at-risk high school students must not be reduced to pay for the proposed increase in Student Support Services.
- ***Offer competitive grants to college/business partnerships focused on high-demand, higher wage occupations*** that disadvantaged

^e The federal TRIO system comprises educational opportunity outreach programs designed to motivate and support students from disadvantaged backgrounds. (<http://www.ed.gov/about/offices/list/ope/trio/index.html>)

workers can fill. Community colleges (or other eligible educational institutions) could use the grants to:^{67, 71, 85}

- Modify or create new education or skills-training programs for in-demand workforce skills.
- Alter the scheduling and location of courses to accommodate low-wage employees' schedules.
- Place students with better employers.
- Cultivate career and educational pathways for lower wage occupations.
- Deliver customized training at worksites to help incumbent low-wage employees qualify for promotions.
- Subsidize internships in priority occupations, as identified by the college/business partnership.

State workforce development investments need to align with employers' needs and provide low-wage workers with skills that will lead to family-sustaining jobs.^{15, 67} An initial step would be to offer time-limited grants to workforce planning boards and intermediaries for developing the capacity to monitor the labor market, target promising employment sectors and partner with employers.^{42, 49, 80} Applicants with a feasible plan for sustaining capacity after their grants end should receive preference.

Federal and state governments should take steps to encourage and assist low-wage working families in accessing work supports. States currently have authority to simplify administration of work supports, including Medicaid/SCHIP, food

stamps, child care subsidies, TANF and cash assistance. For example, states have:^{19, 63, 78}

- Removed disincentives to work (e.g., disregarding car ownership when determining eligibility).
- Expanded assistance for working families (e.g., subsidized child care for children who are ill so parents without paid leave can still work).
- Enabled low-income working families to enroll in all federal work supports through a single eligibility interview.
- Streamlined and consolidated applications for several supports into a single form.

A broad literature identifies effective ways policy makers can expand access to and use of current work supports.^{47, 63, 78} (See *Resources*, page 25.) Two promising areas merit attention.

- ***Expand employers' knowledge of how work supports for low-income working families improve productivity and retention and what options exist to help their employees access these supports.***^{24, 47, 77} (See next section on employer outreach and engagement.)
- ***Automate outreach to low-income working parents about work supports.*** A federal/state partnership could create an automated system that would trigger outreach to persons receiving the EITC – the benefit that reaches the most low-income working families.⁷⁶ For example, tax forms could have a checkbox in which EITC filers can opt to have public agencies periodically send both information on work supports and referrals to human service agencies that offer application assistance. Increasing the use and size of work supports is

a key strategy that states can use to attain the higher TANF work participation rates set by the Deficit Reduction Act of 2005, according to the Center for Budget and Policy Priorities and Center for Law and Social Policy.⁵⁴

Employer Outreach and Engagement

Program administrators, practitioners and experts increasingly recognize that moving low-wage working parents towards family self-sufficiency requires employer involvement. Figure 6 identifies different ways employers can gain by investing in their low-wage employees. Intermediaries and service providers have played a role in engaging employers in work-plus systems.^{19, 22-24, 47, 67, 77}

It is essential that **state and local public agencies work with CBOs to engage employers.** Small and medium-sized businesses merit attention because they employ many low-wage working parents.

“Similar to the other aspects of their business, employers need to look at their human capital as an investment rather than as expenditure. If employees are engaged through a strategy of career ladders, incentives, competitive wages and benefits, and supportive working conditions, they will stay – research bears this out.”

– Deloitte Consulting, LLP, with The Manufacturing Institute²⁶

FIGURE 6. Opportunities for Employers to Support their Low-Wage Employees

Opportunity ^{42,67,77,86}	Example
<p>Enabling CBOs offering work-plus services to reach out to and assist low-wage employees</p>	<p>In a single year, many nursing homes experience complete staff turnover. To reduce turnover costs and improve the quality of patient care, Ohio-based nonprofit Montefiore Nursing Home turned to a local workforce intermediary, Towards Employment (TE) to:</p> <ul style="list-style-type: none"> • Recruit potential nursing assistants. • Deliver customized job-readiness workshops before these candidates start Montefiore's state-tested training program. • Provide worksite-based retention services to all entry-level employees through the TE Achieve program (training, individual counseling and career coaching). <p>Montefiore also provides a benefit package and career advancement opportunities.</p> <p>TE relies on public funding and private donations to serve both entry-level workers and employers of all sizes in the greater Cleveland area. The Achieve program has helped businesses improve short-term retention rates, productivity and employee morale. At all sites where Achieve services are provided, the employer reimburses TE for a portion of the costs of these services.^{47, 87} (http://www.towardsemployment.org)</p>
<p>Directly informing employees about work supports and referring them to CBOs and other resources for enrolling</p>	<p>Recognizing many of its employees may be unaware that they are eligible for work supports, Wal-Mart disseminates information about these programs to its workers. The result may be enhanced productivity if food stamps, EITC and other assistance reduces employees' preoccupation about paying their bills.⁸⁸</p>
<p>Adopting supportive policies and practices for low-wage employees</p>	<p>The Times in Shreveport, which employs 370 workers, halved its turnover rate in two years by creating a training and professional development system that helps employees advance to the next job level. Also, The Times conducts 90-day performance review for new hires.⁶⁵</p>
<p>Improving the quality of low-wage jobs (e.g., offering benefits, job-enrichment and -advancement)</p>	<p>Bucking "sweatshop" trends in a super-competitive industry, American Apparel pays employees more than the federal minimum wage; in fact, the average employee on the sewing floor earns \$12.50/hour. Other benefits include employer-sponsored health and dental insurance coverage, subsidized lunch, free English classes and transportation assistance. The company credits its workforce investments as a key factor in its marketplace success. (http://www.americanapparel.com)</p>
<p>Participating in government/business workforce development partnerships</p>	<p>Caterpillar has engaged community colleges in developing certificate programs to increase the supply of qualified workers needed to fill vacancies. Caterpillar donates equipment and provides placements for interns. Also, Caterpillar employees can take community college courses at the worksite and at convenient times. Career counseling and other services help non-union assembly line employees move to salaried jobs at other companies.⁸⁹</p>
<p>Developing career paths for low-wage occupations</p>	<p>Leveraging federal tax incentives, CVS/Pharmacy works with the Washington, DC One-Stop Center to recruit and train public assistance participants for entry-level jobs. After completing initial training, entry-level CVS employees can quickly get promotions by completing upgrade training tracks. Employees working 30 or more hours per week receive full benefits. The corporation has realized a 70 percent retention rate.^{24, 90, 91}</p>

Outreach initiatives must be designed carefully, drawing on toolkits and other resources based on research and practice (see *Resources* section for some initial leads). A small case study analysis by the Center for Law and Social Policy suggests that CBO outreach to employers had the most impact when the messenger was a trusted member or associate of the local business community.⁷⁷

To engage employers, policy makers can:

- **Educate employers about the business case for helping low-wage working families move towards economic self-sufficiency.** Further, helping employers connect with potential CBO partners would increase the likelihood that more low-wage working families would learn about work supports and other work-plus services.^{47, 77}
- **Create incentives for businesses to increase their investment in educating and training their low-wage workforce.** The incentives should give priority to high-demand, good jobs, such as those identified by a workforce investment board or a regional intermediary. Options include:
 - Offering business tax credits that offset part of the expense of employer-based education and training.^{12, 26, 36}
 - Using TANF maintenance-of-effort funds to subsidize on-the-job training for low-wage employees.^{67, 86}
 - Developing a grant program for business/training-provider partnerships to deliver customized training to employees. For example, Massachusetts allows grantees to use the funding for basic-skills training and English proficiency classes.⁶⁷

- **Support research that further quantifies the business case** for employer strategies that help low-wage working parents stay on the job and move up the career ladder.

Recommendations for Employers

As illustrated in Figure 6, employers can support low-wage working families in a variety of ways. Some opportunities may cost little, such as informal employee recognition practices and assigning mentors to new hires.⁶⁵ More expensive strategies include paying living wages, offering paid leave and sponsoring health insurance.

Recommendations for Public/Private Partnerships

In many regions, regional intermediaries and workforce investment boards are existing networks that bring together the public and private sectors. These organizations and similar partnerships ought to undertake the following.

- **Analyze low-wage employment by industry sector to identify good jobs in high demand.** These occupations should receive resource priority.^{13, 21, 42, 49, 92}
- **Promote the delivery of education, skills training and work-plus services near worksites, child care facilities, homes and other places frequented by low-wage workers.** To maximize participation, scheduling must fit into parents' work and family responsibilities.⁴⁹
- **Facilitate the integration of remedial education programs into nearby employers' job-advancement programs** because

promotion and pay increases are particularly effective incentives.^{49, 55}

- **Pilot and evaluate work-plus initiatives**, especially those that include small and medium-sized employers. Evaluation data should generate data for a business case.

Family Service Agency Recommendations

Low-wage working parents rely on community-based family support agencies to expand career opportunities, retain jobs, provide for basic family needs and build assets that grow with the family over time. These agencies can:

- **Improve case management in work-plus programs** by adopting best practice guidelines used by Jobs Initiative demonstration programs.^{9, 13}
- **Ensure current employment-focused programs are family friendly** (see page 12) and have the ability to enroll other members of the family or give them referrals.^{36, 37} CBOs can also pilot family-centered work-plus programs.

Join with regional intermediaries that bring together service providers, educational institutions and employers **to create work-plus systems tailored to low-wage working parents.**⁹

- **Develop partnerships with employers to inform low-wage working parents about available resources** to help them stay on the job, develop advanced skills and access work supports.^{22, 23, 42} CBOs could conduct initial employer outreach through business associations (e.g., chambers of commerce, industry associations) that have existing

relationships with employers.⁴⁷ Employers that currently support their low-wage workforce can be invaluable for peer-to-peer marketing.⁷⁷ To maintain partnerships, employers should be treated as clients. Specifically, CBOs should attend to how work-plus services are strengthening profitability and employer satisfaction.

- **Advocate for policies that will help move low-wage working families closer to self-sufficiency.**²⁵

RESOURCES

Annie E. Casey Foundation

<http://www.aecf.org>

With 55+ years of experience in investing in child and family well-being, the foundation offers extensive resources on family economic success from both practice- and research-based perspectives.

- Jobs Initiative: <http://www.aecf.org/initiatives/fes/jobs>.
- Jobs Initiative publications: http://www.aecf.org/initiatives/fes/resources_jobs_workforce_development.pdf.
- Working Poor Families Project: <http://www.aecf.org/initiatives/fes/workingpoor>.

Aspen Workforce Strategies Initiative (WSI)

<http://www.aspenwsi.org>

<http://www.aspenwsi.org/BVAToolkit.asp>

This initiative of the Aspen Institute identifies and advances strategies that help low-income Americans gain ground in today's labor market. It offers a business value assessment tool, which can help practitioners and employers to assess the business value of workforce development services.

Center for Law and Social Policy (CLASP)

<http://www.clasp.org>

CLASP's mission is to improve the economic security, educational and workforce prospects and family stability of low-income parents, children and youth and to secure equal justice for all. The website offers extensive resources on workforce development.

Corporate Voices for Working Families

<http://www.cvworkingfamilies.org>

Corporate Voices for Working Families is a non-partisan, non-profit corporate membership organization created to bring the private sector voice into the public dialogue on issues affecting working families. Online resources include an EITC toolkit for employers and case studies of supportive workplace policies and programs to assist workers earning \$10 an hour or less. Corporate Voices is also developing a toolkit for employers to use in developing partnerships with CBOs and another toolkit to guide CBOs in reaching out to employers.

Economic Success Clearinghouse

<http://www.financeproject.org/irc/win.asp>

This online clearinghouse (formerly the Welfare Information Network) provides easy access to resources in workforce development, welfare reform, work supports and other family economic success topics that have been developed or selected by The Finance Project team.

Employment Retention and Advancement (ERA) Project

http://www.mdrc.org/project_14_9.html

Conducted by MDRC, the multi-site ERA evaluation project is a comprehensive effort to discover what approaches help welfare recipients and other low-income workers stay steadily employed and advance in their jobs.

Family Resource Simulator

<http://www.nccp.org/modeler/modeler.cgi>

Developed by the National Center for Children in Poverty, this web-based tool estimates the impact of federal and

state policies on the resources and expenses of low- and moderate-income families.

Family Strengthening Policy Center (FSPC), National Human Services Assembly

<http://www.nassembly.org/fspc/practice/practices.html>

With support from the Annie E. Casey Foundation, FSPC seeks to describe practice-based approaches to strengthening families raising children in low-income communities and policy implications. Relevant FSPC policy briefs include:

- *EITC Toolkit for Nonprofits.*
- *Increasing Access to Needed Benefits: The New Technologies.*
- *Individual Development Accounts: A Tool for Achieving Family Economic Success.*

Jobs for the Future (JFF)

<http://www.jff.org>

As a nonprofit research, consulting and advocacy organization, JFF works to create educational and economic opportunity for those who need it the most.

Living Wage Resource Center

<http://www.livingwagecampaign.org/>

Sponsored by the Association of Community Organizations for Reform Now (ACORN), this website offers background materials such as ordinance summaries and comparisons, drafting tips, research summaries, talking points and links to other living wage-related sites. (See also ACORN's related website centered on raising state minimum wages: <http://www.raisewages.org>.)

Longitudinal Employer-Household Dynamics (LEHD)

<http://lehd.dsd.census.gov>

This national database, created and managed by the US Census Bureau, offers state and local program administrators and other stakeholders with detailed, timely information about their local economies.

MDRC

<http://www.mdrc.org>

MDRC is a nonprofit, nonpartisan education and social policy research organization dedicated to learning what works to improve programs and policies that affect the poor. Its online research offerings include supporting low-wage workers and communities and overcoming barriers to employment.

National Transitional Jobs Network (NTJN)

<http://www.transitionaljobs.net/>

The network offers resources for developing new transitional jobs programs and building the capacity of existing transitional jobs programs. In the NTJN model, participants are placed in a subsidized, transitional job for three to 12 months; they receive a paycheck, technical skills for higher wage jobs and intensive mentoring and support to help them take the first step towards permanent employment and economic opportunity.

Public/Private Ventures (P/PV)

<http://www.ppv.org>

P/PV works to improve the effectiveness of social policies, programs and community initiatives, especially as they affect youth and young adults. In carrying out this mission, P/PV works with philanthropies, the public and business sectors and nonprofit organizations. P/PV offers a wide array of resources for practitioners, some of which are free.

With AECF support, P/PV's Performance Benchmarking Project is piloting an approach that will allow workforce development organizations to compare their performance to others serving similar populations. A long-term goal of the project is to identify meaningful standards for the workforce development field.

The Workforce Alliance (TWA)

<http://www.workforcealliance.org>

TWA is a diverse coalition that advises federal policy makers on "what works" in preparing people for local jobs and advocates for more effective federal education and

training policies that will help both more workers get the skills they need to advance and more local businesses get the skilled workers they need to compete. TWA's website provides program overviews of federal programs for education and training.

Wider Opportunities for Women (WOW)

<http://www.wowonline.org>

WOW works nationally and in Washington, DC, to build pathways to economic independence for America's families, women and girls. The WOW website offers resources related to its self-sufficiency standard. Used by service providers, policy makers, researchers and advocates, the standard marks the income needed by working adults to meet basic needs without subsidies of any kind.

Workforce Strategy Center (WSC)

<http://www.workforcestrategy.org>

WSC is a national nonprofit that shapes policy and institutional change to create a market-driven system. In addition to policy briefs and research reports, its website offers tools for labor market analysis, engaging employers and program management.

APPENDIX A: FEDERAL WORKFORCE DEVELOPMENT PROGRAMS

The federally funded workforce development system includes a diverse array of federal programs, as this *partial* list illustrates.

US Department of Agriculture

- Food Stamp Employment and Training Program

US Department of Education

- Adult Education and Family Literacy Program
- Carl D. Perkins Vocational and Education Program
- Pell Grant Program
- TRIO
- Vocational Rehabilitation State Grants

US Department of Health and Human Services

- Community Services Block Grant (CSBG)
- Social Services Block Grant (SSBG)
- Temporary Assistance for Needy Families (TANF)

US Department of Labor

- Community-Based Job Training Grants
- Employment Service
- High-Growth Job Training Initiative
- Job Corps
- North American Free Trade Agreement (NAFTA) Transitional Adjustment Assistance
- Prisoner Re-entry Initiative
- Trade Adjustment Assistance
- Wagner-Peyser Act
- Welfare-to-Work Program. (In 2004, Congress ended funding for the program.⁷⁹)

- Workforce Investment Act (WIA), with separate funding streams for adults, dislocated workers, youth, migrant and season farmworkers and Native Americans.

US Department of Treasury

- Tax Benefits for Education and Training

Sources: Spence, 2003; The Workforce Alliance, 2006

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This series of policy briefs produced by the Family Strengthening Policy Center seeks to describe a new way of thinking about how to strengthen families raising children in low-income communities and how this approach can and should influence policy. The premise of "family strengthening" in this context, and as championed by the Annie E. Casey Foundation, is that children do well when cared for by supportive families, which, in turn, do better when they live in vital and supportive communities. The series describes ways in which enhancing connections within families and between families and the institutions that affect them result in better outcomes for children *and* their families.

The Family Strengthening Policy Center is funded by the Annie E. Casey Foundation and is an initiative of the National Human Services Assembly, an association of leading national nonprofit health, human service, human and community development agencies. The center benefits from the guidance and involvement of the Family Strengthening Peer Network, chaired by Peter Goldberg of the Alliance for Children and Families.

This brief reflects the findings and views of the Family Strengthening Policy Center, which is solely responsible for its content. For more information or to access other family strengthening policy briefs, visit www.nassembly.org/fspc.

© 2006 National Human Services Assembly. All rights reserved. To cite this brief, please use: Family Strengthening Policy Center (2006). *Work-Plus: Improving the Bottom Line for Low-Wage Workers*. Washington, DC: National Human Services Assembly.

The Family Strengthening Policy Center would like to acknowledge the following individuals who participated in interviews used to inform this brief.

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