CAREER PATHWAYS

Efficient, Effective Services: Career Pathways and Lasting Economic Stability for Families

Part of the series: **Children & Families at the Center**
Recommendations for Communities, States, and the Administration

As states move to meet the needs of children and parents simultaneously, reimagining the way specific services are administered will help more parents get the education, training, and career jobs they need to provide for their children and move their families toward long-term economic stability. Studies show an increase of just $1,000 in average household income during a child's early years is associated with school readiness. For families experiencing deep poverty (an annual income of less than $15,000 per year), a $10,000 increase in annual income averaged over the first five years of a child's life nearly triples the odds that he or she will finish high school.[1] This brief explores where states have the power to administer services more efficiently and effectively to create career jobs for parents, avoid taking benefits away too soon — and earn a much higher return on their investments.

"If the education comes before the work-based training or the career pathways, people have more of an option and they don't just have to do a dead-end job."

– Denver Mom

The Need: Higher incomes give families greater access to healthy foods, quality health insurance, and better living conditions. Stable, higher family incomes are also associated with positive outcomes for children, including better health, behavior, academic achievement, and, ultimately, financial well-being as adults.

Every day, parents across the country work hard to support their families but still do not earn enough to make ends meet. Nearly one in three working families toil in low-wage jobs with few benefits and little to no opportunity for advancement.[2] Public policies that fail to match job training to the local job market, prepare workers to advance to higher-skilled, higher-paying jobs, or provide other supports — like child care — that are critical to a parent's job success are compounding the problem. With 25 states and localities raising the minimum wage last year, states are taking action to help more families earn a living wage. States can build on this momentum by taking a new approach to job training, education, and work supports, starting with Temporary Assistance to Needy Families (TANF), to give more parents access to career jobs.

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Principles to Accelerate Placing Children & Families at the Center of Our Policies

- **Set and track outcomes for children, parents and families** using previously uncoordinated data sets from across multiple state agencies.
- **Leverage public-private partnerships** to test innovations and implement rapid-cycle learning and evaluation to find what works best and replicate it.
- **Apply an equity and inclusion lens** that considers race, ethnicity, gender, and geography across institutionalized structures to remove systemic barriers and combat intergenerational poverty.

Effects of Low-Income Jobs on Children[3]

- Approximately one-third of children in the United States live in a family where no parent has full-time, year-round work.
- The percentage of poor children in families with at least one full-time, year-round worker peaked at 37 percent in 2000 but has since dropped.
- Today, more than five million children live in families where an adult works full time but the family is still poor.

The Opportunity: To strengthen the path to career employment, we must shift the conversation from one focused on moving parents off of public assistance as quickly as possible to one focused on providing real opportunities for parents with low incomes to access the education, training, and supports needed to find and keep jobs in high-demand industries that promote economic mobility and bring the promise of long-term financial security for themselves and their children.

With states spending less than 10 percent of TANF funds available for job training and support, there are extensive, existing resources to connect families to long-term, stable jobs that mitigate their need for assistance. Currently, less than one-third of families who qualify for TANF use this service.[4] Additionally, the Workforce Innovation and Opportunity Act (WIOA), signed into law in 2014 with virtually unanimous bipartisan support in Congress, gives states tremendous opportunities to help families with low incomes advance. The opportunities within TANF, combined with implementation of state-based WIOA plans, give states and communities license to expand and reimagine workforce systems, policies, and practices to improve the education and employability of parents with low incomes.

RECOMMENDATIONS FOR STATE ACTION

Create a strong pathway to career jobs that offers parents a living wage and needed benefits, such as health care and family leave, which enables them to provide for their children and help their families attain lasting economic stability. States can do this by coordinating services, increasing access to early childhood development services, and designing services for young parents.

COORDINATE SERVICES AT THE STATE AND LOCAL LEVEL.

WIOA features several provisions aimed at helping families with low incomes, many of whom also receive TANF and Supplemental Nutrition Assistance Program benefits. By integrating human services and workforce development programs, local, state, and national service providers can leverage 2Gen approaches to better meet families' needs and increase their opportunities for success.

- Prepare workers to join and succeed in today's workforce by supporting and incentivizing coordination among human services providers, workforce training, and postsecondary education programs.

- Ensure that integrated approaches adopted in WIOA state plans are also implemented through local workforce plans. This means building strong partnerships between service providers, workforce training programs, and local businesses.
- Establish common outcome measures across workforce development policies such as WIOA and TANF.

INCREASE ACCESS TO QUALITY EARLY CHILDHOOD DEVELOPMENT SERVICES.

For many parents of young children, access to affordable, high-quality child care is a major factor in where and when they are able to work — especially for single-parent families, immigrant families, and parents working at night. Subsidies that require parents to work a certain number of hours per week in addition to pursuing training or education, as well as those that limit the hours per week a parent can pursue training or education — or limit the level of degree they may pursue — compound this problem. By reimagining how they establish and manage child care subsidy policies to implement a 2Gen approach, states can help parents with low incomes access the quality child care they need to gain better employment and educational opportunities.

- Align WIOA, TANF, and other allowable resources to incentivize partnerships with child care providers that deliver high-quality child care and include funding for professional development for child care workers to support higher skills, wages, and job promotion.
- Remove state restrictions on child care subsidies related to education and training to allow parents to pursue the advanced degree or training they need to secure stable employment.
- Establish an innovation fund focused on place-based strategies to support young children and families and allow communities to more systematically assess and plan for the expansion of services, help bring people together, and create a network of organizations within communities working together to help young children and their families thrive.
- Form community-based partnerships with businesses and ensure there are quality child care centers at or near where people work. Child care centers should adjust their hours to meet the needs of businesses and working families.

DESIGN SERVICES TO SUPPORT YOUNG PARENTS.

Nearly 6.5 million people in the United States age 16 to 24 are neither in school nor working.[5] Lacking the skills and education that even entry-level jobs require, these young people — often referred to as disconnected youth — have low chances of securing steady employment or achieving financial security. Approximately 1.4 million of these young people already have children of their own, exacerbating the intergenerational cycle of poverty.[6] For young people with children, earning a degree is critical to securing a job with a living wage that provides for their families. Parents who complete a college degree can double their income.[7] Just a $3,000 increase in income for parents with young children can translate into a 20 percent increase in their children's future earnings.[8] Removing barriers to the training and education needed to secure available jobs will go far toward bolstering these young families' long-term prospects for economic security — and fill needed local jobs.

- Use WIOA funds to help young parents secure living wage jobs or return to school. WIOA mandates that 75 percent of state-wide grants and funds available to local areas under the Title I Youth Program be spent on development programs for out-of-school youth.
- Design state plans that cut across state departments to streamline multiple services, including human services and work and education programs to align state policies and funding and create incentives for streamlining and bundling services at the local level.
- Provide year-round support for parents who are students by coordinating workforce development or postsecondary education programs with human services, housing and food assistance, and early childhood development programs so parents with low incomes can access the support they need 12 months a year, regardless of their school schedule.
- Promote cross-system collaboration and partnership among human services agencies and institutions of higher education, especially community colleges, to increase access to benefits for student parents with low incomes.

State Models of Career Workforce Innovation

- **Tennessee:** Currently, between 900,000 and 1 million adults in Tennessee have some college education but no degree. To re-engage these students and help them finish their degree or certificate, Tennessee Reconnect allows all Tennessee adults to earn a diploma or certificate at any one of the 27 Tennessee Colleges of Applied Technology (TCATs) completely free of tuition and fees.
- **Washington:** Women—especially single women with children—are disproportionally more likely to be low income due to economic disadvantages. In restructuring the state's WorkFirst program (TANF) using a 2Gen approach, the state is working to overcome barriers to employment for women with low incomes and break the cycle of poverty for their children.
- **Maryland** is one of 14 states to integrate TANF into its WIOA Combined State Plan, illustrating a deep commitment to serving those who face the most significant barriers to employment. Recognizing the important role that adult education plays in the context of workforce development and the success, well-being, and self-sufficiency of families, Maryland is one of only a handful of states that administers both adult education and the state's workforce development system in the same department.

MAKE IT EASIER FOR FAMILIES TO ACCESS CRITICAL FINANCIAL SUPPORT.

Signing up for a program can be a complicated task with an abundance of paperwork that is often duplicative. Participants are required to gather a variety of documentation and attend various orientation or information sessions — often held at times that are not conducive to work or school schedules. Simple steps to make the onboarding process easier for children and their parents will help more families access critical supports.

- Offer on-site child care while parents are completing the registration process.
- Use a common application that allows families to apply for multiple benefits with one form and allow parents to complete portions of the forms online.
- Locate workforce centers near where families who use them live and create family-friendly waiting areas.

LASTING ECONOMIC SECURITY

"People need time to adjust. Going from completely reliant on financial support to nothing is a really difficult jump. Slowly weaning people off of benefits is really helpful and teaches them how to manage finances on their own."

– Denver Mom

The Need: As parents move into career jobs, they need time to establish solid footing before losing critical supports. TANF, child care subsidies, health care coverage, food stamps, and housing allowances are based on income levels. As parents' income increases above the program eligibility limits, families lose access to services — even if they are not yet self-sufficient. Individuals can earn more but still be no closer to moving their families to financial security.

When this happens, families experience the "cliff effect," whereby families are immediately eliminated from supports upon reaching the eligibility limit instead of experiencing a "phase out" that gradually reduces support as earnings increase. If it is not taken in the context of each individual family's unique needs and monthly expenses, even a phase out can lead to a cliff, leaving children and their parents worse off than they were before and creating a serious barrier to parents seeking jobs with upward mobility and financial gains and to playing by the rules.

The Opportunity: States have wide flexibility to set financial credibility criteria, assistance amounts, and time limits and to determine when and how families are reassessed. Research shows that, pending local cost of living and individual circumstances like a chronic health condition, it takes an income of one and a half to more than three times the federal poverty level for a family to make ends meet without outside help. As states review how they administer supports, it is critical to ensure these efforts not only raise children and their parents out of poverty but also put families well on their way to long-term stability.

Bundling supports — e.g., coordinating TANF and child care vouchers — will also allow families to both cover the costs of basic needs and build a financial cushion. When eligibility requirements consider basic monthly costs like food, housing, and child care, but fail to factor in life's unexpected turns — car repairs, a broken arm, a leaky roof, or a broken heater — families cannot get ahead. With no savings, families often turn to alternative financial services, such as payday loans or refund anticipation loans, which can push them further behind. Abrupt elimination of services compounds this challenge. Given the link between a child's well-being and parental success, helping families not only achieve a living wage but also have time to build an emergency fund will promote long-term economic stability.

RECOMMENDATIONS FOR STATE ACTION

Reimagine existing services and financial supports to work better for both children and parents to help families achieve long-term economic stability and yield a much higher return on investment. States can do this by simplifying the application process and looking for opportunities to eliminate or ease restrictions.

MAKE IT EASIER FOR FAMILIES TO ACCESS THE BENEFITS THEY QUALIFY FOR.

To apply for a child care subsidy, families must complete an application; provide documentation of income, employment, and work hours; report changes in circumstances; and often provide the same information all over again when eligibility is re-determined. A procedural misstep — such as failing to provide a paystub — can cause families to lose their child care benefit.

- Simplify the benefit application process to serve more eligible families and make it easier for families to maintain eligibility so bureaucracy is not hamstringing programs and compromising results.
- Look for opportunities to eliminate or ease restrictions on some supports (i.e., requiring an individual to attend a class in order to receive a benefit or limiting funds to specific goods or services).

The Cliff Effect. When states apply eligibility criteria without considering an individual family's true financial picture, a modest increase in earning can leave families ineligible for needed benefits, causing them to fall back rather than move ahead. This is known as the cliff effect.

For example, for a mother receiving an extra $650 monthly in a child care subsidy, a small bump in salary that adds $440 more to her monthly take-home pay could push her over the eligibility limit and cause her to lose her subsidy. Instead of gaining $440 a month, the family is now $210 behind.

State and local agencies need metrics to ensure dollars are going to the families who need them the most. A benefit slope — a term coined by the nonprofit behavioral design firm Ideas42 — would ensure families who attain a living wage continue to receive support until they have built up a buffer to help them to maintain long-term financial stability.

Endnotes:

[1] *Daminger, A., Hayes, J., Barrows, A. & Wright, J. (2015). Poverty Interrupted: Applying Behavioral Science to the Context of Chronic Scarcity. ideas42. Available at: http://www.ideas42.org/wp-content/uploads/2015/05/I42_PovertyWhitePaper_Digital_FINAL-1.pdf*

[2] *Children Whose Parents Lack Full Employment. (2015. Kids Count Data Center. The Annie E. Casey Foundation. Available at: http://datacenter.kidscount.org/data/tables/5043-children-living-in-families-where-no-parent-has-full-time-year-round-employment#detailed/1/any/false/573,36,868,867/any/11452,11453*

[3] *See "The Heckman Equation" details and materials. Available at: http.//www.heckmanequation.org. See also Rolnik, A. and Grunewald, R. (2003). Early Childhood Development. Economic Development with a High Public Return. Federal Reserve Bank of Minnesota. Available at: http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=3832*

[4] *Temporary Assistance for Needy Families Information Memorandum No. TANF-ACF-IM-2016-03. (April 12, 2016). U.S. Department of Health and Human Services Administration for Children and Families Office of Family Assistance.*

[5] *Youth and Work: Restoring teen and young adult connections to opportunity. The Annie. E. Casey Foundation. Available at http://www.aecf.org/m/resourcedoc/AECF-YouthAndWork-2012-Full.pdf*

[6] *Sarley, L. (2013). The National Human Services Assembly Calls for Investment in Young Families. Opportunity Nation. Available at: https://opportunitynation.org/latest-news/blog/national-human-services-assembly-calls-investment-young-families/*

[7] *Julian, T. & Kominski, R. (September 2011). Education and Synthetic Work-Life Earnings Estimates: American community survey reports. Retrieved from the U.S. Census Bureau website: http://www.census.gov/prod/2011pubs/acs-14.pdf*

[8] Duncan, G. & Magnuson, K. (2011). *The Long Reach of Early Childhood Poverty*. Stanford University. Pathways Journal.