WORK

H.R. 4 as Passed by the House Keeps Focus On Proven Work First Strategy While Allowing Additional Opportunities For Education & Training

In over 30 years of experiments with welfare reform, one approach emerged strongest – work first. The most comprehensive study of welfare reform projects to date found convincing evidence that work first approaches outperform education-based programs.

- "It was found that the HCD* [education-focused] approach did not produce added economic benefits relative to the LFA* [work-first] approach."
- "… the [LFA] approach was much cheaper to operate than the HCD approach and…did not affect sample members' overall financial well-being or their children's well-being any differently than the HCD approach."
- "[Employment-focused programs] generally had larger effects on employment, earnings, and welfare receipt than [education-focused programs]."
- "…these results provide more support for the advantages of employment-focused programs than for education-focused ones."

Source: "National Evaluation of Welfare-to-Work Strategies" (December 2001), p. ES-2, U.S. Department of Health and Human Services, U.S. Department of Education, Manpower Demonstration Research Corporation.
*HCD = Human Capital Development
*****LFA = Labor Force Attachment

Of the programs studied, one particular program, in Portland Oregon, far and away outperformed the others in terms of earnings and employment gains, as well as return on investment of government funds. Key features of the program are:

- Focus on employment, with a majority of clients assigned to job search. Case managers directed clients to choose jobs with potential for earnings gain over the first available job.
- Some individuals assigned to short-term job training or job readiness preparation, generally lasting three months.
- Individualized assignment to personalized, short-term work or community experience activities.

This successful approach could be replicated by other States to meet the requirements of H.R. 4.

- As in Portland, H.R. 4 would allow participants to be assigned initially to job search or job readiness activities.
- The first three months of activities are completely flexible, allowing states to address any particular need of a recipient, including substance abuse, basic education or skills training, or job search. If the individual is participating in an education or training program directly connected to an available job in the local area, the State may count

these activities as direct work for an additional month, so for a total of between 4 and 5 months (5 if the activity begins on the first month of assistance, a month the State may choose not to count).

- If individuals need work or community experience, these activities would count toward the 24-hour per week direct work requirement during the first few months, or in any subsequent month.

Under H.R. 4, individuals actually have more opportunities for education and training than under current law.

- Current law only allows 30% of a State's work requirement to be satisfied by individuals participating in education or training (including teen parents completing high school).
- The President's plan and H.R. 4 eliminate the cap on the number of individuals who can pursue education and training.
- During at least three months (and up to 5) of every 24 month-period, individuals can pursue full-time job training and education and be counted as working toward the State work rate.
- After this period, individuals can continue to pursue education and training part-time every week during their five years of lifetime welfare receipt, as long as they combine that education with work – something most Americans do while they are in school.

We should be realistic about the needs and feasibility of long-term education programs for welfare recipients.

- Most States have not reached their 30% cap under current law. Nationally, only 18% of those counted as participating in "work" in 2002 were in education or training, well below the 30% cap.
- Most welfare recipients -- 68% according to a study by the Education Testing Service (ETS) have basic or minimal skills (high school drop-outs or below average high school graduate). They would need intensive, long-term education and training – not what a temporary assistance program is designed to serve.
- ETS estimates it would take 2.5 years of full-time schooling to raise the skills of welfare recipients with minimal skills (31% of those studied) just to reach a basic skill level (equivalent of a below-average high school graduate).
- It would be unrealistic to assume that a short-term safety net program could erase all the disadvantages a mother has faced in her lifetime. Unfortunately, for many mothers, college is not a realistic option when they are in need of assistance from the welfare system.
- H.R. 4 allows an unlimited number of teens finishing high school to count as "working" toward the State's work rate. In addition, up to 5 years of college, in combination with part-time work, can count towards the State's work rate. This combination of work and education is the most realistic path out of poverty for most.