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Subcommittee on Worker and Family Support

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## Introduction

Chairman Davis, Ranking Member Walorski, and other members of the subcommittee, thank you for inviting me to participate in today's hearing "Health Profession Opportunity Grants: Past Successes and Future Uses." I am delighted to have this opportunity to serve as a witness before this subcommittee, as the focus of my academic research over the past 20 years has been on the impact of domestic anti-poverty programs. And I am particularly happy to be part of this hearing given its emphasis on evidence. I am the Co-Founder and Director of the Wilson Sheehan Lab for Economic Opportunities (LEO), which is a research center at the University of Notre Dame that partners with local social service providers to create evidence on innovative, effective and scalable programs that help those in need. Our belief at LEO is that this evidence will make social programs better and ultimately improve the lives of the most vulnerable.

## The Need for Programs that Support Vulnerable Individuals and Families

Over the past 50 years, this country has made considerable progress in improving the economic circumstances of low-income individuals and families.<sup>1</sup> At 10.5 percent, the 2019 poverty rate was the lowest ever recorded (since 1959 when estimates were first published), down 1.3% from the prior year and the 5th consecutive year of declines in poverty.<sup>2,3</sup> But this progress should not hide the fact that millions of Americans still struggle to make ends meet. In 2019, nearly 12 million individuals lived in households that struggled to find enough to eat.<sup>4</sup> To make matters worse, it is those with low-income who have been hit the hardest by the economic impacts of the COVID-19 pandemic. In the first few months of the pandemic, the lowest earning workers experienced a decline in earnings of more than 80 percent, and their employment rates fell by 24 percentage points—more than twice the decline for high-wage workers.<sup>5</sup> Securing stable employment at a sufficient wage is already challenging enough for those trapped in the cycle of poverty when the country is not dealing with a global pandemic.

These challenges show a clear need for programs, such as those that Health Profession Opportunity Grants (HPOG) support, that help TANF recipients and other low-income individuals receive training in order to secure stable employment. So, I want to start by thanking Congress for funding a pathway for Americans to obtain the skills and supports they need to live a life outside of poverty.

Furthermore, I want to applaud your support for developing evidence by requiring a randomized controlled trial to assess the impact of this funding. The HPOG 1.0 Impact Study was designed to provide evidence on the overall impact of the grant program. Results from this study show positive effects on credentialing, but little evidence of an impact on employment or earnings. I should note, however, that because the evaluation

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<sup>1</sup> Meyer, B.D. and Sullivan, J.X. 2019. "Annual Report on U.S. Consumption Poverty: 2018" University of Chicago and University of Notre Dame.

<sup>2</sup> <https://www.census.gov/library/publications/2020/demo/p60-270.html>.

<sup>3</sup> Long run improvement in economic well-being at the bottom are even greater than is suggested by the official poverty measure due to well-known flaws in this measure (Meyer, Bruce D. and James X. Sullivan. 2012. "Winning the War: Poverty from the Great Society to the Great Recession," *Brookings Papers on Economic Activity*, Fall, p. 133-183.).

<sup>4</sup> This number is based on households categorized as having "very low food security." See Table S-2 in Coleman-Jensen, Alisha, Matthew P. Rabbitt, Christian A. Gregory, and Anita Singh. "Statistical Supplement to Household Food Security in the United States in 2019," AP-084, U.S. Department of Agriculture, Economic Research Service, September 2020.

<sup>5</sup> Cortes, G. M. & Forsythe, E. (2020b). Impacts of the Covid-19 pandemic and the CARES Act on earnings and inequality. IZA Discussion Paper No. 13643.

measured the collective impact across 42 programs, rather than identifying the impact for specific programs, we do not know which programs were successful at improving key outcomes for low-income individuals and families. Such information is critically important for determining how best to invest future funding.

Today, I welcome the opportunity to share with you what we are learning at LEO about best practices to combat poverty as well as some recommendations on how funding such as HPOG can move the needle to reduce poverty in America.

### **Lessons from the Field on Poverty Solutions**

There is a growing, and very necessary, movement in the United States to identify and support evidence-based social programs. LEO contributes to this movement by generating evidence that identifies the innovative, effective, and scalable programs and policies that help people move permanently out of poverty. Our service provider partners are committed to testing innovative ideas, building evidence, and sharing what works with other providers so that the most effective programs have broad impact. Since its beginning just 8 short years ago, LEO has launched more than 70 studies across 34 states that have examined innovative ways to increase earnings and employment, reduce engagement with the criminal justice system, increase educational attainment, prevent homelessness, and escape from both income and asset poverty.

A consistent theme we encounter through our work with local providers is that those in poverty often face many barriers and addressing these issues is complicated. Poverty scholars note eight common barriers to work: low skill, lack of transportation, poor mental or physical health, low work experience, presence of a young child, a child with a disability, and language barriers.<sup>6</sup> For a sample of welfare recipients, 80 percent had at least one of these barriers and 22 percent had three or more. These barriers are even greater for long-term welfare recipients, nearly a quarter of whom have at least five barriers.<sup>7</sup>

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<sup>6</sup> Loprest, Pamela, and Sheila Zedlewski, *The Changing Role of Welfare in the Lives of Families with Children*, (Washington, DC: The Urban Institute. Assessing the New Federalism Occasional Paper No. 73., 2006).

<sup>7</sup> Taylor, Mary Jane, Amanda Smith Barusch, Personal, family, and multiple barriers of long-term welfare recipients, *Social Work*, 49, no. 2 (2004), 175-183.

To make matters even more complicated, the added stress of being in poverty can make it harder to get out. Studies have shown that individuals in a poor financial situation have reduced bandwidth to deal with longer-term issues.<sup>8</sup> Those worried about how to feed their family or where they will be living next week are not in a position to think about the longer-term investments necessary to move towards self-sufficiency. Furthermore, research has shown that poverty impedes cognitive functioning and can impair decision-making.<sup>9</sup>

Perhaps this complexity is best conveyed by an all too familiar example. Rosa is a single mother of three young children. She never finished high school. She would like to work, but she does not have a car, and her neighborhood is underserved by public transportation. In addition, Rosa has a child with severe learning disabilities, and she must work closely with the school district on her child's individualized education program. Although there are many services available to support Rosa, the fragmented nature of the programs means that she will need to navigate a complex benefit system and juggle a mix of programs and eligibility requirements while trying to improve her family's situation.

In recent years, many promising new programs have emerged that recognize the complex challenges that Rosa and many others face. Some key lessons from these programs are informative for thinking about how funding streams such as HPOG should target resources to best serve Americans.

In general, these programs are comprehensive in nature and include multiple components in order to address the many barriers that those living in poverty face. While each program is unique there are several components that these programs tend to share in common:

- *Individualized and Holistic Services:* Recognizing that each person's struggle is different, new programs have emerged that provide customized case management and supportive services to address the unique barriers that each client faces. These programs often include a case manager who works closely with the individual to assess the unique challenges they face, identify appropriate goals and a plan to achieve them,

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<sup>8</sup> Mullainathan, Sendhil, and Eldar Shafir, *Scarcity: Why having too little means so much*, (Macmillan, 2013).

<sup>9</sup> Mani, Anandi, Sendhil Mullainathan, Eldar Shafir, and Jiaying Zhao, *Poverty impedes cognitive function*, *Science* 341, no. 6149 (2013), 976-980.

drive accountability to follow through on the plan, and knit together supportive services to address new challenges along the way. Case managers typically serve as coaches and mentors for their clients, supporting them in their journey out of poverty.

- *Sustained Support*: These comprehensive programs often engage the client over an extended period of time. Addressing the complexity of poverty takes time and considerable intensity of resources. Successful programs afford meaningful time for participant involvement, both in length over time of programming and frequency of contacts. Long term goals are just that. They take time to achieve.
- *Sequence services appropriately*: It is difficult for a program to have a sustained impact on outcomes such as employment, if the client is in crisis or has basic needs. For example, providing skill development, resume writing services, and interview training is not likely to have a meaningful impact if the primary barrier to work is a health crisis, homelessness, or a need for childcare. Case managers in comprehensive programs often first work on stabilizing the lives of their clients, providing basic needs and addressing personal barriers to success before working with them to move to self-sufficiency. Some of the earliest evidence in support of such approaches comes from “Housing First” models that provide basic necessities such as housing and food before solving problems such as employment or even substance use issues.<sup>10</sup>

In a recent study, LEO partnered with Catholic Charities Fort Worth to measure the impact of their Padua program, which includes all of these components. Padua is designed to address the root causes of poverty. The desired impact was increased earnings and employment and a decrease of benefit utilization. The program equipped clients, burdened by the toxic stress of poverty, to both deal with life inside of poverty today and work towards their bigger, brighter future outside of poverty tomorrow. Case managers had small caseloads so they could develop mentoring relationships with their clients and take time to understand what was going on in a family’s life, make a plan, hold the client accountable for weekly progress towards their goals, and equip them with the tools necessary for self-sufficiency.

The results from our randomized controlled trial study showed that Padua increased full-time work by 25 percent, and this effect continued two years after enrollment. Although

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<sup>10</sup> Evans, William, David Phillips, and Krista Ruffini (2021), “Policies to Reduce and Prevent Homelessness: What We Know and Gaps in the Research,” *Journal of Policy Analysis and Management*.

improving employment outcomes was a primary focus of the Padua program, some clients did not immediately receive employment related services, because they first needed to address immediate needs. For example, many clients were homeless or unstably housed when they entered the program. For these participants, case managers focused on helping them to secure stable housing. This individualized approach that first addresses critical needs bears out in the study results. For those who entered the program without stable housing, we found that the program did not improve employment outcomes. However, for this group, Padua increased the likelihood of being stably housed two years later by more than 60 percent. An important lesson here is that the customized nature of interventions like Padua will, by design, have different impacts on different individuals depending on the unique barriers that they face.<sup>11</sup>

Promising evidence that comprehensive programs can improve employment, earnings, and other outcomes is emerging from many different studies. Project QUEST, for example, provides comprehensive support to adults to gain post-secondary degrees and credentials. Like many HPOG grantees, Project QUEST focuses on helping access well-paying jobs, particularly in the health-care sector. Program services include counseling to address personal and academic concerns, referrals to outside agencies for other assistance, weekly meetings focused on life skills like time management and study skills, some financial assistance, remedial instruction, and job placement support. This San Antonio, Texas-based program has served over 7,700 people since it launched in 1992. The program has been evaluated through a long-term randomized controlled trial, and the results show a significant and sustained impact on earnings. Even nine years after initial enrollment, the earnings of those randomly assigned to the program are 20 percent higher than for those in the control group.<sup>12</sup>

As another example, ReHire Colorado is an enhanced transitional jobs program administered by the Colorado Department of Human Services. Program participants are eligible for a temporary job with a local employer, with the state covering the participant's wages for up to 30 weeks. Additionally, case managers coach participants on new career

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<sup>11</sup> Evans, William, Shawna Kolka, James Sullivan, and Patrick Turner (2020), "Fighting Poverty One Family at a Time: Experimental Evidence from an Intervention with Holistic, Individualized, Wrap-Around Services," working paper, Wilson Sheehan Lab for Economic Opportunities.

<sup>12</sup> Roder, A. and Elliot, M. 2019. Nine year gains: Project QUEST's continuing impact. Economic Mobility Corporation.

opportunities and help them address barriers to employment (e.g., lack of transportation or lack of a required certification). Low-income individuals who have been unemployed or underemployed for at least four weeks are eligible, but the program targets veterans, non-custodial parents, and individuals aged 50 or older. Results from a randomized controlled trial evaluation of ReHire show that the program increased formal employment by more than 20 percent in the year following application.<sup>13</sup>

Although improving employment outcomes is challenging for those who face many barriers to work, such as the TANF recipients that many HPOG grantees target, there is evidence that comprehensive, sustained interventions can be successful. The Building Nebraska Families program provided individualized education, life skills, and service coordination to hard-to-employ TANF recipients. This program was home-based with small caseloads. Clients met with their case manager several times per month for eight months. A randomized controlled trial evaluation showed that the program increased full-time work by 23 percent and income by 15 percent. The impact of the program was especially strong on earnings for those who were in a “very hard to employ” subgroup.<sup>14</sup>

Some of the most promising evidence for comprehensive interventions comes from the Accelerated Study in Associate Programs (ASAP), which was developed by the City University of New York (CUNY) in 2007.<sup>15</sup> This program provides comprehensive support for up to three years for full-time, low-income college students. Students in the program receive access to an advisor with a small caseload who supports their academic, social, and interpersonal needs. A randomized controlled trial evaluation of ASAP indicates that the intervention led to an 83 percent increase in degree completion after 3 years, and that

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<sup>13</sup> Barham, Tania, Brian Cadena, and Patrick Turner (2020), “The Benefits of Subsidized Employment: How and for Whom?” Wilson Sheehan Lab for Economic Opportunities Working Paper.

<sup>14</sup> Meckstroth Alicia, Andrew Burwick, and Quinn Moore, Teaching Self Sufficiency: An Impact and Benefit-Cost Analysis of a Home Visitation and Life Skills Education Program. Findings from the Rural Welfare-to-Work Strategies Demonstration Evaluations: Final Report (Princeton, NJ: Mathematica Policy Research, Inc., 2008).

<sup>15</sup> For more details on other comprehensive programs that target degree completion see Fulcher Dawson, Rachel, Melissa S. Kearney, and James X. Sullivan. 2020. “Comprehensive Approaches to Increasing Student Completion in Higher Education: A Survey of the Landscape.” Wilson Sheehan Lab for Economic Opportunities, University of Notre Dame, Notre Dame, IN. [https://leo.nd.edu/assets/411401/comprehensive\\_approaches\\_to\\_increasing\\_student\\_completion\\_in\\_higher\\_education\\_fulcher\\_dawson\\_sullivan.pdf](https://leo.nd.edu/assets/411401/comprehensive_approaches_to_increasing_student_completion_in_higher_education_fulcher_dawson_sullivan.pdf)

effect persists even after 8 years. Moreover, replications of ASAP in other locations have shown equally promising (or even larger) effects on degree completion.<sup>16</sup>

## Recommendations

As these examples show, there are promising models, backed by evidence, that interventions can improve employment and other outcomes, even for individuals that face many barriers. These examples provide some lessons about ways that policymakers can support the creation of evidence that identifies effective programs that will improve outcomes for low-income individuals and families. Let me highlight a few.

### Recommendation 1: Structure Impact Evaluations to Identify Specific, Successful Models

The HPOG 1.0 Impact Study, while rigorous and well-implemented, “considers a large collection of diverse, locally implemented programs, all operating in their own way under broad ACF guidelines.”<sup>17</sup> By focusing on the overall impact of 42 local HPOG programs across 23 different grantees, this study is not designed to determine which specific programs were particularly effective at improving outcomes. Ultimately, we want to identify the most effective programs, those that significantly improve key outcomes for low-income individuals and families. To generate this critically important evidence, future evaluations of HPOG-funded programs should be designed to measure the impact of distinct, well-defined models. Those that are shown to be effective should then be tested to determine whether they can be successful on a much larger scale. This evidence could then inform programming decisions for other providers, and could guide policy decisions about which programs should be expanded and scaled up.

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<sup>16</sup> See Sommo, C., Cullinan, D., Manno, M., Blake, S., and Alonzo, E. 2018. Doubling graduation rates in a new state: Two-year findings from the ASAP Ohio demonstration. New York: MDRC, Policy Brief; and Miller, Cynthia, Camielle Headlam, Michelle S. Manno, and Dan Cullinan. 2020. “Increasing Community College Graduation Rates with a Proven Model: Three-Year Results from the Accelerated Study in Associate Programs (ASAP) Ohio Demonstration.” MDRC report, <https://www.mdrc.org/publication/increasing-community-college-graduation-rates-proven-model>.

<sup>17</sup> Peck, Laura R., Daniel Litwok, Douglas Walton, Eleanor Harvill, and Alan Werner (2019), “Health Profession Opportunity Grants (HPOG 1.0) Impact Study: Three-Year Impacts Report,” OPRE Report 2019-114.



## **Recommendation 2: Support Proven Programs that Address the Complicated Nature of Poverty**

Many new models have emerged that recognize the complicated nature of poverty. These comprehensive interventions offer individualized and holistic services for an extended period of time, and often sequence services to first address crises and immediate needs before moving to self-sufficiency. Promising evidence is emerging that these programs can significantly improve key outcomes such as educational attainment, employment, and earnings. And yet, many of these programs are small and there is limited funding available to support the scale up of the most successful programs. Even those programs that have been successfully replicated and scaled remain relatively small, serving only a tiny fraction of the individuals who stand to gain from these interventions. Federal resources such as those allocated through HPOG should support the replication and scale of proven comprehensive programs.

## **Recommendation 3: Target Funding to Incentivize Innovation, Testing, and Scaling**

In addition to scaling up proven programs, there is a continual need to explore new ways to address the complexity of poverty. The most innovative ideas for social programs frequently come from local providers. But state and local agencies and private service providers often lack the resources to put these ideas into practice. Thus, funding should encourage providers to experiment with new, promising ways to help those in need, and to build strong evidence for innovative programs. A nice example of this approach is the Department of Education's Education Innovation and Research program (previously the Investing in Innovation, or i3, program), which has distributed more than \$1.95 billion in grants using a tiered-evidence model to fund programs to improve student achievement.<sup>18</sup> This approach provides support through "early-phase" grants for promising initiatives that currently lack rigorous evidence. Then, subsequent grant phases support the replication and scaling of programs shown to be effective through rigorous evidence.

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<sup>18</sup> Results for America (2020), "Doubling the Reach: How the Education Innovation and Research Program Improved Learning for 50,000 Students," Policy Report, <https://results4america.org/tools/doubling-reach-education-innovation-research-program-improved-learning-50000-students/>

## Conclusion

At LEO, we believe that we can do better as a nation on behalf of our fellow citizens unable to escape the vicious cycle of poverty. Better starts with knowing if investments, such as HPOG, improve key outcomes for those receiving services. I encourage you to fund program-specific impact evaluations in future HPOG funding rounds so we can learn which well-defined interventions work to achieve the outcomes that HPOG funding desires to affect. I would also encourage you to support proven programs that address the complicated nature of poverty, and incentivize innovation and testing so we are constantly identifying better ways to serve those in need.

I want to thank this committee for giving attention to this important issue. We at LEO are happy to serve as a resource as you work to ensure evidence is used to inform how we allocate resources to move more low-income Americans out of poverty for good.