

## **CLASP's Workforce Education and Training Policy Recommendations to Promote Inclusive Economic Recovery**

January 12, 2009

During the past month CLASP has had the opportunity to provide input to the Obama transition team and Congress on the design of the economic recovery package. This paper summarizes CLASP's workforce education and training policy recommendations for inclusive economic recovery. They include the following workforce investments to assist low-income and other workers hardest hit by economic recession and help prepare our workforce for the jobs of the future:

- Ensure access for low-income people to good jobs created through investments to spur job creation;
- Quickly pump resources to spur economic recovery through the Department of Labor and the established administrative mechanisms of the nation's workforce system;
- Scale up existing career pathway programs, including workforce "bridge" programs;
- Bolster financial aid to help students pay for postsecondary education;
- Expand Transitional Jobs programs for individuals with barriers to employment; and
- Promote education and training within the Temporary Assistance for Needy Families program.

### **Why invest in workforce strategies as part of economic recovery?**

- *Low-wage workers and the least educated workers are more likely to be unemployed.* According to the Government Accountability Office, low-wage workers were more likely to be unemployed than higher-wage workers.<sup>1</sup> In addition, nearly half (forty-five percent) of workers displaced from jobs between 2005 and 2007 had only a high school diploma or less. In November 2008, adults with the least education had an unemployment rate of 10.5 percent compared with the overall unemployment rate of 6.7 percent. They also are more likely to experience long-term unemployment.
- *Low education levels imperil economic recovery and growth.* Some 25 million workers aged 18 to 64 lack a high school diploma or GED<sup>2</sup>, while another 52 million adults have no postsecondary education, which is increasingly the doorway to family sustaining employment.<sup>3</sup>
- *When unemployment rises and jobs are scarce, the "opportunity cost" of participating in education and training falls.* There are only so many hours in a day, and when work is plentiful, time spent studying is time not spent earning money or caring for their families. Unemployed workers or suddenly underemployed workers could benefit from skill development while they are out of work or working at reduced hours.

## **Ensure Access for Low-Income People to Good Jobs Created Through Investments to Spur Job Creation**

*Ensure that traditionally underserved populations, including low-income adults and out-of-school youth, have access to the jobs created and the skills needed to contribute to economic recovery and the rebuilding of our nation's frayed physical and social infrastructure.* In the past, many low-income individuals, minorities and women have not had access to good jobs in the construction field.<sup>4</sup>

Experience from previous efforts to expand access has shown that while it has been helpful to require employers to make a good faith effort to hire from the targeted populations, voluntary hiring guidelines have their limits.<sup>5</sup> Training should be directed at helping people not only access the new jobs created, but enter careers that lead to sustainable, family-supporting employment in the local economy. In this way, this historical investment will make America a more prosperous nation and help our country make progress toward goals of reducing poverty and inequality and promoting opportunity for all.

### **Key Features:**

- Require that in the first year of infrastructure projects, at least 15 percent of work hours on infrastructure projects receiving federal funding be performed by low-income individuals and other target populations such as veterans and disconnected youth. Increase the percentage of work hours performed by target populations to 20 percent in the second year.
- Dedicate an amount equal to at least one percent of federal funds spent on job creation for workforce services to help people access the jobs created. These funds could be used to provide: training directly tied to the jobs created, including pre-apprenticeship programs leading to certified apprenticeships, bridge and career pathways programs, transitional jobs and corps models for disconnected youth and high-risk populations; job referral and placement; and supportive services, including child care, and stipends or needs-related payments needed to allow all workers to participate in job training.
- States would have the flexibility to identify and fund creative and effective workforce development programs and partnerships, including those run by non-profit organizations, labor unions, employers, local workforce investment boards, community colleges and other state and local entities.

## **Quickly Pump Resources to Spur Economic Recovery through the Department of Labor and the Established Administrative Mechanisms of the Nation's Workforce System**

***Provide \$3.5 billion for Workforce Services Authorized by the Workforce Investment Act and Wagner-Peyser Act.*** The nation's public workforce system enables individuals with limited education and skills to gain access to community college programs and other training, including on-the-job training and training customized to specific employers. The workforce system also provides counseling and a range of supports to ensure that individuals not only enter and successfully complete training, but also get a job.

The workforce system's ability to assist those in need is limited by funding constraints. Since FY 2001 funding for training and employment services has been cut by over \$1.7 billion, when adjusted for inflation, yet there are four million more workers unemployed today than in 2001. The latest economic forecasts project unemployment will substantially worsen in the coming months.

### **Key Features:**

- Provide a one-time infusion of \$2 billion for specially targeted countercyclical training for low-income individuals and laid-off workers. This funding also would support: related intensive services such as assessment, case management and career counseling; supportive services such as child care and transportation; and income support in the form of needs-related payments for low-income individuals engaged in training when it is needed by the participant.
- Provide \$1.25 billion for programs authorized under the Workforce Investment Act (WIA). This should include \$500 million for disadvantaged youth, \$500 million for dislocated workers and \$250 million for services to low-income adults to enhance the nation's capacity to help unemployed and underemployed people gain access to career counseling and the skills to compete for family-sustaining jobs.
- Provide an additional \$250 million for re-employment services.

***Provide \$500 million to re-activate and expand the Youth Opportunity Grant program in WIA, targeted to communities of high youth distress, to reconnect dropouts and other high risk youth to education, training and employment.*** Employment rates for youth, in particular youth of color, are at the lowest levels in 60 years. Absent structured interventions that outreach to disconnected youth, prepare them for these labor market opportunities, and help them gain access, they will most likely be left behind again as the economy rebounds. Youth Opportunity Grants authorized under WIA and administered by the Department of Labor would help communities put in place youth recovery programs, at scale, that connect youth to alternative education, training, work experience, postsecondary opportunities and jobs. Recently released research on the impact of the Youth Opportunity Grants found these grants achieved significant success in bringing systems and resources together and in building comprehensive interventions that got youth, particularly out-of-school youth, engaged in youth development activity,

reconnected to education, connected to long term placements and increased receipt of Pell grants.<sup>6</sup> Though funding ended in 2006, many of the communities kept in place the partnerships and elements of the delivery systems, at greatly reduced levels.

**Key Features:**

- Funding should flow to local elected officials in conjunction with local Workforce Investment Boards, Youth Councils or other youth intermediaries of demonstrated effectiveness via a competitive process, to areas of high poverty or communities where the four-year dropout rates exceed 40 percent.
- Applicants should be required to demonstrate a strong role of the secondary and postsecondary systems in structuring the education and training support, the role of the justice system in assuring connections for young offenders and the role of community providers. They should also identify the specific relationships with local and state entities on infrastructure projects included in the economic recovery package and with employers in growing industry sectors.
- Eligible activities should be for youth ages 16 to 24 and include those youth development activities authorized in WIA along with a strong work component, education and training component and pipelines to the infrastructure jobs projects included in the economic recovery package and opportunities in growing industry sectors.

***Provide \$500 million to expand youth corps models and work experience particularly focused in the areas of energy, transportation, infrastructure and public service.*** Youth corps models, which include service and conservation corps and YouthBuild programs, provide high quality supervision to small crews of young workers in carrying out a wide range of urban infrastructure, conservation and human service projects coupled with classroom training and education, service learning, leadership development and a wide range of support services. An Abt Associates evaluation of youth corps found that significant employment and earnings gains accrue to young people who join a corps and that positive outcomes are particularly striking for African-American men.<sup>7</sup>

Beyond youth corps models, paid work experience for youth engaged in technical education, career academies and alternative schools, or occupational training is another way of imparting work place knowledge and skills as well as hands on experience. The dollars paid to the youth would be quickly spent; the hiring of adult supervisors will create a corps of adults in each community devoted to the care and nurturing of these youth; and much needed work and service will be accomplished in the community creating a sense of pride and civic engagement. These work and training activities will be building the skills of these youth who will be needed to fill the jobs in a competitive economy.

**Key Features:**

- Direct funding to the Department of Labor to administer competitive grants to expand corps and work experience programs for low income and vulnerable youth ages 16 to 24 years old.

DOL should review previously submitted proposals, which could not be funded because of insufficient funds, to identify those that are ready to go and launch them in a first round of funding.

***Provide \$1 billion for youth summer jobs with the provision that 30 percent of funds can be spent beyond summer months for out of school youth.*** Each year, communities across the country mount summer jobs efforts, although at a substantially reduced level from past years, with long waiting lists and thousands of young people turned away. An infusion of federal funds for an expanded summer jobs program would put money in the pockets of hundreds of thousands of low-income youth in economically distressed communities. These dollars would flow immediately into the local economy. Just as important, these jobs can serve as the vehicle for youth with limited labor market access to experience the workplace, explore careers, learn work place etiquette and work ethic, learn about college options, earn a wage and give back through meaningful community projects. Findings from a 1994 Brandeis University study confirmed that youth engaged in the federal summer jobs program made significant gains in reading and math levels and that these programs did stem summer learning loss.<sup>8</sup> During the summer these young workers can provide valuable community service, serving as counselors and helpers in the numerous community based summer camps and recreation programs, participating in important community conservation and beautification projects, assisting in nursing homes, providing extra pairs of hands in many public agencies and serving as tutors, peer counselors and youth leaders for community initiatives.

**Key Features:**

- Provide funding for summer jobs to local communities using the WIA youth formula. For these funds, suspend the WIA requirement that all youth must also be engaged in year round activity.
- Require that summer jobs programs include educational enrichment and skill enhancement activities, as well as college preparation, and career awareness activities for older youth.
- Allow up to 30 percent of funding to be used beyond the summer to provide jobs and education and training activities for high school dropouts, youth offenders, youth in foster care, homeless youth and low-income out of school youth ages 16 to 24.

**Scale Up Existing Career Pathway Programs, Including Workforce “Bridge” Programs**

***Immediately distribute \$1 billion in new funding through the Department of Education for the purposes of expanding successful career pathway programs, including integrated basic skills, English language and technical training programs, and other programs offering dual or concurrent enrollment in basic skills and technical training.*** High performing career pathway and bridge programs have been shown to fast-track lower and moderately skilled adults and youth into careers within one year or less and significantly increase their earnings. Such programs would also help dislocated workers improve their math and other work-related skills so that they can qualify for new jobs. Student success services, such as advising and counseling, tutoring, and child care would be provided as would scholarships of not more than \$1,000 per person, when other financial aid is not available.

**Key Features:**

- Half of the funding would flow through the Carl D. Perkins Career and Technical Education Act formula to state governing bodies for community colleges for quick expansion or replication of community college-based technical education programs that are linked to career pathways in demand occupations that lead to good jobs in regional economies and are accessible to lower skilled students through bridge programs, and/or dual or concurrent enrollment with developmental education or other basic skills services.
- Half of the funding would flow through to state adult education directors based on the formula laid out in Title II of the Workforce Investment Act of 1998 for quick expansion of bridge programs that integrate basic skills, English language and technical training, and/or similar dual or concurrent enrollment approaches, linked to career pathways and postsecondary education and training. Three million dollars would be reserved nationally for federal technical assistance aimed at helping existing state and local adult education programs that have successful integrated basic skills and training programs to share their expertise and curricula with other programs.

**Bolster Financial Aid to Help Students Pay for Postsecondary Education**

*Provide \$250 million to expand the Federal Work-Study program to enable low-income college students to earn the funds they need to pay for postsecondary education.* Federal Work-Study (FWS) provides part-time jobs for financially disadvantaged college students, allowing them to earn money to help pay education expenses. This program provides funding for jobs on campus, in the community and in the private sector, thereby providing a financial stimulus and helping students develop strong work habits and gain exposure to potential employment opportunities. Due to the current economic situation, thousands of students and/or their parents have been laid off from jobs or are unable to secure employment, which has increased their need for money to pay for college. There is capacity to immediately increase the number of work study jobs, particularly at public institutions that have experienced support staff cuts.

**Key Features:**

- Funding could be distributed through the campus-based aid formula designated in the Higher Education Act or through a formula that would better target the institutions with higher proportions of low-income students. (Although 40 percent of low-income students attend community colleges, such institutions receive only 15 percent of FWS funds under the current formula.)

*Immediately increase the maximum Pell Grant by either \$500 for all students or \$1,000 for first-year students to provide more financial assistance for students attending college at a cost of \$2 billion per academic year, and provide \$3.4 billion to fully pay off the current Pell Grant shortfall.* An immediate

increase in the maximum Pell Grant would directly stimulate the economy and ensure more students can access and complete college, including laid-off workers who are retraining for the changing economy and current college students trying to stay in college with fewer family resources to draw upon. Nationwide college enrollment is up eight percent this year by some estimates. But state budget cuts are hitting public universities and community colleges hard, limiting their ability to accommodate all applicants. Forty-six percent of colleges recently surveyed by the Chronicle Research Services said the percentage of accepted students who enrolled decreased this year. The majority of those surveyed attributed the decrease in enrollment to the inability of applicants to afford college due to the current financial climate. The increase would help over 5 million Americans make the choice between unemployment and retraining, between dropping out of college or continuing their education.

The Department of Education estimates a nine to ten percent increase in Pell applicants in 2008, compared to a 1 to 2 percent increase during stable economic times. This has caused a program shortfall of \$5.9 billion. The FY 2009 continuing resolution appropriated \$2.5 billion to help make up the difference.

#### **Key Features:**

- Option 1: Increase the maximum Pell Grant for all students by \$500 to \$5,300, at a cost of roughly \$2 billion per academic year (\$2 billion would cover Spring and Fall 2009; continuing the increase through the end of the 2009-2010 academic year would cost an additional \$1 billion). The \$5,300 maximum Pell Grant would cover over 54 percent of the average tuition, fees, room, and board (all included in the Pell formula) at a two-year community college, and 37 percent at a public, four-year institution.
- Option 2: Increase the maximum Pell Grant for all first-year students, including those enrolling in Fall 2009, by \$1,000. First year students make up approximately 46 percent of Pell Grant recipients and have the greatest statistical risk of dropping out. Persistence increases greatly after students complete their first year of college.

***Provide \$20 million to conduct a media outreach campaign to ensure potential students, including laid-off and underemployed workers, know about new opportunities for rapid education and training and current and potential low-income students understand that they will receive additional financial aid.***

Recent studies show low-income individuals often do not apply for college or seek additional education and training because they are not aware there is financial aid to do so. In addition, it is necessary to promote opportunities for education and training to ensure adults—particularly those lower-skilled and low-income individuals who have been in the workforce for years—understand their options and the importance of seeking education and training as a means of securing employment in sectors like infrastructure and green energy. Many have been out of school for years, and their prior educational experiences may have been less than ideal. Others have worked for years in good jobs with nothing more than a high school diploma and may feel they will never be able to command decent wages again, regardless of whether they go back to school. It is important to dispel these myths.

***Require financial aid administrators to recalculate students' Expected Financial Contribution as part of the Free Application for Federal Student Aid (FAFSA) in the case of students whose family income has substantially changed over the past year.*** The Secretary of Education previously has been given emergency authority to require financial aid administrators to recalculate packages based on changes in income during natural disasters, such as the aftermath of Hurricane Katrina. Since financial aid is based on prior year income, thousands of students and potential students who have either been laid off or seen their parents laid off will have their financial aid packages calculated based on much higher prior earnings that are no longer available to the family. Current provisions that allow—not mandate—financial aid administrators to use professional judgment to reevaluate financial aid based on changes in earnings provide no guarantee that these students will receive the financial aid to which they are rightly entitled because financial aid administrators are often wary of using this authority. The Secretary of Education should be given the authority to require financial aid administrators to recalculate packages for relevant cases.

## **Expand Transitional Jobs Programs for Individuals with Barriers to Employment**

***Provide \$400 million for the development and expansion of Transitional Jobs programs.*** A portion of these funds should be reserved for technical assistance for new and existing programs. During tough economic times, individuals with barriers to employment are particularly hard hit. Transitional Jobs are a successful program model aimed at helping individuals with barriers to employment enter and succeed in the workforce. Transitional Jobs programs help individuals overcome employment obstacles by using time-limited, wage-paying jobs that combine real work, skill development and supportive services to transition participants successfully into the labor market. Studies have shown that transitional jobs programs increase short- and long-term employment opportunities for people facing the most significant barriers to employment. More than 30 states and numerous localities across the country have implemented Transitional Jobs programs for populations with barriers to employment, including TANF recipients, homeless individuals, at-risk youth, people being released from prison, refugees and immigrants and disabled individuals. The numbers of Americans that currently face or will face these and other barriers to employment are alarming and rising.

## **Promote Education and Training within the Temporary Assistance for Needy Families Program**

***Modify federal provisions in light of economic circumstances.*** Under Temporary Assistance for Needy Families (TANF), states must engage at least 50 percent of their caseload in a limited set of specified federally countable activities. The federal law limits the degree to which states can count TANF families engaged in education and training activities toward these participation rate requirements. This limitation is particularly absurd when millions of experienced workers are already facing unemployment. It makes



no sense to force recipients to participate in make-work “workfare” positions rather than allowing them to participate in educational activities that will improve their long-term earning potentials.

### Key Features:

- For any state qualifying as a “needy state” for purposes of the contingency fund, allow vocational educational training to count toward the work participation rate without regard to the current 12 month limit, and lift the 30 percent cap on the fraction of recipients who can be counted based on such participation.
- Add Transitional Jobs as a separately countable work activity. While portions of Transitional Jobs programs are currently countable as “subsidized employment,” the requirement to track each activity within a Transitional Jobs program separately is burdensome to providers and discourages states from developing such programs for TANF recipients.

CLASP’s recommendations for shoring up our Nation’s tattered safety net for low-income people as part of economic recovery are discussed in *Beyond Stimulus: Shoring Up the Safety Net, Securing the American Dream*. <http://www.clasp.org/publications/claspbeyondstimulus.pdf>. These recommendations include modernizing the Unemployment Insurance program to improve access to benefits for low-wage, part-time and other vulnerable workers.

For more information, please contact, Evelyn Ganzglass, Director of Workforce Development Policy at (202) 906-8015 or [eganzglass@clasp.org](mailto:eganzglass@clasp.org); or Linda Harris, Director of Youth Policy at (202) 906-8012 or [lharris@clasp.org](mailto:lharris@clasp.org).

---

<sup>1</sup> Government Accountability Office, *Receipt of Benefits Has Declined, with Continued Disparities for Low-Wage and Part-time Workers*, 2007. Also, Bureau of Labor Statistics, *Displaced Worker Survey*, 2005-2007.

<sup>2</sup> Harris, L. and Ganzglass, E., *Creating Postsecondary Pathways to Good Jobs for Young High School Dropouts: The Possibilities and the Challenges*, Center for American Progress, October, 2008.

<http://www.clasp.org/publications/postsecpathyouth.pdf>

<sup>3</sup> Crosley, Adair and Brandon Roberts, *Strengthening State Policies to Increase the Education and Skills of Low-Wage Workers*, Chevy Chase, MD: Working Poor Families Project, 2007.

<sup>4</sup> Swanstrom, Todd. *The Road to Good Jobs: Patterns of Employment in the Construction Industry*. Public Policy Research Center, University of St. Louis, Missouri. September 30, 2008.

<sup>5</sup> Mulligan-Hansell, Kathleen. *Making Development Work for Local Residents: Local Hire Programs and Implementation Strategies the Serve Low-Income Communities*. The Partnership for Working Families. July 2008.

<sup>6</sup> See *Learning from the Youth Opportunity Experience* [http://clasp.org/publications/youthopportunity\\_report.pdf](http://clasp.org/publications/youthopportunity_report.pdf) and *Evaluation of Youth Opportunity Grant*

[http://wdr.doleta.gov/research/FullText\\_Documents/YO%20Summary%20and%20Implication.pdf](http://wdr.doleta.gov/research/FullText_Documents/YO%20Summary%20and%20Implication.pdf)

<sup>7</sup> Jastrzab, J., Blomquist, J., Orr, L., and Masker, J., *Youth Corps: Promising Strategies for Young People and Their Communities*. Abt Associates Inc., Cambridge, Massachusetts, 1997.

<sup>8</sup> American Youth Policy Forum, *Some Things Do Make a Difference, Summary of Findings from the Evaluation of the Educational Component of the Summer Youth Employment and Training Program: Interim Report*, December 1995 by Social Policy Research Associates and Heller Graduate School, Brandeis University (Waltham, MA), pg 52, <http://www.aypf.org/publications/compendium/comp01.pdf>