

## Comments in Support of Proposed WIOA Combined State Plan

Thank you for the opportunity to comment on the Workforce Innovation and Opportunity Act (WIOA) Combined State Plan for fiscal years 2016 through 2020. The Georgetown Center on Poverty and Inequality (GCPI) strongly supports the comments submitted by Community Legal Services (CLS) and the Community Justice Project (CJP) outlining the importance of allocating the full share of funding under WIOA that may be dedicated to transitional employment, a form of subsidized employment that focuses on transitioning workers into unsubsidized employment.

GCPI works with policymakers, researchers, practitioners, and advocates to develop effective policies and practices that alleviate poverty and inequality in the United States. The center's areas of anti-poverty work include national, state, and local policy and program recommendations that help marginalized girls, promote effective workforce and education policies and programs for disconnected youth, and develop ideas to combat deep poverty. The center is in the midst of finalizing and publishing what may be the **most extensive review to date in the space of subsidized employment and paid work experience programs (with a significant focus on transitional employment initiatives)**. The review, which includes a framework and recommendations for next steps in using these tools for helping workers—including youth—with serious or multiple barriers to employment, will be a valuable and lasting resource for policymakers and practitioners alike. Key findings from this forthcoming review, briefly outlined below, support this recommendation to use the full amount of funding designated for transitional jobs.

### Overview

Under WIOA, states may spend up to 10 percent of Title I funds on providing transitional jobs opportunities, particularly for individuals who qualify for priority of service.<sup>1</sup> Using the full amount of funding designated for transitional jobs in the state plan offers the Wolf Administration an opportunity to provide access to a promising strategy for boosting incomes and improving labor market outcomes and well-being, especially for disadvantaged workers.

Subsidized employment is a proven, promising, and yet underutilized tool for lifting up disadvantaged workers—particularly those in or at risk of poverty or with serious and/or multiple barriers to employment. Pennsylvania's proposed plan would give priority of service to such disadvantaged populations, including **young adults who are not in school or working, individuals with disabilities, recipients of income supports, and people with criminal justice system involvement**.<sup>2</sup> These job programs can provide income support, an opportunity to engage in productive activities, and, in some cases, labor market advancement opportunities. They can also offer a platform for connecting people to other needed services, resources, and networks. In addition to promoting work among adults struggling in the labor market, subsidized employment programs can also help strengthen disadvantaged families.

### Key Findings and Recommendations for Subsidized Employment

Forty years of experience suggests that subsidized employment programs warrant significantly greater attention from policymakers and practitioners. Despite their track record and promise, available funding for subsidized employment programs is meager when compared to the potential efficacy of and need

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<sup>1</sup> See the Proposed WIOA Combined State Plan, published for public comment on 28 December 2015, pp. 70.

<sup>2</sup> See the Proposed WIOA Combined State Plan, published for public comment on 28 December 2015, pp. 88, 157, and 222.

for these programs. There is also evidence in the history of demand for these programs: the number of disadvantaged people willing to work has consistently exceeded the number in competitive employment. The significant voluntary participation in sizeable subsidized jobs programs over the past 40 years underscores the fact that, regardless of wider economic circumstances, the labor market leaves out large numbers of disadvantaged workers desiring employment. Therefore, the center joins CLS and CJP in calling for Pennsylvania to use the full amount of funding—10 percent—designated for transitional jobs. Below are some key findings and recommendations from the center’s forthcoming report on subsidized employment that may be helpful/provide information in support of the proposed WIOA State Plan:

1. Subsidized employment programs have a wide range of potential benefits for Pennsylvania workers. First, these programs provide an **important source of income to participating workers**. Second, a number of experimentally-evaluated subsidized employment programs have **successfully raised earnings and employment, with some programs providing lasting labor market impacts**. This includes programs that have successfully been implemented in Pennsylvania, such as the Center for Employment Opportunities (CEO), which provides transitional work experience opportunities, including on-the-job training (OJT), to individuals with recent criminal convictions, and has recently opened a site in Philadelphia.<sup>3</sup> CEO in New York City has been shown to reduce recidivism.<sup>4</sup>

Such programs have also **decreased family public benefit receipt, raised school outcomes among the children of workers, boosted workers’ school completion, lowered criminal justice system involvement among both workers and their children, improved psychological well-being, and reduced longer-term poverty**. There may be additional positive effects, such as increased child support payments and improved health, which are being explored through ongoing experiments.

2. Subsidized employment programs can be **socially cost-effective**. In addition, subsidized employment programs with **longer-lasting interventions and/or complementary supports may be particularly likely to improve employment and earnings**. This pattern of high rates of effectiveness for programs with typical interventions lasting longer than 14 weeks—among rigorously evaluated programs—suggests that the role of benefit duration merits experimental evaluation. However, no research to date has isolated the impact of benefit duration within a subsidized employment program. Strong employer engagement, the provision of wraparound services, longer-term post-placement retention services, and other features of effective programs also appear promising as key ingredients and merit further examination. Other program design elements that may warrant additional experimentation include pre-training, program entry screening processes, job preparation services, matching processes, and peer support mechanisms.
3. The GCPI forthcoming report found that **subsidized employment programs require further innovation to more effectively target specific population subgroups**. This may be relevant for

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<sup>3</sup> See the Proposed WIOA Combined State Plan, published for public comment on 28 December 2015, pp. 222.

<sup>4</sup> Redcross, Cindy, et al. “More Than a Job: Final Results from the Evaluation of the Center for Employment Opportunities (CEO) Transitional Jobs Program.” Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, January 2012. Available at [http://www.mdrc.org/sites/default/files/full\\_451.pdf](http://www.mdrc.org/sites/default/files/full_451.pdf).

the Wolf Administration, as part of the Pennsylvania plan gives priority service to several subgroups, including individuals with disabilities. Specifically, the report finds that subsidized employment helps people with intellectual disabilities gain independence and earning power—and yet, the broader spectrum of disabilities remains understudied. Some unsubsidized employment models, like IPS (Individual Placement and Services) have been proven effective, and offer templates for subsidized employment initiatives as well.<sup>5</sup> In addition, many efforts that have targeted youth and young adults have seen modest success with education and criminal justice outcomes, but have resulted in limited or no durable improvements in employment and earnings. Note that for the youth-focused part of the State Plan<sup>6</sup>, this is a particular area in need of innovation.

4. For Pennsylvania workers who likely can eventually succeed in the competitive labor market, **subsidized employment should offer meaningful career ladders, a chance to develop skills through educational and training opportunities**, and the possibility for advancement through increased responsibility and compensation over time. Also included in GCPI's forthcoming report is the recommendation to develop subsidized employment be in parallel with education and training initiatives that forge meaningful and sustainable connections between participants and the labor market. The center therefore strongly supports the Administration's commitment to ensuring that work-based training opportunities be "aligned with the Pennsylvania High Priority Occupation list to ensure that jobs are in-demand, have higher skill needs and are likely to result in family-sustaining wages," or, "in cases of individuals with significant barriers to employment, the commonwealth will support OJT, customized training and transitional jobs in quality entry-level positions that provide the work experience necessary to lead to employment in HPOs."<sup>7</sup> As a result, multiple paths (as well as multiple entry and exit points within each path) with the ability to tailor specific programs and supports to particular participants should also be considered.

## Conclusion

By increasing employment opportunities for disadvantaged workers, subsidized employment programs can be effective tools for the Commonwealth to combat poverty, persistent unemployment, and other undesirable social outcomes. The center commends the Wolf Administration's inclusion of proposed funding between 5-10 percent for transitional employment in the WIOA State Plan. As a result, in conjunction with the findings of the center's forthcoming report on subsidized employment and the recommendations of CLS and CJP, GCPI strongly supports the use of the full amount of funding designated for transitional employment.

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<sup>5</sup> Farrell, Mary, et al. "The TANF/SSI Disability Transition Project: Innovative Strategies for Serving TANF Recipients with Disabilities." MEF Associations and MDRC, December 2013. Available at [http://www.mdrc.org/sites/default/files/tanf\\_ssi\\_disability\\_transition\\_project\\_fr.pdf](http://www.mdrc.org/sites/default/files/tanf_ssi_disability_transition_project_fr.pdf).

<sup>6</sup> See the Proposed WIOA Combined State Plan, published for public comment on 28 December 2015, pp. 88.

<sup>7</sup> See the Proposed WIOA Combined State Plan, published for public comment on 28 December 2015, pp. 81.