

Testimony in Support of LD 1268, “An Act to Reform Welfare by Establishing Bridges to Sustainable Employment”

Senator Brakey, Representative Gattine, and members of the Joint Standing Committee on Health and Human Services, my name is Christy Daggett. I am a policy analyst at the Maine Center for Economic Policy (MECEP). I am here today to testify in support of LD 1268. This proposal would work to help low-income families move to real prosperity. Too many Maine workers are stuck in low-wage or part-time jobs, and cannot afford to take the coursework or skills training that would lift them – and their families – into a high-demand, high-wage job. This bill addresses this problem head-on, by including a component that would create structured pathways leading to education and employment opportunities.

Maine has the eleventh-highest rate of part-time workers who would like to work full-time¹, and 112,000 low-wage workers². Unemployment and hunger are persistently higher in rural areas of the state³. The portion of this bill that addresses the benefit “cliff” helps people move from state and federal assistance to employment without suddenly losing critical monthly income. The portion that creates structured pathways for employment creates the reason to make that leap in the first place – because evidence demonstrates that structured career pathways work.

These pathways take local labor force demand into account, and work with Maine employers as well as the public higher education systems. This collaboration is important to close the skills gap that frustrates employers and thwarts would-be workers. Demand in Maine is particularly high for “middle-skills” jobs – jobs requiring education beyond high school, but not a four-year degree⁴. This proposal could work toward meeting workforce demand across different regions of the state.

The Aspen Institute found that 48 percent of workers in career pathways programs exited poverty⁵. Other evaluations of similar initiatives have found similar results:

- A two-year randomized controlled trial of three sector-based career pathways programs around the country found that after one year, individuals enrolled in such programs earned \$4500 more annually than a control group. In one of the programs included in the evaluation, 60 percent of participants were current or former welfare recipients⁶.

- The YEAR UP program focuses on youth under 24 years of age. Participants participate in six months of skills training and six months of internship with participating employers. In the year after the program, mean annual earnings for participants were 30 percent higher than for non-participants⁷.
- Capital IDEA, in Texas, sought to help women – who were mostly parents - with GEDs or high school diplomas obtain in-demand healthcare jobs through a structured career pathways program. While students could stop at a Certified Nursing Assistant or Licensed Practical Nurse level, some participants became Registered Nurses (RN's). The group's median wages increased from \$12,952 to \$44,222⁸.

The sector-based, structured career pathways focus of this proposal would promote a real solution to poverty: a sustainable pathway to an in-demand, higher-wage career. The evidence weighs heavily in favor of this jobs-oriented approach to welfare reform, rather than more punitive approaches such as cutting eligibility levels and denying benefits or making them conditional upon things like drug testing. Policymakers in the United Kingdom and the United States both tackled welfare reform in the 1990s, but the UK adopted an approach similar to the one proposed in today's piece of legislation, targeting single parents with a dedicated navigator, career pathways training, and benefits and tax credits that boost the incomes of those working at least 16 hours a week⁹. Since that time, while the US has reduced caseloads more, the UK has made better headway in reducing child poverty rates, especially among single parents, and brought more single parents into the labor market¹⁰. Welfare reform can be a contentious issue, but in the end, fewer Maine children living in poverty and more Maine families living in economic security is a policy goal upon which everyone can agree.

¹ MECEP analysis of Bureau of Labor Statistics data.

² Oxfam America. "Working Poor in America" map. Available at <http://policy-practice.oxfamamerica.org/work/poverty-in-the-us/minimum-wage-map/>

³ Feeding America. "Map the meal gap – Maine." Available at <http://policy-practice.oxfamamerica.org/work/poverty-in-the-us/minimum-wage-map/>

⁴ National Skills Coalition. "Middle skills jobs by state: Maine." Available at <http://www.nationalskillscoalition.org/resources/publications/file/middle-skill-fact-sheets-2014/NSC-Maine-MiddleSkillFS-2014.pdf>

⁵ National Governors Association. "State sector strategies coming of age: implications for state workforce policymakers." Available at <http://www.nga.org/files/live/sites/NGA/files/pdf/2013/1301NGASSSReport.pdf>

⁶ ABT Associates. "Literature review: career pathways programs. Implementation, systems, and outcome evaluation of the Health Profession Opportunity Grants to serve TANF recipients and other low-income individuals." June 24, 2013. Available at

http://www.acf.hhs.gov/sites/default/files/opre/cp_lit_review_final_62613_edits.pdf

⁷ *Ibid.*

⁸ *Ibid.*

⁹ John Hills and Jane Woldfogel. "A 'third way' in welfare reform? Evidence from the United Kingdom." 2004. *Journal of Policy Analysis and Management*, 23(4), pp 765-788.

¹⁰ *Ibid.*