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## Promising Policies Could Reduce Economic Hardship, Expand Opportunity for Struggling Workers

By Tazra Mitchell

In both good and bad economic times, there are people who need help to gain skills and secure stable employment. So, while today's official unemployment rate is low, many workers — particularly those with limited skills and education, including many who live in disadvantaged communities or are people of color — continue to have trouble finding jobs that pay enough to cover the basics. While some members of Congress and the Trump Administration and others are advancing policies that would hurt these struggling adults and families,<sup>1</sup> a set of other, evidence-based policies can better these workers' skills and job prospects — and their families' economic security.

The lack of good job networks, the reluctance of employers to hire individuals who have been involved with the criminal justice system, discriminatory hiring practices, lack of affordable child care, and transportation challenges can exacerbate the difficulties some workers face in the labor market. The Trump Administration and some members of Congress are advocating for policies that would make these workers' struggles harder. These include proposals that would take away nutrition assistance, health care, or housing assistance from individuals and families that don't meet rigid work requirements; proposals that would hurt some families that work but earn low wages; and proposals that would over time reduce investment in key areas including education and job training.

These proposals are counterproductive, but there are evidence-based policies that should help improve employment prospects for those struggling in today's economy without risking increases in homelessness, the number of uninsured Americans, or food insecurity. These include investing in programs that the evidence shows help struggling workers build skills for in-demand jobs, provide work opportunities for those who can't find jobs in the labor market, and provide the supports, such as child care, that make work possible. Promising policy ideas include:

- **Expanding training programs that have a track record of preparing disadvantaged workers for in-demand jobs and increasing employment and earnings.** While no single job training approach is a good fit for all lower-skilled and hard-to-employ workers, evidence shows that these individuals generally benefit from strategies that combine education, training, and support services. Several promising models have been shown to increase workers' skill levels and improve their completion of education, including training programs designed for

high-demand sectors of the economy, work-based learning programs, and accelerated college completion programs.

- **Increasing work opportunities for people with significant employment barriers.** Even in good economic times, some individuals who want to work are essentially shut out of the labor market due to barriers that can complicate their ability to find and keep a job, especially one that pays decent wages. Subsidized employment programs with support services for disadvantaged workers, programs that provide on-site employment and training programs for public housing residents, and programs that provide life skills training have been shown to improve work rates, earnings, or both.
- **Investing in work supports and benefits that boost wages and make jobs more stable.** Millions of workers are in jobs that provide low pay, have unpredictable schedules, and lack key benefits such as paid sick leave. This not only causes workers' incomes to fluctuate when they're struggling to afford the basics, but these job features also create barriers to retaining employment and career advancement. Expansions in tax credits for low-wage workers (including for workers not raising minor children in their home), investments in affordable child care, and expansions in paid leave can improve workers' economic security and job stability.

These investments alone aren't enough to ensure that all workers have jobs that can support their families. But they are critical to improving employment outcomes for struggling workers.

## **Strategies to Grow Employment and Earnings**

Education and skills are critical for success in today's labor market. The shift from manufacturing to service employment, accelerated by globalization, has meant the loss of many jobs that once offered non-college-educated workers decent wages and a good standard of living, well above the poverty level. At the same time, lawmakers have allowed the erosion of labor standards that boost the quality of jobs in the lower end of the service sector, such as the federal minimum wage and overtime protections (see box, "A Stronger Minimum Wage Would Help More Workers Get Ahead"). The result has been increased wage inequality, with lower-skilled workers earning far less than those with in-demand skills.

### **Expand Evidence-Based Programs That Build Skills and Increase Education**

To prepare unemployed and disadvantaged workers to compete in the labor market, policymakers should expand training programs that have a track record of preparing participants for in-demand jobs and increasing employment and earnings. While no single job training approach is a good fit for all lower-skilled and hard-to-employ workers, evidence shows that these individuals generally benefit from strategies that combine education, training, and support services.<sup>2</sup>

Several promising models can increase workers' skill levels. One model is sectoral job training, which offers customized training and placement and supportive services to help prepare low-skilled individuals for quality jobs in sectors that have strong local demand and advancement opportunities. Similarly, career pathway programs offer a defined set of high-quality education coursework and/or training credentials for growing occupations as well as supportive services that are integrated and tailored to meet individual needs. Pathway programs offer multiple entry and exit points, depending on each participant's existing skill level and the skills that jobs in the field require. Each step allows

the worker to gain a skill set or credential (such as a short-term certificate or a two-year degree) that leads to progressively more advanced jobs.

Work-based learning models allow workers to learn and earn on the job — through an apprenticeship program, for example — and develop skills that can lead to a credential. There are also comprehensive education programs aimed at increasing program retention and completion among students lacking the basic skills needed to succeed in postsecondary education and training.

The following are examples of sectoral training programs that have been shown to be effective with low-income, less-skilled participants:

- **Project QUEST** (Quality Employment Through Skills Training) is a one- to two-year program that supports training in multiple sectors in San Antonio, Texas, including health care, information technology (IT), and trades such as welding and mechanics. Researchers evaluated participants pursuing the health care track. Six years after program enrollment, these participants earned an average of \$28,204 — \$5,080 more — than otherwise similar non-participants who weren't selected to enroll in the program (see Figure 1). Participants were also nearly 15 percentage points likelier to be engaged in year-round work and were less likely to report trouble affording expenses such as rent and utilities. In the evaluation, QUEST served a group of low-income, predominantly Latina women with low basic skills, and it paid for community college expenses related to earning an associate's degree or an accredited occupational certificate in the health care sector. The program offered students simultaneous intensive services, including remedial instruction, basic education training, counseling, weekly meetings dedicated to building life skills, and job placement assistance. Participants also received referrals to agencies for help with child care, food, transportation, and other services on an as-needed basis.<sup>3</sup>
- **CareerAdvance**, a two-generation program that serves both parents and their children who are enrolled in Head Start in Tulsa, Oklahoma, offers a stackable series of training — credentials that build toward a higher-level certificate, degree, or other credential valued by local employers — in the health care field. This program provides evidence suggesting that what are known as career pathway programs may boost credential attainment and employment. Community colleges provide the training, and parents receive career coaching, financial incentives for educational advancement, and full-day early care and education for their children. An evaluation estimated the effect of *CareerAdvance* on parents, finding that one year after enrolling in the program, 61 percent of participants attained a career certificate compared to only 3 percent of otherwise similar parents who didn't participate in the program.<sup>4</sup> Participants were also more likely to be employed in the high-demand health care sector and to demonstrate higher levels of psychological well-being than non-participants.
- **Year Up** is a workplace learning program in more than a dozen cities that provides low-income youth who have completed high school (or a GED) with six months of technical skills training followed by a six-month internship with major companies such as eBay and Sony.<sup>5</sup> Training consists of courses that build professional and technical skills such as business writing or computer operating systems — and some of the coursework is eligible for college credit. Training and internships are in high-demand fields such as finance and IT. Participants receive extensive support services, including staff advisors, mentors, tutors, and peer support. An evaluation of the program in Boston, New York City, and Providence, Rhode Island,

showed that in the second year following program participation, Year Up participants who were randomly assigned to the program had higher hourly wages and annual earnings 30 percent higher than the control group, though employment rates between the two groups were nearly equal. (Year Up is one of nine career pathway programs undergoing evaluation and results will indicate whether these earnings gains persist over four years.)

- **The Accelerated Study in Associate Program (ASAP)** at the City University of New York provides comprehensive supports to help community college students stay in school and graduate. The program provides tuition waivers, transportation assistance, personalized student support services, special seminars in topics such as goal setting and study skills, and intentional alignment and scheduling of courses to facilitate attendance. ASAP targeted students who are required to take developmental courses to build reading, writing, or math skills and almost *doubled* their three-year graduation rates.<sup>6</sup> On average, students selected to participate in the program earned 48 credits in three years, nine credits more than non-participating students did.

FIGURE 1

### Participants in Sectoral Skills Training Program Experienced Large, Sustained Earnings Boost

Difference in earnings between QUEST participants and control group



\*Difference is statistically significant

NOTE: QUEST (Quality Employment Training Through Skills Training) is a partly public, partly private project that helps cover education-related expenses for low-income adults enrolled in community college to earn an associate's degree or accredited occupational certificate relevant to work in high-demand industries. QUEST participants earn less than the control group in the early years when they spend most of their time in training.

Source: Figure 3, Mark Elliot and Anne Roder, "Escalating Gains: Project QUEST's Sectoral Strategy Pays Off," Economic Mobility Corporation, April 2017.

## Increase Funding to Expand the Workforce System and Make College More Affordable

Two key federal funding sources that can be used for effective education and training programs for in-demand fields are Workforce Innovation and Opportunity Act (WIOA) grants to states for training for adults, dislocated workers, and youth; and federal student aid that helps make college more affordable. Increased WIOA funding and more robust student aid (along with additional state investments in education and training and community colleges) could help expand these efforts.

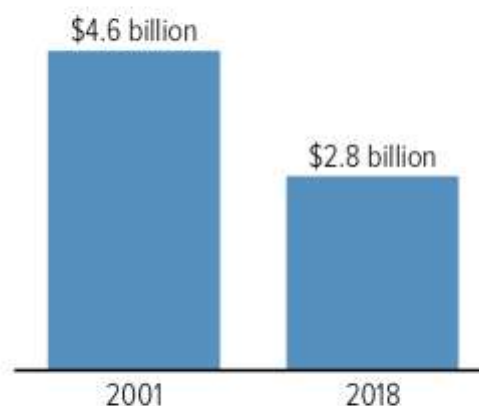
As a result of bipartisan legislation enacted in 2014, WIOA now prioritizes career and training services to people with the greatest need — including individuals with low incomes and youth who are neither in school nor working — and it has a strong emphasis on career pathway systems. Yet, federal funding for core WIOA grants to states fell by 39 percent between 2001 and 2018, adjusting for inflation (see Figure 2).<sup>7</sup> In the 2015-16 program year, the WIOA adult and dislocated workers programs provided training services to just 238,000 workers nationwide.<sup>8</sup>

Pell Grants, the cornerstone of federal financial assistance that helps make college education available for students from low- and moderate-income families, now help about 7.7 million students. The grants increase enrollment, reduce drop-out rates, and improve student outcomes, a significant body of research shows.<sup>9</sup> Yet, the purchasing power of Pell Grants for low- and moderate-income college students has shrunk considerably compared to 40 years ago, with the maximum grant now covering less than one-third of the cost of attending a four-year public university or college, as compared to covering 79 percent of that cost in 1975.<sup>10</sup>

FIGURE 2

### State Job Training Grant Funding Has Fallen by Almost 40% Since 2001

In 2018 dollars



Source: Enacted 2001 and 2018 appropriations bills

Note: Data reflect funding for formula grants to states for adults, dislocated workers, and youth under the federal Workforce Innovation and Opportunity Act

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## Invest in Work Opportunities for People with Significant Employment Barriers

Even in good economic times, some individuals who want to work are shut out of the labor market due to barriers that can complicate their ability to find and keep a job, especially one that pays decent wages. These include low educational attainment, physical and mental health limitations, homelessness, and unstable employment histories. Some individuals lack the soft skills and sufficient formal work experience to make them competitive enough even to land an interview. Other workers, particularly people of color, face limited access to employment because of discriminatory hiring practices, previous involvement in the criminal justice system (which disproportionately polices and prosecutes people of color),<sup>11</sup> and an increased likelihood of living in areas of concentrated poverty with more limited employment opportunities and networks.<sup>12</sup>

Programs that create paid work opportunities for disadvantaged workers, provide on-site employment and training programs for public housing residents, and provide life skills training that helps low-income assistance recipients set goals and get help in meeting them have been shown to improve employment outcomes. (Disadvantaged workers also benefit from an economy at “full employment.” See box, “How Policies that Lead to Full Employment Can Benefit Struggling Workers.”)

### **Subsidized Employment Programs**

Subsidized jobs offer job seekers a government-funded, temporary paid job that helps them meet their basic needs, learn basic work skills, and gain meaningful work experience. In some cases, job seekers receive supportive services that can improve the chances of long-term employment success such as child care, on-the-job training, job search services, and intensive case management or coaching.

Nearly every one of the rigorous evaluations of subsidized employment programs in a systematic review spanning 40 years showed that these programs increase employment among participants during the subsidy period, compared to members of a control group who weren’t offered subsidized jobs. Programs have also produced large increases in earnings during employment in the subsidized job and some have resulted in net savings to society under a measure known as “social cost-effectiveness.”<sup>13</sup> For example, programs targeting people returning from prison and non-custodial parents (mostly with no recent work experience) in an ongoing demonstration in seven sites increased workers’ earnings by nearly \$1,000 to \$3,000 in the first year, depending on the program. Some of these programs also reduced recidivism and most increased payment of child support.<sup>14</sup>

Employment and earnings gains often fade when wage subsidies end, but programs that subsidize wages longer — for more than 14 weeks — appear to be likelier to boost employment and earnings over the longer run, although the effect of program length has not been evaluated as a standalone component of subsidized employment programs.<sup>15</sup> For example, the National Supported Work Demonstrations — which provided 12- to 18-month subsidized jobs to disadvantaged workers — led to employment and/or earnings gains among most of the participants during the 19- to 36-month post-program period. Workers who participated in the Aid to Families with Dependent Children Homemaker-Home Health Aide Demonstration, which provided up to 12 months of subsidized work and occupational training to women receiving cash assistance in the mid-1980s, on average saw an increase in their hours worked and earnings nearly two years after program entry.<sup>16</sup>

Subsidized job programs can be used to help those unable to find jobs during both good and bad times, and can be designed to expand during recessions when the need for employment rises.<sup>17</sup> During the Great Recession, states used funds from the Temporary Assistance for Needy Families (TANF) Emergency Fund, established on a temporary basis by the 2009 Recovery Act, to create 260,000 subsidized jobs, which helped low-income parents and youth who couldn’t otherwise find jobs gain work experience and earn money they could use to make ends meet.<sup>18</sup> Outside of recessions, subsidized jobs can target areas with localized high unemployment or individual workers who have too few skills to find jobs in their local labor market.

## How Policies that Lead to Full Employment Can Benefit Struggling Workers

Increasing workers' skills and education is only part of what is necessary to improve workers' earnings and economic security. In most jobs, the strength of employers' demand for workers is an important determinant of wages. When demand for labor is high and unemployment is low, employers compete for workers by offering work with higher wages and better working conditions. This is especially true for low-wage workers who tend to see their real wages grow more when the labor market is very tight. As such, macroeconomic policies that lead to full employment — when virtually everyone who wants to work can find a job — are particularly important for helping low-income workers fully benefit from economic growth.

Lower unemployment rates also make it costlier for employers to discriminate. While the African American unemployment rate tends to be almost double the overall unemployment rate — in part due to continuing racial discrimination that affects hiring decisions — African Americans experience disproportionately stronger growth in income and hours worked when the labor market is tight. This means that full employment can reduce racial and ethnic disparities that hold back economic opportunities for the African American and Latino communities.<sup>a</sup>

Macroeconomic policies that can push the economy towards genuine full employment are wide-ranging, including monetary policy aimed at keeping demand strong and spurring economic growth; policies that address instances where foreign governments are keeping their exchange rate artificially low to increase their exports; and investments in public goods such as infrastructure improvements that boost productivity and employment. But even when the national economy is at or close to “full employment,” there will continue to be lower-skilled workers whose job prospects remain limited and geographic areas with depressed labor market conditions. Public investments in job creation — such as through subsidized employment programs — can reduce joblessness and help ensure more broadly shared prosperity.

<sup>a</sup> For analysis of how full employment can reduce racial disparities, see Valerie R. Wilson, “The Impact of Full Employment on African American Employment and Wages,” Center on Budget and Policy Priorities, March 30, 2015, <https://www.cbpp.org/research/full-employment/the-impact-of-full-employment-on-african-american-employment-and-wages>; for analysis of how racial disparities reduce the economy's potential growth rate, see Governor Lael Brainard, “Why Persistent Employment Disparities Matter for the Economy's Health,” Board of Governors of the Federal Reserve System, September 26, 2017, <https://www.federalreserve.gov/newsevents/speech/brainard20170926a.htm>.

## On-Site Employment and Training Programs for Public Housing Residents

Jobs Plus is a voluntary program for public housing residents operating in 24 public housing authorities that combines employment and training services, modified rent rules that allow workers to keep more of what they earn, and neighbor-to-neighbor conversations about available work opportunities. An evaluation of the program at the seven-year follow-up found it significantly increased earnings for residents of different demographics at three distinct sites that implemented all of the components of the program, and increased employment for groups with historically low labor-force participation rates (see Figure 3).<sup>19</sup> Although the program was voluntary, about three-quarters of the residents in all of the tested sites used its services, rent-based work incentives, or both, an earlier evaluation found.<sup>20</sup>

The program — which Congress expanded in 2014 to more locations — targets all working-age, non-disabled residents of the housing developments. One element of the strategy is to saturate public housing complexes with work-focused encouragement, information, incentives, and employment assistance. Jobs Plus relies on close collaboration among the local workforce, human service agencies, and public housing authorities. The evaluation findings point to the untapped potential of partnerships between the federally assisted housing system and the workforce, child care, and education systems to produce better outcomes for families in a cost-effective manner. With additional resources, Jobs Plus could expand to additional sites.

## Life Skills Programs

The program that produced the largest impacts on stable employment ever found in a program for TANF recipients with significant employment barriers — Building Nebraska’s Families — was not specifically focused on employment, but rather it helped participants set and reach personal and family goals.<sup>21</sup> To these ends, the program helped participants develop “life skills” such as time management, conflict resolution, and budgeting. Skilled counselors delivered these services in participants’ homes.

About 46 percent of the hardest-to-employ participants subsequently worked for at least 12 consecutive months, compared to 29 percent of those in a control group who didn’t receive the same services. The hard-to-employ program participants were also significantly more likely than the hard-to-employ control group to earn higher wages and to work in jobs that provided benefits. Despite the effectiveness of initiatives like Building Nebraska’s Families, programs that are designed to teach life skills or otherwise help individuals improve their employability through options other than job search, work, or education are not recognized as legitimate work activities for the purposes of meeting TANF’s work requirements. Changing these rules and using this strategy with other groups of disadvantaged adults could be another path for improving outcomes for struggling workers.

## Work Supports and Benefits Can Boost Wages, Job Stability

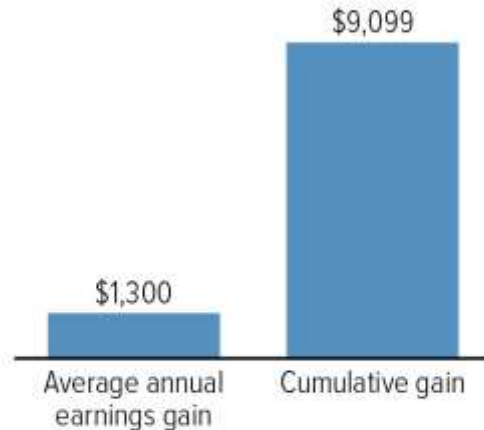
Millions of workers’ jobs provide low pay, have unpredictable schedules, and lack key benefits such as paid sick leave. This can cause workers’ incomes to fluctuate and creates barriers to keeping their jobs and advancing in their careers by making it harder to arrange child care, search for a new job, or attend school or training. Low wages also make it difficult for workers to afford the basics like decent housing, nutritious food, and reliable transportation.

Policies that boost wages and make jobs more stable can improve workers’ economic mobility and stability. These include expanding tax credits for low-wage workers and thereby boosting their effective take-home pay. These tax credits not only reduce economic hardship but also have long-term positive effects on the earnings and employment prospects of children in these families, research shows. Investing in affordable child care and expanding paid leave also can help parents

FIGURE 3

### Jobs Plus Program Boosted Residents’ Earnings

Earnings gain among targeted residents after seven years, compared to the control group



Source: James A. Riccio, “Sustained Earning Gains for Residents in a Public Housing Jobs Program: Seven-Year Findings from the Jobs-Plus Demonstration,” Manpower Demonstration Research Corporation, January 2010, <https://www.mrdc.org/publications/sustained-earnings-gains-residents-public-housing-jobs-program>.

Note: The Jobs Plus program is a model proven to help public housing residents find work. The seven-year follow up period was from 2000 to 2006. The estimate is based on all targeted residents living at the three Jobs Plus housing developments that implemented all components of the program, whether or not they worked or even knew about Jobs Plus.

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work and remain connected to their jobs when they need time off for the birth of a child or other family medical issue.

## A Stronger Minimum Wage Would Help More Workers Get Ahead

Many American workers, including household heads supporting families, are locked in low-wage jobs that don't pay enough to make ends meet. In 2017, the 20th-percentile hourly wage (that is, the wage at which 20 percent of wage earners earn less and 80 percent earn more) was only \$11.40. This was only 5.7 percent higher than it was in 1979, after adjusting for inflation.<sup>a</sup> In fact, compensation (wages and benefits) for the typical non-supervisory worker grew nearly six times as slowly as net productivity did between 1979 and 2016, the latest data available show.<sup>b</sup> Workers are being more productive but their hard work isn't fully translating into shared economic growth.

The erosion in the federal minimum wage — which stands at \$7.25 per hour and is not adjusted for inflation — has contributed to low-wage workers' economic hardship. The minimum wage peaked in inflation-adjusted value in 1968, when it was equal to \$9.90 in 2017 dollars. Over the last five decades, the federal government has allowed inflation to erode the value of the minimum wage by approximately 27 percent.<sup>c</sup> If not for minimum wage increases in 21 states and the District of Columbia in 2017, wages at the 20<sup>th</sup> percentile that year would have likely been even lower.<sup>d</sup> Increasing the minimum wage and ensuring that it keeps pace with inflation going forward can improve earnings at the bottom of the wage scale and better ensure broad-based wage growth.

The failure of economic growth to adequately reach low-wage workers disproportionately affects women — especially Latinas — and African Americans. People earning at or below the minimum wage make up a larger share of these communities than of other communities.<sup>e</sup>

The common claim that raising the minimum wage sharply reduces employment for low-wage workers is one of the most extensively studied issues in empirical economics. The bulk of the evidence indicates that such impacts on employment for the size of past minimum-wage increases are modest if they exist at all, and that such wage increases would provide a net earnings gain to low-wage workers as a group and thus serve as a policy tool that pushes back against rising inequality.<sup>f</sup>

<sup>a</sup> Economic Policy Institute's State of Working America Data Library.

<sup>b</sup> See Appendix Figure C. <https://www.epi.org/publication/the-state-of-american-wages-2017-wages-have-finally-recovered-from-the-blow-of-the-great-recession-but-are-still-growing-too-slowly-and-unequally/>.

<sup>c</sup> David Cooper, "Another year of Congressional Inaction has Further Eroded the Federal Minimum Wage," Economic Policy Institute, July 2, 2017, <https://www.epi.org/publication/another-year-of-congressional-inaction-has-further-eroded-the-federal-minimum-wage/>.

<sup>d</sup> Elise Gould, "Between 2013 and 2017, Wage Growth at the Bottom Was Strongest in States with Minimum Wage Increases," Economic Policy Institute, March 2015, 2018, <https://www.epi.org/publication/between-2013-and-2017-wage-growth-at-the-bottom-was-strongest-in-states-with-minimum-wage-increases/>.

<sup>e</sup> "BLS Reports: Characteristics of Minimum Wage Workers, 2016," Bureau of Labor Statistics, April 2017, <https://www.bls.gov/opub/reports/minimum-wage/2016/home.htm>. (Data are not presented for American Indians in this table).

<sup>f</sup> Dale Baleman and Paul J. Wolfson, *What Does the Minimum Wage Do?* Upjohn Institute Press, pp. 471, 2014.

## Strengthen the EITC for Childless Workers

Policymakers have made substantial progress in recent years in “making work pay” for low-income families with children by strengthening the Earned Income Tax Credit (EITC) and the low-income component of the Child Tax Credit.<sup>22</sup> The EITC supplements earnings and offsets taxes for families that work but earn low wages, helping them better afford the things that make it possible to work in the first place, such as gas and child care. For families with very low earnings, the EITC rises as earnings increase, which encourages families to go to work and to work more hours when possible. The EITC also helps women and communities of color — two groups that disproportionately work in low-wage jobs — share more fully in economic growth. In addition, a robust set of studies has found that the EITC reduces child poverty and boosts children’s school achievement, chances of attending college, and projected future earnings.<sup>23</sup> Further tax credit improvements for families with children would build upon these successes.<sup>24</sup>

But low-income childless workers — that is, adults without (minor) children and non-custodial parents — receive little from the EITC (see Figure 4). Partly as a result, childless workers are the sole group that the federal tax system taxes deeper into poverty. To strengthen the EITC for childless workers, policymakers could lower the eligibility age (workers under age 25 are currently ineligible) and raise the maximum credit and the credit’s phase-in rate, as policymakers from President Obama to House Speaker Paul Ryan have proposed at various points. Doing so would both raise these workers’ incomes and also help offset their federal taxes. Moreover, some leading experts believe that an expanded EITC for these workers would also help address some of the challenges that less-educated young people (particularly young African American men) face, including low and falling labor-force participation rates and high incarceration rates.<sup>25</sup>

### Boost Investments in Child Care

Child care assistance is key to helping parents work when their earnings are too low to afford the high cost of care. It’s also central to low-income parents’ ability to engage in job training or go to school. Yet decent-quality child care comes at a cost that many American parents cannot afford: the national average annual cost of center-based child care for infants and toddlers were approximately \$11,000 and \$8,900, respectively, in 2017.<sup>26</sup> The recent omnibus appropriations bill for fiscal year 2018 increased discretionary funding for the Child Care and Development Block Grant from \$2.9 billion in 2017 to \$5.2 billion in 2018. This additional funding may expand access to more than 151,000 children and help states meet the new quality standards outlined in the 2014 child

FIGURE 4

### EITC Does Little to Offset Federal Taxes for Low-Income Childless Workers

Single childless adult with poverty-line earnings of \$13,030, 2018



EITC=Earned Income Tax Credit

Note: Estimated poverty line of \$13,030 is produced using the 2016 Census poverty line, adjusted for inflation as estimated by the Congressional Budget Office. Economists generally concur that workers also pay the employer share of payroll taxes in the form of lower wages.

Source: CBPP analysis based on IRS data

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care reauthorization legislation,<sup>27</sup> but millions of children who need child care assistance will remain unable to access it due to insufficient funding.

When parents are asked why they are searching for early care and education — including child care — they cite employment as the top reason.<sup>28</sup> Unsurprisingly, access to decent-quality child care is linked to improved employment and job stability for parents.<sup>29</sup> For example, single mothers receiving child care subsidies were more likely to report being employed and working full-time than mothers who were not using child care subsidies, one study of National Survey of America's Families data found.<sup>30</sup> Another study showed that child care subsidies for parents in Illinois were associated with longer employment spells: subsidy receipt reduced the likelihood that a parent would exit employment by 28 percent compared to parents who did not receive a subsidy.<sup>31</sup>

### **Let Workers Earn Paid Family Leave**

Paid family leave helps workers balance the demands of work and family life without the financial setbacks that an illness or another emergency can cause, but many low-wage jobs don't provide it: for workers in the lowest wage quartile in December 2017, only 14 percent had access to paid family leave (compared to 20 percent of all workers).<sup>32</sup> And, just 6 in 10 workers across the income distribution had access to *unpaid* leave through the Family and Medical Leave Act in 2012 (the latest year for which data are available).<sup>33</sup>

Paid leave may boost employment, earnings, and the number of hours worked, research shows. One study found that women who reported taking paid leave after a child's birth were more likely to be working nine to 12 months after the birth and were less likely to use public assistance in the year after compared to similarly situated women who reported taking no leave. In addition, women who took paid leave for at least one month were 54 percent more likely to report wage increases in the year following a child's birth than their counterparts.<sup>34</sup> Another study found that California's mandatory paid leave program — the first in the country — significantly increased the likelihood that mothers returned to work the year after birth, and boosted their number of hours and weeks they worked by 15 to 20 percent two years after giving birth.<sup>35</sup> Other evidence suggests that less educated women and women of color saw the largest increases in leave-taking under California's policy.<sup>36</sup>

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<sup>1</sup> Tazra Mitchell, "Contrary to Rhetoric, Trump Budget Would Make It Harder for Many to Work, Gain Skills to Get Ahead," Center on Budget and Policy Priorities, March 13, 2018, <https://www.cbpp.org/research/federal-budget/contrary-to-rhetoric-trump-budget-would-make-it-harder-for-many-to-work-gain>.

<sup>2</sup> "Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Best Practices Study: Final Report," U.S. Department of Agriculture (USDA), November 2016, <https://fns-prod.azureedge.net/sites/default/files/ops/SNAPEandTBestPractices.pdf>; "What Works in Job Training: A Synthesis of the Evidence," U.S. Department of Labor, U.S. Department of Commerce, U.S. Department of Education, and U.S. Department of Health and Human Services, July 22, 2014, <https://www.dol.gov/asp/evaluation/jdt/jdt.pdf>.

<sup>3</sup> Mark Elliot and Anne Roder, "Escalating Gains: Project QUEST's Sectoral Strategy Pays Off," Economic Mobility Corporation, April 2017, <http://economicmobilitycorp.org/index.php?page=81>. Non-traditional college student is defined as people who dropped out of high school and earned a GED and individuals aged 25 to 64.

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