



# A New Safety Net for Low-Income Families

Number 5

America's low-income working families are struggling to get by, too often making impossible choices among food, housing, and health care because their incomes do not stretch far enough. Government safety nets were reformed in the mid-1990s with the promise that work would pay. But that promise remains unfulfilled for many families. This series of essays explores the challenges these vulnerable households face and suggests ways to protect them and help them thrive—urgent goals with far-reaching benefits for our children, our families, and our economic future.

## Supporting Work for Low-Income People with Significant Challenges—Summary

Pamela Loprest and Karin Martinson

Welfare programs require people to work, but some low-income adults struggle with major personal challenges that make it hard to find or hold down a job. Welfare offices aren't always equipped to deal with many of these challenges, and social service programs rarely include job services. Disability income and insurance programs provide cash assistance but often don't help recipients get back to work. As a result, hard-to-employ adults can fall through the cracks.

### PROGRAM DEVELOPMENT

Significant obstacles to work include chronic physical or mental health issues, substance abuse, domestic violence, low literacy, learning disabilities, a criminal record, limited education and work experience, or the need to care for a disabled child. But many of these challenges can be resolved or mitigated with social services or accommodated with the right job match.

We have limited information about what strategies are best for helping work-challenged adults, but research to date shows that a combination of employment services, financial incentives to get and keep a job, and support to address severe work barriers holds promise. We've identified four potentially beneficial strategies. *Service-focused employment preparation* blends social services (e.g., substance abuse treatment, mental health services, etc.) with help finding work. This approach emphasizes screening to identify barriers, job

placement assistance, and post-employment services, such as on- or off-site coaching.

*Subsidized employment* gives wage subsidies to employers, combined with supports and accommodations for workers. *Treatment-management programs* help adults manage their health problems and offer job placement and other work supports. Also, hard-to-employ adults may also benefit from *financial incentives* to encourage work or participation in social services. Along those lines, the Supplemental Security Income and Social Security Disability Insurance programs are exploring ways to correct disincentives to work.

These examples show the potential for states and localities to develop ways to help low-income adults with significant challenges to work. Expanding these strategies will require more resources and better coordination between service systems, and doing so can help us learn more about which methods are most effective.

### POLICY RECOMMENDATIONS

We recommend policy changes at the federal and state level to address short- and long-term needs and encourage innovative strategies.

- *Legislative and regulatory changes to current programs:* Many low-income, work-challenged families rely on Temporary Assistance for Needy Families (TANF) for help. We suggest giving recipients more time to use support services, such as mental health counseling, and allowing that time to count toward federal work requirements. We also recommend changes to the workforce development system, acknowledging that some clients need more time and greater resources to overcome work barriers. One-Stop centers'

funding is partly based on their record of job placements, but this can be at odds with the need for longer-term intensive services by select hard-to-employ clients.

- *New federal support:* We propose a new federal grant program encouraging states to experiment with innovative ways to help this disadvantaged population. The federal match would only be available for new state spending and could be used to expand state and local workforce boards bolstered by partnerships with TANF, treatment programs, and other service agencies. States can tailor their own strategies and define their target population. These programs must be consistently evaluated so states can learn from each other and duplicate successful strategies.
- *Long-term options:* Policymakers should consider the need for financial assistance for families while parents are participating in services to overcome their work barriers. We need to consider avenues to meet some parents' needs for temporary financial assis-

tance or, for those who can only work part time, long-term partial assistance. We also recommend exploring the possibilities of using the workforce development system as a central hub for coordinating job services for highly challenged job-seekers. Although fundamental long-term changes raise a host of problems and questions, including needs for additional resources, they do merit further public debate.

### OUTCOME

We need to learn more about how to help people lift significant barriers to work that can keep them and their families sidelined in poverty. Federal funds can help states create, evaluate, and learn from new collaborative strategies. Effective interventions can improve the well-being of low-income families by helping adults find and keep jobs, boost their incomes, and overcome the severe challenges that can keep them from work.

#### INCOME SOURCES OF LOW-INCOME, LIMITED- OR NO-WORK FAMILIES (percent, except where noted)

Source: Authors' calculations using the March 2007 CPS.

Notes: Low-income is defined as income less than 200 percent of the federal poverty level. Limited- or no-work includes families where no parent worked for the past year or at most one parent worked part time for less than 50 weeks in the past year.

a. Includes veterans benefits, worker's compensation, and other federal or private disability income.

| INCOME SOURCE   | ALL          | REPORTING WORK-LIMITING DISABILITY |
|---|--------------|------------------------------------|
| Social Security/Disability Income                       | 17.7         | 38.8                               |
| Supplemental Security Income                            | 16.9         | 35.5                               |
| Other private or federal disability income <sup>a</sup> | 4.2          | 10.9                               |
| TANF  | 15.7         | 17.2                               |
| Unemployment compensation                               | 3.5          | 2.7                                |
| One of above sources                                    | 46.4         | 78.5                               |
| Total number of families                                | 3.45 million | 1.14 million                       |

For the full report, see "Supporting Work for Low-Income People with Significant Challenges" by Pamela Loprest and Karin Martinson.

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