

Policy Points

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Achieving Long-Term Economic Self-Sufficiency: The Importance of Education and Training

The effect of poverty and low incomes on the abilities of families to function and succeed has been reported by many different researchers. Arkansas is known for ranking at the low end of the scale in terms of Income, and some parts of the state particularly stand out. While the poverty rate for Arkansas was 19% in 1990, the poverty rate in Delta counties was 28.6% and for African-Americans in those counties, it was 65%. Per capita income was \$14,176 statewide, \$12,417 in the Delta counties, and only \$4,639 for African-Americans in the Delta.

WHY EDUCATION AND TRAINING ARE IMPORTANT

It is almost universally accepted that education plays a major role in helping individuals to qualify for better paying jobs and therefore better support their families. And the research proves this commonly held belief. A study of working mothers found that graduating from high school increased earnings by \$1.13 per hour.¹ Training programs that provide job-specific training integrated with basic skills education, counseling, job placement and other supportive services have also proven to be successful. In one study, over a 30-month period, the Center for Employment Training program, based in San Jose, CA, raised earnings by \$2000. Other programs in the same study that focused only on job readiness training did not lead to significant increases in earnings.²

Two- and four-year degrees from institutions of higher education also play a major role in raising incomes. One study estimated that hourly earnings increase by 19% to 23% for women earning an Associate's degree and 28% to 33% for those earning a Bachelor's degree.³ Individuals who have received Bachelor's degrees earn an average of \$600,000 more over the course of a lifetime than those who have earned only a high school diploma.⁴

INSIDE THIS ISSUE:

Importance of Education and Training	1
Successful Programs	2
Applying the	3

HIGHLIGHTS Successful Programs:

- Integrate basic education with job skills training
- Combine education and training with work experience
- Involve employers
- Provide assistance with overcoming barriers related to transportation, child care,



Planting the seeds for success

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PROGRAMS THAT HAVE BEEN SUCCESSFUL

The research documents the types of training that do and do not work for getting low-income, low-skilled individuals into jobs that lead them to economic self-sufficiency. Work-first, labor force attachment approaches get people into jobs, but they do not amount to self-sufficiency level earnings, and are not promising in terms of job retention. An evaluation of *California's GAIN program* found that participants in a part of the program that stressed job search and immediate employment earned 42 percent more over a five-year period, compared to a control group. However, the higher earnings resulted from greater labor force participation, not from higher hourly wages. The program and control group participants earned roughly the same amount per hour. And while the program initially influenced work participation rates, by the end of the third year, only 23 percent were employed and off welfare.⁵

A growing body of research outlines the components that are necessary for a successful job skills training program. A recent review of the literature indicates that programs that incorporate both quick employment and skill building strategies “have generally had larger and longer lasting impacts, and have been more likely to help the most disadvantaged recipient than ‘job search-only’ and ‘education-only programs’.” These results suggest that education and training might best be provided in conjunction with actual work experience or employment rather than before the individual is placed on the job. Moreover, innovative welfare-to-work strategies – which have drawn attention because of good results or because they incorporate features that are believed to be effective – include several common attributes: they integrate education with training, they combine education and training with work experience, and they involve employers.⁶

One example of an innovative program is the *Center for Employment and Training* (CET) based in San Jose, CA with 47 locations around the country. CET admits all applicants, training them in job-specific skills and then linking them directly to employers' recruiting networks. Participants of all skill levels pace themselves in classes that teach reading, math and language skills specific to the type of job they will be performing. Seventy percent of the training is hands-on. Counseling, job placement, and other support services are also integrated into classroom training.⁷ Training usually lasts about 6 months. CET screens job opportunities and chooses only those that offer adequate pay and medical benefits. As mentioned above, CET increased participants' earnings by \$2000 over 30 months as compared to a control group.

Project Quest is another successful model. Based in San Antonio, the program covers tuition, books, child care, transportation, supplies, and occasional “crisis” money for an average of 17 months of training. Participants start with basic education and GED training and then choose job skills training in an occupation for which employers have predicted future hiring.⁸

Through an intense research process, Project QUEST identified three sectors of the economy that had jobs paying \$10 an hour, with benefits and a career path, and that were also hard to fill. The sectors are health care, business services, and light industry. Project QUEST works closely with employers in the sectors to develop skill standards for each occupation and design the preparation and training to meet those requirements in an ongoing process.⁹ Current and former program participants earn an average of \$8.26 per hour, and nearly 90 percent of them have full benefits.

Project QUEST has worked in partnership with the local community college, which provides the training. This partnership has led to improvements at the community college that will benefit other students and employers. The training provided by the community college has been restructured giving it more credibility with employers. The program has led to the development of a community college remedial education program to help poorly prepared students develop the skills needed to succeed in the community college system.¹⁰

A national demonstration has just been launched by the C.S. Mott Foundation to test more of these types of education and training programs called *sectoral employment strategies*. The Mott Foundation has funded ten sectoral employment programs around the country. Sectoral employment strategies aim to increase the labor-force participation rates among low-income Americans by focusing on creating career opportunities and changing the dynamics of the regional labor market. Sectoral initiatives strive to improve jobs so they become better-paying over time or increase access to good jobs within a targeted occupation or set of related occupations traditionally not open to low-income people. *Good Faith Fund's Careers in Health Care Program* in Pine Bluff, AR is one of these national demonstration sites. Other programs around the country are focused on the following job sectors: carpentry and construction, paralegal, information technology, office management, child care, and manufacturing.

At Careers in Health Care (CHC), welfare recipients and other low-income individuals train to become certified nursing assistants. CHC works with “preferred employers” who offer viable wages and benefits. CHC either provides or helps the graduates to obtain further training so they can move up the health care career ladder. To date, ten percent of the graduates have gone on to enroll in nursing programs. In the near future, CHC will be offering training tracks for graduates who want to become a mental health or other kind of specialty care aide.

Good Faith Fund is also in the process of developing a second sectoral initiative, *Industry Partners, ETC* (IPE) in Arkansas and Phillips counties. In Arkansas County, a range of manufacturing companies has already signed on to the project including Capstan Inland, Davis Lumber Company, DeWitt Shoe Wear, Drummond Printing Company, Hartz Seed (a unit of Monsanto), Kinder Harris, Inc., Industrial Crates, Inc., Lennox Industries, Inc., and Riceland Foods, Inc. Participating companies will contract out work to the project. In addition, the employers will help to design the training curriculum. Training participants will learn basic education and job skills in a hands-on, supervised setting. They will be paid a stipend for the time spent on the contract work.

APPLYING THIS KNOWLEDGE TO NEW AND EXISTING PROGRAMS

In Arkansas, there are many opportunities to apply this growing body of knowledge. The first is welfare reform. The State TEA Advisory Council's Committee on Training adopted a set of guidelines for state-funded workforce development programs that was based on this knowledge. The overarching assumption behind the guidelines was that "local, community-based training programs that are driven by both 1) the needs, motives, and goals of the participants and 2) the labor force development and labor needs of the local business community will be the most successful. The Committee made the following recommendations for local TEA coalitions as they design strategies for helping TEA recipients to move to long-term economic self-sufficiency: 1) enlist Chambers of Com-

merce or other collaborative groups of employers to work with community based organizations or community development corporations, which have expertise in training low income residents, to design and implement local training initiatives, and 2) engage community colleges, JTPA programs, Adult Education, and the Extension Service to play a supportive role by offering appropriate services and support.

As welfare reform continues to be implemented, the Department of Human Services, as well as local TEA coalitions, should integrate effective training strategies into their implementation plans. DHS should use TEA savings to fund local demonstrations of these training programs. DHS should also work with local TEA coalitions to help them access information about how to design such training programs.

Second, the Employment Security Department and local workforce boards (formerly known as Private Industry Councils) are facing two related challenges. They are in the process of implementing the Welfare to Work program, and they are planning for how they will implement the recently passed federal Workforce Investment Act. These two new programs provide an opportunity to re-examine the education and training strategies currently being pursued by local workforce boards. The Workforce Investment legislation requires state and local planning that is based on current and projected available jobs and the skills needed for those jobs. This means that employers must be involved in the design of training programs. ESD and the local workforce boards should take a leadership role to move away from ineffective programs and toward the kinds of programs that work.

Finally, the Department of Workforce Education can also apply this knowledge. Adult Education programs should not operate as stand-alone programs. Instead, as the Department has begun to do, Adult Education teachers should be integrated into job training programs. And the state's community colleges should do more to involve employers and create hands-on learning experiences.

¹Spalter-Roth, Roberta and Heidi Hartmann. *Increasing Working Mother's Earnings*. Washington, DC: Institute for Women's Policy Research, 1991.

²Gueron, Judith and Edward Pauly. *From Welfare to Work*. New York: Russell Sage Foundation, 1991.

³Kane, Thomas J. and Cecilia Elena Rouse. "Labor Market Returns to Two- and Four- Year Colleges." *American Economic Review*. June 1995.

⁴Bureau of the Census.

⁵Bloom, Dan. *After AFDC: Welfare-to-Work Choices and Challenges for States*. New York: Manpower Demonstration Research Corporation, 1997.

⁶Strawn, Julie. *Beyond Job Search or Basic Education: Rethinking the Role of Skills in Welfare Reform*." Center for Law and Social Policy. April 1998.

⁸Walljasper, Jay. "A Quest for Jobs in San Antonio." *The Nation*. July 21, 1997.

⁹Elliott, Mark, Don Spangler, and Kathy Yorkievitz. "What's Next After Work First: Workforce Development Report to the Field." Philadelphia: Public Private Ventures. Spring 1998.

¹⁰Ibid.

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