



GOOD JOBS = GOOD BUSINESS

MOVING FAMILIES OUT OF POVERTY THROUGH EDUCATION AND TRAINING

The legislative debate on welfare has highlighted an important issue for California's future: the education of the state's workforce. With the reauthorization of welfare at the federal and state level, as well as re-examination of the Workforce Investment Act, [California and the nation](#) [have a chance to create educational opportunities that will benefit both employers and low-wage workers.](#) As this publication suggests, innovations in publicly-funded education and training can create positive results for working families, employers, communities and the next generation.

"Before I applied for welfare my life was stable, I was married and had a job. My marriage fell apart after the abuse became unbearable.

It was when I was completely on my own that I realized that going to school and getting my degree was the only thing that was going to ensure my success in life, and in turn my children's success."

Lee Lopez

CalWORKS recipient and current California State University Bakersfield student

WHY CALIFORNIA SHOULD INVEST MORE IN EDUCATION AND TRAINING FOR LOW-WAGE WORKERS

EDUCATION WORKS

California boasts some of the nation's model public educational programs that effectively move people out of poverty. In its study of the California Community College system, the Center for Law and Social Policy in Washington, D.C. found that enrollment in California's Community Colleges quickly increases individual income levels for CalWORKs recipients:

- CalWORKs students who left California Community Colleges with an Associate's degree increased their median annual earnings by 85% after only one year out of school.¹
- CalWORKs students who enter California Community Colleges without a high school diploma increase their earnings by 40% after one year out of school.²

EMPLOYERS NEED EDUCATED EMPLOYEES

In today's economy, employers have identified a need for better-educated and better-trained employees.

A college degree today is more important than ever for both employers and employees, replacing the high school degree as a prerequisite to a stable job:

- Forty years ago, 80% of workers could get a job without a college education; today, over half of workers require some college to secure a job.³
- Over the next four years, 70% of new jobs created will require advanced/superior skills or competent skills (equivalent to having some post-secondary education or a Bachelor's degree). Only 20% of new jobs will be in the basic skill range (e.g., a below-average high school graduate) and a mere 10% of jobs will be available for those with minimal skills (e.g., those with no high school diploma).⁴

GETTING A JOB:

LOW-WAGE JOBS MEAN AN OVERALL LOWER QUALITY OF LIFE FOR CALIFORNIANS:

As the cost of living increases around the country, working families face higher child care costs, expensive housing markets and often unreachable health insurance premiums. In today's economy, just "getting a job" doesn't always make ends meet for families:

- Nationwide, 39% of people using emergency food services had at least one working adult in the household—7% had two working adults in the household.¹⁴
- Among California households that are eligible for food stamps, more than 70% are working families.¹⁵

Our domestic and global economy is changing, and our education and training system must keep up:

- 82% of the largest chambers of commerce reported that workforce and education issues were their members' number one priority.⁵
- In a survey by the National Association of Manufacturers of its member firms, 90% reported difficulty in finding qualified candidates in at least one job function.⁶

ORE IN -INCOME PEOPLE

EDUCATION FILLS THE WAGE GAP

As education levels increase, the likelihood of family poverty decreases:

- When a person receives just one year of post-secondary education, her likelihood of poverty decreases by 50%.⁷
- An Associate's degree decreases the likelihood of poverty by 63%. A Bachelor's degree decreases the likelihood of poverty by 80%.⁸
- Full-time workers with a Bachelor's degree earn **almost twice** the amount of those with only a high school diploma.⁹

Welfare policy that limits educational options keeps families on public assistance in a perpetual cycle of poverty and low-wage jobs.

- The median hourly wage in the first year after people leave welfare is estimated to be between \$7 and \$9 per hour.¹⁰

However, according to the California Self-Sufficiency Standard, in no county of California can a single mother with two young children—the average size of a CalWORKs family¹¹—be fully economically self-sufficient on an hourly wage in that range.¹²

THE RIPPLE EFFECT:

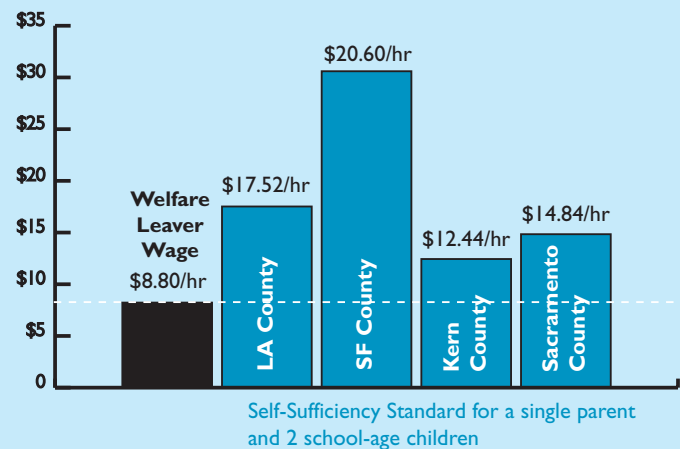
WHEN PARENTS GO TO COLLEGE, THEIR KIDS GO TO COLLEGE:

Research throughout the world shows a mother's education is an important predictor of her child's educational attainment—especially for female children.¹⁸ In families where at least one parent has attended college, 84% of children will attend college, compared to 69% of children in families with parents who did not go to college.¹⁹

THE SELF-SUFFICIENCY STANDARD

Wider Opportunities for Women (WOW) has developed a tool to help families and policymakers formulate strategies for “making ends meet”: the Self-Sufficiency Standard. The Self-Sufficiency Standard calculates the amount a family requires to meet its most basic needs—food, clothing, shelter, health care, transportation, child care and taxes—depending on where the family lives and how many children are in the family.

This chart illustrates the difference between an approximate wage of a person leaving welfare (\$8.80 per hour¹³) and the Self-Sufficiency Standard for the average CalWORKs family in four California counties.



PUBLIC OPINION SUPPORTS INVESTMENT IN EDUCATION AND TRAINING

California voters support policies that reduce poverty through education. A 2002 statewide poll conducted by the California Budget Project found that voters strongly support education as a part of welfare reform:

- 67% of California voters believe that people receiving government benefits should be in training or education programs to learn new skills that will prepare them for self-supporting jobs.¹⁶
- 62% of California voters believe that the principal goal of federal welfare law should be moving people out of poverty.¹⁷

POLICY RECOMMENDATIONS

INCREASE ACCESS TO EDUCATION AND TRAINING

- State and federal welfare laws should allow recipients to count education and training as a work activity, including post-secondary education and study time. Welfare time limits should allow recipients enough time to finish post-secondary degree programs, including two and four year programs. Without the education that can move them out of poverty-wage jobs, welfare recipients and their children will find it harder and harder to make ends meet for their families.
- The workforce development system should prioritize programs that focus on education and training for the working poor, especially programs that prepare people for high-wage, high-demand occupations.

ADOPT THE SELF-SUFFICIENCY STANDARD

- Federal and state government should implement welfare policies that integrate the Self-Sufficiency Standard in client counseling, in data reporting, and in allocation of resources. Adoption of the Self-Sufficiency Standard on a systemic level can increase the percentages of families who leave welfare for better jobs and careers.
- The workforce development system should utilize the Self-Sufficiency Standard to measure the progress of clients towards self-sufficiency wage jobs, by adopting the Standard for program development, data collection and client counseling.



The National Economic Development and Law Center (NEDLC) is a 33 year old non-profit that specializes in community economic development. We build and leverage investments in low-income communities. NEDLC manages the Californians for Family Economic Self-Sufficiency (CFESS) project. CFESS advocates at the local, state and federal levels for public policies that move families out of poverty and towards economic independence. For more information about NEDLC or CFESS, call 510-251-2600 or email fess-ca@yahogroups.com. Visit our website at www.nedlc.org.



Wider Opportunities for Women (WOW) is a 37 year old national women's employment organization that works nationally and in its home community of Washington, D.C. to achieve economic independence and equality of opportunity for women and girls. WOW provides tools and resources to state-level groups to advocate for strategies and policies that will help families leave poverty. WOW has been a leader in the areas of nontraditional employment, literacy and welfare-to-work strategies for more than three decades. For more information about WOW, the national FESS Project, or the Self-Sufficiency Standard, call 202-464-1596 or visit www.wowonline.org and www.sixstrategies.org.

- 1 Center for Law and Social Policy & California Community Colleges Chancellor's Office, "Credentials Count: How California's Community Colleges Help Parents Move from Welfare to Self-Sufficiency" (May 2002).
- 2 Ibid.
- 3 Carnevale, Anthony and Richard Fry, "Crossing the Great Divide: Can We Achieve Equity When Generation Y Goes to College?" Educational Testing Service (Princeton, NJ 2000).
- 4 Carnevale, Anthony and Donna Desrochers, "Getting Down to Business: Matching Welfare Recipients' Skills to Jobs that Train," Educational Testing Service (Princeton, NJ 1999).
- 5 Jobs for the Future, "Everybody Wins: Effectively Involving Business in Workforce Development," (June 2001), <http://www.jff.org>.
- 6 Ibid.
- 7 Buck, Robert, "Reauthorizing Welfare Reform: An Examination of Program Outcomes and Policy Issues," (San Diego State University, 2002).
- 8 Ibid.
- 9 Current Population Reports, U.S. Census Bureau, "The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings," (July 2002).
- 10 See California Budget Project, "What Do We Know About Former Welfare Recipients?" (Sacramento, July 2001); The Urban Institute, "Families Who Left Welfare: Who Are They and How Are They Doing?" (Washington, D.C. 1999).
- 11 California Department of Social Services, "CalWORKs Characteristics Survey," (Federal FY 1999).
- 12 Wider Opportunities for Women, "The California Self-Sufficiency Standard," (November 2000).
- 13 California Budget Project, "What Do We Know About Former Welfare Recipients?" (Sacramento, July 2001). \$8.80 per hour is the median leaver wage for Bay Area counties, and is the lowest figure for county studies cited. As previously cited, national leaver wages are between \$7 and \$9 per hour.
- 14 Second Harvest, "Hunger In America 2001," (2001) <http://www.secondharvest.org>.
- 15 California Food Policy Advocates, "A Comparison of Food Stamp Participation Rates in Working and Non-Working California Households," (San Francisco, April 2001).
- 16 California Budget Project, "Voters Believe that Welfare Reform Should Move Families Out of Poverty," (April 2002).
- 17 Ibid.
- 18 Partnership on Sustainable Strategies for Girls' Education, "Why Invest in Girls' Education," http://www.girlseducation.org/PGE_active_pages/GirlsEdResources/main.asp.
- 19 Carnevale, Anthony and Richard Fry, "Crossing the Great Divide: Can We Achieve Equity When Generation Y Goes to College?" Educational Testing Service (Princeton, NJ 2000).