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SINGLE MOTHERS AND OTHER LOW EARNERS: POLICY ROUTES TO ADEQUATE WAGES

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SINGLE MOTHERS AND OTHER LOW EARNERS: POLICY ROUTES TO ADEQUATE WAGES

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Abbreviated title: Low-Wage Single Mothers-Public Policy Support

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ABSTRACT

This paper addresses the employment environment within which poor single mothers and other low-wage earners work, and identifies policies to foster economic advancement. Low-wage status, often resulting from minimal education and skills, is reinforced by irregular work schedules and more frequent unemployment periods. Despite recent rises in national productivity, low-wage advancement opportunities remain limited and inequality in family income distribution is growing. New policies are needed to extend low-earner career potential.

The paper highlights particularly effective experience of three approaches that enhance earnings of single mothers and other low-wage earners – workforce intermediaries that promote specific job advancement programs, community colleges that strengthen vocational and educational foundations, and access to one-stop centers that foster paid work connectedness. We detail the extent, impact, and needed improvements of these policies, and urge expansion of their availability to benefit single mothers and other low earners and their families.

SINGLE MOTHERS AND OTHER LOW EARNERS: POLICY ROUTES TO ADEQUATE WAGES

"Things are seldom what they seem" (Sullivan in HMS Pinafore in Andrews, 1996) and rarely do they stay the same. And so it is that technological advancements and increasing family life demands over the past several decades have changed the nature of work, and call for new policy approaches to improve the earnings and advancement prospects of single mothers and other low-wage workers. Developers of workforce policies in private enterprise and the public sector are finding ways simultaneously to advance worker skills and earnings, thus raising economic productivity and creating benefits for businesses, employees, and consumers in the form of improved product quality and price.

This paper describes the employment environment within which low-wage single mothers and other low-wage earners work and examines policy approaches to improve their earning ability so that they can better provide for their families over the course of their working lives. Section 1 provides a description of the characteristics of low-wage single-mother families. Section 2 spells out the labor market aspects that distinguish low-wage jobs from more highly skilled work, and the resulting differentiation in income protection under current unemployment policy. Section 3 explores longer run influences on job and wage characteristics for low-wage workers. The final section discusses new policy approaches for improving worker skills, increasing their job continuity and providing more opportunities for upward career mobility to ensure that single mothers and other low-wage workers acquire family-sustaining earnings and have continuing opportunities for job and wage advancement. Joint public and private sector cooperative

development of programs can provide efficient resource use and maximize resulting benefits.[1]

Single Mothers

Changing Family Structures and Single Mother Characteristics

The family unit is represented in an increasing variety of forms today, a number of which are not yet accounted for in government data.[2] But we can all agree that "family," as broadly defined, is a true anchor of social life. Although a feminist definition of family might focus on attributes of "community" and "interdependency," and "the provisioning of goods and services for family use and exchange" (Nelson, 2003), in the United States it is "structure" that statistically defines the family unit. The U.S. Census reports family data as a subdivision of household data. According to the Census, a family household consists of two or more persons related by birth, marriage, or adoption who reside together.

In recent years, the proportion of single-mother family households with children under age 18 has increased, as has their participation in the labor market. In 2006, 24% of family households with children under age 18 (own or step or adopted) were maintained by a single mother with no husband present, a rise from 18.6% in 1990. In that year, 7% of family households with children under age 18 were maintained by a single father with no wife present and 69% of these households were maintained by a married couple family household (U.S. Department of Commerce, Bureau of the Census, 2007). About 57% of all single-family householders today are single parents. Labor force participation of single mothers with children under age 18 has also risen – from 67.9% of the category in 1990 to 76.4% in 2006 (Marshall, 2007). Currently, more than

three fourths of single mothers with children under age 18 are members of the paid labor force.

The U.S. Bureau of Labor Statistics uses the term "single" to describe women in several different situations. The term is sometimes used to refer to single women (with and without children), sometimes it applies to single mothers with one or more children (including step or adopted children) and sometimes it applies to single female householders (who may or may not have children).[3] If a single mother with children is living in her mother's home, she may be excluded from a single-family head accounting (Kosanovich, 2002). Thus, a discussion about families with female heads must be carefully defined and interpreted.

A demographic portrait of single mothers is provided in two studies, based on a national sample of mothers between the ages of 18-29 and 30-44, who had children under age 18. What follows is a description of some of the findings about them for the year 2000 (O'Neill and Hill, July 2001, March, 2003).

The first study compared the demographic characteristics of a sample of married and single mothers between the ages of 18-44. Data showed that in 2000, mothers who were single were more likely than married mothers to be between the ages of 18-29 (38.8% vs. 20.9%). Almost one-third of single mothers were Black, non-Hispanic (31.9%), compared with 7.8% of married mothers. Interestingly, for both single and married mothers, the number of children in the family (1.7 and 2.0 respectively) and the proportions of children younger than age 18 (81.9% and 79.2% respectively) were similar. There was, however, a major difference in the educational achievement of mothers between the two groups. A higher proportion of single than married mothers

reported less than high school completion in their backgrounds (19.9% vs. 11.1%), and a much smaller proportion of single than married mothers were college graduates (9.6% vs. 26.4%). These educational differences help to explain why 35.9% of families headed by a female lived in poverty in 2004, compared with only 7.0% of married couple families in the same year (Mishel et al., 2006, p. 285). As a result of limited educational experience, many single mothers' work lives are disadvantaged by the poor quality of low-skill jobs to which they are confined.

Characteristics of single-mother welfare and non-welfare recipients in the two age groups, compared in the second study, also differed (O'Neill and Hill, op. cit., March 2003). Here the data showed that a higher proportion of the younger cohort (ages 18-29) were welfare recipients compared with the older women ages 30-44 (55.7% vs. 35.7%) and a higher proportion of the younger cohort were Black, non-Hispanic (40.9% vs. 30.3%). For welfare single mothers it was also more common for the youngest child in the family to be under the age of 6 than was true for non-welfare single mothers (69.9% vs. 44.2%). Similar to the first study, educational differences again divided the welfare and non-welfare groups. The highest level of education attained by 77.8% of single-mother welfare recipients was a high school degree, compared with only 55.8% for non-welfare single mothers. Twice as many non-welfare single mothers (44.2% vs. 22.0%) had received a college degree or spent some time in college compared with single mothers on welfare. Higher educational levels appear to have a strong connection to attainment of higher family income among single-mother households, although by no means is it the sole determining factor. Other factors such as labor market structure and

job availability, as well as worker health and other personal characteristics, also play important roles in this determination.

Labor Market Aspects[4]

The Link Between Low-Wage Jobs and Poverty Income

Only a fine dividing line exists between a level of family income adequacy provided by a low-wage job and the need to receive public assistance, either due to the lack of any income or to inadequate or intermittent family sustainable income. These factors explain why low-skilled single mothers frequently cycle between welfare and low-wage work in an effort to meet their family's financial needs.

Although no single standard defines a low-wage job, empirical studies often use a wage standard that approximates the poverty level as a measure of income adequacy. The federal poverty threshold in 2005 was almost $16,000 for a family with one adult and two children. This estimate does not include actual costs for items such as housing, childcare, or out-of-pocket medical expenses, nor does it adjust for regional cost variations (USDHHS, 2007; Sasser January, 2006, p. 7). The figure is widely acknowledged to be an inadequate standard of need. It is used, however, as a rough estimate to measure the share of single-mother families who are poor or "near poor." In 2005 67% of single-mother families had incomes below 200% of the poverty line, a considerably higher proportion than for all families (31%) (Blank and Kovak, 2007-08). The National Center for Children in Poverty (NCCP) estimates that, on average, an annual income of $40,000 representing an hourly wage of $19.28 is required to cover all needs of a single-earner family with one pre-school child and one school-aged child, including childcare and health insurance (NCCP, Columbia University, June 2006). In

conceptualizing the magnitude of low-wage work in the United States at present, the MDRC notes that in 2005 one quarter of all U.S. workers earned $9.46 or less an hour (just above the official poverty level for a family of four), and fully one half earned less than $14.15 per hour (U.S. Bureau of Labor Statistics data quoted in MDRC, Issue Focus October 24, 2006). These low-wage jobs are disproportionately held by women, people of color, non-college educated, and young workers.

Supplementing welfare and low wages, the federal government provides several forms of assistance, including the Earned Income Tax Credit, childcare and child health benefits, and food stamps (see pp. xxx). But poverty, always hovering in the background for low-wage earners, underlies the concern families have about whether income is sufficient to provide food, clothing, health care, work transportation and child care for themselves and their family members.

Employment and Unemployment in Low-wage Jobs. As Jacob Mincer first demonstrated in the 1970s in U.S. census studies that related education and on-the-job training to annual earnings (Mincer, 1974), we know that educational attainment is one important factor in determining access to jobs with adequate income, and that lack of education leads some low-skill workers with low educational levels to seek public assistance. But also important for employment is an availability of unfilled jobs with adequate earnings that create a demand for workers (Boushey and Rosnick, April 2004). Thus, whether due to the lack of adequate education that limits the supply of labor for skilled work or due to a lack of labor demand, low-skilled workers lose out. They tend to experience more and longer periods of unemployment than do their more skilled counterparts. In the mid- and late- 1990s (1995-2000), with a prosperous economy and a

relatively generous level of assistance and supports for low-wage working families, the percent of single mothers who were employed grew from 61.7% to 73.0%, a gain of 11.3 percentage points. By the end of the decade single mothers were working more hours per year than were married mothers (Mishel et al., 2003, p. 326). This trend was reversed, however, by the decline in low-skilled labor demand in the early 2000s (Ibid., pp. 327-329).

With the economic reversal that took place at that time, more than one-fourth of the prior employment increase was lost; the overall employment rate of single mothers fell to 69.8%. For Black single mothers the decline was greater than for white single mothers – 4.0 percentage points compared with 2.8 percentage points for white single mothers. The overall unemployment rate among single mothers rose from 7.5% in 2000 to 10.2% in 2003. Across all workers the unemployment rate was much lower and increased less. It rose from 4.0% in 2000 to 6.0% in 2003. Single mothers with less education and fewer skills than other workers were much more affected by the recession than were more skilled working parents, college-educated adults, or the population as a whole (Sherman et al., June 22, 2004, p. 2). Not only was the incidence of unemployment greater for them, but its duration was longer than for more highly educated and skilled groups. Moreover, the availability of unemployment benefits was often restricted for them either because they failed to meet benefit eligibility requirements or because they exhausted their benefit coverage before securing a new job (Kahne, 2004, pp. 50-51). As a segment of low-wage workers where the employment rate rose more slowly and began to fall earlier than for other jobs during job market fluctuations, their

employment security was more compromised than that of higher earning, more skilled married workers (Bernstein, July 27, 2005).

Low-Wage Jobs and Unemployment Benefits. Having a desire to be employed does not assure finding an appropriate job that offers stability and adequate income with no gender wage penalty (Murphy with Graff, 2005; Blau 2006). Nor does it protect workers against the pitfalls of unemployment. The federal/state unemployment insurance system is designed partially to replace earnings for qualified workers who meet eligibility requirements of engaging in paid work in employment covered by the program but who become unemployed through no fault of their own (that is, they do not voluntarily leave a job).

Unemployment benefit levels are set by the fifty states and vary widely. Typically, in the past benefits have replaced about one-half of a worker's past earnings and have provided a maximum benefit length of up to 26 weeks. In recent years, however, volatility of income and employment uncertainty have grown. The annual benefit replacement rate is now close to one-third – not one-half, of past wages. And in 2004, 46% of claimants remained unemployed beyond the maximum benefit time allowed under the state laws (Vroman, 2005 in Golden et al., June 2007; Hacker September, 2006; Kletzer and Rosen, September 2006; Kling September, 2006). Moreover, permanent job displacement rather than time-limited layoff has become more frequent than in the past, making paid work continuity more difficult to attain.[5]

The situation is even less favorable for low-wage workers than this overall average might suggest because earnings on which unemployment compensation is based are low, unemployment when it occurs is for longer periods, job turnover is greater than

for more skilled workers, and full-time work and employment continuity are less common. Each of these factors can result for low-wage workers in reducing eligibility or lowering benefit levels or their duration (Vroman, 2005 in Golden et al., June 2007; Bernhardt et al. in Anderson March, 2006, p. 5). An Urban Institute study found that between 2000 and 2003, single-parent households accounted for 37% of the loss in full-time, full-year employment but received only 8% of the increase in unemployment insurance paid during the period (Acs et al., 2005, in Golden et al. June, 2007).

Low-wage single mothers must pay attention both to employment characteristics of job continuity as well as the potential for career progress, while continuing to meet the pressures brought to the many family-related demands on their time and energy. Both workers and employers must accurately judge worker aptitudes and skill growth potential in order to successfully navigate the labor market. Both groups of work participants can benefit from financial and other support as they traverse this rocky road of employment complexities accompanying production decisions relating to company progress.

A Longer Run Perspective

In concluding this discussion of the circumstances affecting the economic well being of low-wage single-mother families, we take note of some longer run changing trends in the workforce experience of low-wage earners as background for the discussion that follows of new and improved policies to foster sustained income adequacy for this group of single mothers and other low-earners over the long run (Berlin, April 26, 2007; Holzer and Nightingale 2007; Zedlewski et al. July 2008).

Unfavorable Trends Affecting Low-Wage Workers

One noteworthy recent economic change has been an alteration in the long-run downward trend in the national incidence of unemployment. Between 1975 and 1994, for example, it fell on average a little over 7% annually. In 2006, the unemployment rate was 4.6% and it was 4.5% in the early months of 2007. But by the end of 2007, unemployment began to rise (Wallace, January 4, 2007), reaching 5.5% in May 2008, and its negative effects were reinforced in some areas by a reduction in working hours. An uncertain employment outlook at the time of this writing (5.7% unemployment in July 2008) raises a number of questions about economic stability of jobs and well being of wage earners in the near future (*New York Times*, January 3, 2008, August 2, 2008; Center on Budget and Policy Priorities, January 4, 2008).

Earning trends have also followed a changing trajectory. After rising from the post World War II period through the early 1970s, the upward trend of real weekly earnings of private sector non-farm, non-supervisory production workers has ceased. This has had negative consequences on wages across sectors in both high and low-wage occupations, and on the poverty rate which has held relatively steady since the early 1970s (MDRC, June 13, 2007).

The impact of market globalization on production costs, competitiveness, and the inevitable evolutionary changes in technology, have added to the negative effects on the labor market and on consumer prices (Blinder, December 2005). Moreover, the weakening of protective labor legislation and the decline of trade unions, representing only 12% of American workers in 2006 paying union dues compared with 24% in 1973

(Visser, January 2006, p. 46; *New York Times*, January 20, 2007), has weakened workers' bargaining power and their resistance to downward earnings pressure.

The absence and lag in wage improvement for low earners, despite rising economic productivity since 2001, spurred by technological advances and increased computer use at work (*Monthly Labor Review*, May 2007, p. 57), has gradually contributed to another worrisome change – an increase in inequality in income distribution with further negative consequences for the least well off in society. Although the economy's real output in relation to its total labor input has risen in the recent past (i.e. rising productivity), providing the potential for a higher standard of living for those who have contributed to its growth, these benefits have not been equitably shared among all labor market contributors. That is, "the rising tide" [of production] has not "lifted all boats" [income]. The innovation and increased efficiency that has occurred has been accompanied by a growing inequality in the distribution of income. Thus, in the ten years between 1995 and 2005, annual productivity growth measured almost 2.5% higher than in the twenty years that preceded it (*Monthly Labor Review*, July 2006). But the positive effects of productivity growth on the relative distribution of income after taxes, especially since 2002, have been reflected in gains accruing disproportionately to higher income earners but much less to low-wage workers in jobs where many of the improvements in information and communication technology have actually taken place (Mishel et al., 2006, pp. 107ff; *Monthly Labor Review*, July 2006; Sherman and Aron-Dine, January 23, 2007).

The combined effect of these factors has been that after-tax income has risen more since 1929 for the highest income groups than for the lowest and middle earners

Monthly Labor Review, July 2006, p. 56; Mishel et al., 2006, pp. 107-113; Bernstein, McNichol, and Lyons, January 29, 2006). In 2004, for example, the poorest 20% of all families received only 4% of aggregate family income in the country, while the top 5% received 20.9% (Mishel et al., 2006, p. 57). Concentration of income continued and by 2006 income concentration for the top 1% was at its highest level since 1928 (Wollman, December 18, 2007; Center on Budget and Policy Priorities July 30 and 31, 2008). A lack of sharing in the reported productivity gains that have been generated by all labor force participants has serious negative consequences for societal well-being. And, as stated by Ben Bernanke, Chair of the Federal Reserve Board, a lack of visible skills is likely "the single greatest source of the long-term increase in income inequality" (*New York Times*, February 7, 2007).

In summary, single mothers and other low-wage workers have often been a casualty of a labor market buffeted by trends of an uncertain and changing economy (Appelbaum et al., 2003). With limited skills they have lost out in sharing the benefits of a rising worker productivity. Availability of education and skill training benefits for their group could help reverse this trend while simultaneously improving productive business efficiency as well as consumer product satisfaction.

Some Heartening Signs

But despite these worrisome trends affecting low earners, there have also been a few heartening signs of improved policies and trends. Important progress moving low earners towards self-sufficiency has occurred, for example, with the raising of the federal minimum wage in May 2007 from $5.15 per hour, which, at that time, was only two-thirds of the federal poverty level for a family of three with one full-time worker, and less

than one-third of the average hourly wage for private sector non-supervisory workers. The new minimum will reach $7.25 by 2009 in three subsequent raises (Anderson et al., March 2006; Bernstein and Shapiro, August 31, 2006; U.S. Department of Health and Human Services January 25, 2006). Single mothers will particularly benefit when the raises are totally effective since women currently represent over one-half of minimum wage workers (Mishel et al., 2006, p. 109).[6]

Moreover, recent projections, mentioned on p.yyy, foresee over the coming decade, a demand for workers to fill "middle skill jobs" that society develops and that require additional training beyond high school but less than a college B.A. (Holzer and Lerman, 2007). Such a projection suggests a growing supply of employment opportunities for workers who have benefited from "middle skill training" that yield higher wage rewards that accompany their acquired additional productivity. The concluding sections describe some of these programs and the positive benefits that can result for workers and society.

New Policy Approaches Enhancing Adequacy and Advancement

Disappointing economic gains achieved by low-wage single mothers through existing workforce policy call for new approaches to improve their economic and advancement prospects and at the same time greater productivity and efficiency for employers. It is worth noting also that although policy improvements are discussed within a frame of family and work needs of low-wage single mothers, that they are relevant for other low-earners whose work skills can also benefit from such programs that meet the challenges and needs of an evolving society.

We conclude this paper with a series of suggestions for improving American workforce policy to benefit low-wage single mothers and other low earners while maintaining high levels of productivity in the American economy.

The Path Dependency of Policy Development

Critical to any assessment of prospective policy development is understanding that new approaches are constrained by established political and cultural foundations. The historical context within which policy exists limits the degree to which new approaches can dramatically diverge from past policies. This notion of "path dependency" dictates that new strategies must build upon the core values of earlier policy to ensure political feasibility (Hacker, 2002).

It is important to understand the cultural and political context surrounding the existing employment and training services available to single mothers in order to understand the specific constraints to change in the workforce arena. Two key lessons emerge from the history of workforce development policy. First, public institutions in the United States responsible for addressing labor force issues have not adequately promoted training and advancement activities to benefit low-wage earners (Holzer, 2008). This is partly because workforce policy in the post-World War II era assumed that most workers would hold one stable, full-time job over the course of their career, and would gain access to career and economic advancement opportunities through their employer. Changes in the economy over the past several decades have changed the nature of the traditional employment contract by making long-term employment with one firm an anomaly. As a result, employers today are often reluctant to assume responsibility for the provision of vocational training when workers are unlikely to

remain employed with the particular firm over the course of their lifetime (Lotto-Casner and Brenner, September 29, 2006).

Secondly, new workforce policy is constrained due to the questionable outcomes generated by large-scale public job training programs to date. Indeed, critics of public workforce efforts can point to over forty years of outcomes from earlier national workforce programs – including the Vocational Rehabilitation Act of 1973, the Job Training Partnership Act of 1982, and the Workforce Investment Act of 1998 (in its first nine years of implementation) – that have had negligible effects on increasing the household incomes of low-wage workers and alleviating their severe economic hardship (Galetto and Green, August 2005).[7] Although past results do not legitimize calls to re-direct federal funds away from public workforce programs, the history of public financing in the United States tells us that, all too often, politicians are inclined to curtail public spending on job training efforts in order to focus funds on competing national priorities.[8] The harsh reality is that these employment and training programs have often borne the brunt of cost containment efforts, especially when sizeable budget deficits have demanded the stringent prioritization of federal resources. New policy approaches will need to address critics' doubts by providing sufficient evidence that future public employment and training initiatives will diverge from previously weakened programs.

The factors discussed above significantly affect future workforce policy changes in the United States. No doubt, the public sector must play a formidable role in the development and implementation of future workforce policies. Government, after all, is best positioned to establish career advancement as a national priority and allocate targeted federal resources to achieve this goal. Nevertheless, some policymakers are

reluctant to expand existing public programs to increase the mobility prospects of low-wage earners.

In response to the current political landscape, leaders in the workforce development arena are turning to policy approaches that couple the expertise of government and the private sector to implement effective employment and training efforts. This focus on public/private collaboration has increased government contracting with non-profit organizations and for-profit service providers to respond to gaps in social provision where the public sector has not responded adequately. Current trends suggest that new workforce policies promoting career advancement for single mothers will likely take the form of public/private partnerships, through which private actors will be required to play a leadership role in both securing resources and providing direct services for such use..

The Role of Workforce Intermediaries

The growing demand for private sector involvement in the U.S. social policy arena creates opportunities for workforce intermediaries to provide career advancement services to single mothers at greater scale nationwide. Workforce intermediaries are private and non-profit organizations whose primary mission is to create long-term career advancement opportunities for low-skilled workers, while also increasing business productivity. In this capacity, workforce intermediaries serve two distinct clients – low-wage workers and employers. Effective intermediaries obtain high-impact results by: (1) identifying targeted job opportunities with employers in high-wage sectors; (2) providing workers with a range of basic job readiness training as well as occupational skills; (3) providing ongoing counseling services to help individuals manage their competing family

and work obligations; and (4) connecting workers to job retention services and income-enhancing work supports such as the Earned Income Tax Credit, affordable health insurance, and childcare subsidies.

At present, it is estimated that over 250 workforce intermediaries are in operation throughout the United States (Marano and Tarr, 2004). One example of an intermediary with proven outcomes around career and economic advancement is the Milwaukee-based Wisconsin Regional Training Partnership (WRTP). The WRTP has developed an innovative training program that links low-wage workers to employers in Milwaukee's high-growth manufacturing sector. The WRTP also operates career advancement programs in construction, health care, hospitality, technology, transportation, and utilities. It focuses its efforts on developing occupational training programs that leverage expertise from the business community, while also servicing the job retention and advancement needs of low-income and unemployed jobseekers. As a result of its efforts, the WRTP has recruited 125 employer partners into its collaborative partnership. Between 1995 and 2000, these businesses contributed more than $100 million towards education and training, thereby creating 6,000 new jobs and placing 1,400 low-income residents into employment with starting wages of at least $10 per hour and fringe benefits, including health insurance and pensions. As a testament to the success of the WRTP's program model, in just their first year of work after completing training, program participants experienced an average annual earnings increase of 155%, from $9,000 to $23,000 in household earnings per year (Center on Wisconsin Strategy, 2003).

Despite the results achieved by the WRTP and others over the past decade, workforce intermediaries remain largely localized entities and receive limited public

resources to support their efforts. The emphasis that these organizations place on assembling partnerships with institutions across the public and private sector, however – including low-skilled workers, the business community, educational institutions, and government agencies – positions them to assume a greater degree of responsibility in developing effective training programs on behalf of single mothers.

Of critical importance, the focus workforce intermediaries pay to career advancement and business development stands in stark contrast to the traditional work-first policies advanced by current workforce policy.[9] Workforce intermediaries go beyond placing low-skilled workers in entry-level jobs by maintaining long-term contact with their clients to ensure that they advance along career and earnings trajectories. The effectiveness of their long-term engagement practices is proven. Survey results from the National Network of Sector Partners' (NNSP) 2002 analysis of 243 workforce intermediaries found that over half of all low-wage workers served by workforce intermediaries earned over $9.50 per hour (equivalent to $20,000 per year in earnings when employed continuously in a full-time job throughout the year) in their first job after participating in workforce intermediary advancement programs, and nearly one-third of clients earned over $11.00 per hour (equivalent to $23,000 per year in earnings when employed continuously in a full-time job throughout the year) (Marano and Tarr, 2004). Comparatively, the average low-wage worker in the United States without access to workforce intermediary services earns between $5.15 per hour and $7.50 per hour (equivalent to $11,000 and $15,500, respectively, per year in earnings when employed continuously in a full-time job throughout the year). Although workers' earnings may fluctuate annually given the strength of the economy, it is estimated that fewer than 30%

of low-wage workers advance enough over time to regularly earn more than $15,000 per year (Holzer, May 2004).

That intermediaries significantly improve the advancement prospects of single mothers is not the complete story. These organizations also strengthen the competitiveness of the business community by encouraging economic efficiency, productivity, and growth. Employers working with workforce intermediaries reap several benefits from the partnership. First, employers looking to fill job slots gain access to a new source of skilled job applicants, thereby reducing recruitment costs. Over the next decade and beyond, many employers are expected to encounter difficulties hiring qualified applicants for "middle-skill jobs" that require some education beyond high school but less than a college degree, largely due to the impending retirement of baby boomers and their replacement in the labor force by currently underskilled and undereducated immigrant workers (Holzer and Lerman, 2007). Education and training efforts spearheaded by workforce intermediaries can create a new pipeline of middle-skilled workers that employers will rely on to remain competitive in the global economy. Additionally, workers connected to intermediaries often have access to supportive services that increase their job retention rates, thereby reducing employers' costs related to job turnover. Employers are also eligible for special tax credit savings that reduce their overall operational costs when hiring low-wage workers. These gains provide a real opportunity for workforce intermediaries to garner increased support from the business community and government. Recognizing that the benefits attributed to improving the advancement prospects of low-wage workers may resonate less in the ears of some policymakers than those associated with strengthening the economy, increased efforts

must be taken to publicize the positive impact of workforce intermediaries on employers' bottom line results. With this information more widely disseminated, policymakers can reconcile the seemingly contradictory demands of successfully building skills and income among low-wage workers, while also enhancing long-term economic growth and productivity.

Policy Recommendations.

Public Finance Reform and Tracking: There are several steps policymakers can take to increase the scope and impact of workforce intermediaries. First, they can allocate more federal funding specifically for the purposes of educating and training low-wage workers. Despite current fiscal constraints, it is imperative that federal and state agencies maintain current levels of funding for workforce development, regularly increase those levels to compensate for inflationary effects, and authorize a growing portion of such funds for the provision of career advancement services to single mothers.

To ensure that workforce intermediaries achieve greater scale and leverage the resources of the private sector, the federal government could require that all public grants receive matching private sector support. For every dollar of public funds allocated to workforce intermediaries, for example, the federal government could require a one-dollar matching contribution from private foundations, $2.50 from employers, and $.50 in participant tuition fees. In this example, one dollar of federal support would yield an additional $4 in private sector investment, with a majority of private resources coming from employers that stand to benefit directly from an increased investment in low-skilled workers. If the federal government were to appropriate $100 million for such an initiative, a $500 million fund would be created to increase the scale and impact of

workforce intermediaries across the country. Based on the outcomes generated by WRTP to date, this $500 million fund would likely enable over 7,000 low-wage workers to secure employment paying $10/hour or more, and create 30,000 new jobs across the country.[10]

In addition to public finance reform, the federal government should establish more uniform funding and tracking measures across the disparate public workforce funding sources. Aligning these requirements will provide workforce intermediaries and other service providers with greater freedom to develop career and economic advancement initiatives that provide low-wage workers with a continuum of services essential to securing advancement.

Private Sector Reform: The private sector can also play an active role in developing the capacity of workforce intermediaries. National and regional foundations dedicated to advancing opportunities for single mothers can provide workforce intermediaries with a larger share of funding for organizational capacity-building purposes, thereby fostering innovation in workforce development activities and eliminating advancement barriers facing low-wage workers. These funding sources are critical to intermediaries since government restrictions often disallow the use of public resources for organizational capacity-building. An increased effort on the part of foundations to provide such funding will go a long way towards expanding the number of effective workforce intermediaries nationwide. Lastly, workforce intermediaries themselves should explore fee-for-service financing models to ensure their long-term financial sustainability. Such models could take the form of tuition payments, employer contributions/fees, or union-management training funds (Fischer, May 2005). These

private sector strategies could supplement available public resources to support career advancement programs.

By developing the capacity of workforce intermediaries to address the nation's high-skilled labor needs, the proposed reform measures also promise to increase business productivity. Increasing the presence of workforce intermediaries nationwide will therefore generate employer efficiencies while simultaneously improving advancement opportunities for thousands of single mothers nationwide.

The Role of Community Colleges

New workforce policy must also promote the role of community colleges in training and educating single mothers. Not only are community colleges seen as a primary component of workforce policy and occupational training, but nationwide the system is designated as the lead agency to provide workforce training in 19 states (Boswell and Jenkins, September 2002). Each year community colleges engage 5.5 million students in higher education, of whom over 40% are students enrolled in noncredit, job-related training programs (Demos, Winter, 2007).

Single mothers who participate in community college-based occupational training programs gain opportunities to increase their long-term earning capacity. Research has shown that individuals who attend one-year of community college experience an average annual income gain of 6% in the year following coursework, and in 2004, workers with at least some college experience earned, on average, 20% more than their counterparts who held only a high school diploma (Osterman, 2007; Draut, February 2007). Even those who attend community college to take remedial education courses tend to become more productively employed than other low-wage workers, with over 50% of students securing

mid-level, white-collar, or technical positions and fewer than 10% remaining in unskilled or low-skill work upon course completion (Community College Leadership Program, 2006). The challenge community colleges face when it comes to promoting career advancement is not how to endow students with marketable skills that yield an increase in earnings potential; rather, the difficulty lies in ensuring that working adults complete their studies so they can reap the earnings gains that result from completion of certificate and degree programs.

Engaging low-wage working adults over the long-term to ensure that they complete their course of study is an ongoing struggle. Although the system has little difficulty enrolling students initially, data show that only a slim majority complete their intended coursework. One longitudinal study of high school graduates in 1992 found that by 2000 roughly 60% had not yet received a community college certificate. Those students who entered community college but did not complete requirements for an associate's degree received, on average, only 16% of the necessary credits to obtain a full year's worth of community college credit (Osterman, 2007).

Two major impediments stand out as the primary causes of student attrition – family life responsibilities and the cost of attending college. Non-traditional students make-up the majority of students at community colleges, and working adults – especially single mothers – often struggle to find the time to attend classes. Indeed, a majority of students enrolled in occupational training programs at community colleges are adults, aged 24 or older; nearly two-thirds attend school part-time; 80% work at least part-time; and nearly 40% spend more than 11 hours per week caring for dependents (Osterman, 2007; Community College Leadership Program 2006). As a result, many of these

students do not complete their intended studies due to their family and other life responsibilities. Furthermore, among the student respondents to the 2005 Community College Survey of Student Engagement, 45% reported a lack of finances as a primary reason for possibly not returning to school in the future (Community College Leadership Program, 2006). Thirty-seven percent and 29% of respondents, respectively, also cited working full-time and caring for dependents as major constraints to continuing their educational pursuits.

Policy Recommendations.

Increasing program completion rates among low-wage working adults attending community college requires three key service improvements – (1) more closely integrating community college funding streams to create better structured career pathways for working parents; (2) developing targeted engagement strategies in training programs with high dropout rates; and (3) restructuring the federal financial aid system to make school more affordable.

Integrating Funding Streams: Community colleges struggle to connect their remedial course offerings, such as GED preparation courses, with more advanced education and training programs due to the separate funding silos that support these disparate efforts (Osterman, 2007). Students with greater educational deficiencies, as a result, struggle to advance beyond basic education classes and into more advanced occupational training programs that provide the most potential for economic advancement. By integrating their funding streams, community colleges will be better able to align their service offerings and create more structured pathways for single mothers to achieve career and economic progress.

Portland Community College (PCC) is an exemplary model of a community college that successfully pools its resources to create sequential career-building programs for low-skilled adults. Students at PCC are able to build upon their previous educational investments by transitioning into more advanced career pathway modules, and the program model is designed with multiple entry and exit points to provide working adults with much needed flexibility when pursuing higher education. Similar to the efforts of workforce intermediaries, PCC works closely with local employers in each career pathway module to ensure that the needs of the business community are met, and to ensure that students who have completed a training program and are entering the labor market reap immediate economic payoffs through employment (Osterman, 2007).

Matched Private Support: In addition to integrating funding streams, the federal government and states could also require greater matched private support for community colleges. By leveraging public financing to generate greater private sector collaboration, community colleges will be more likely to build career advancement initiatives into their service offerings. Leveraging the efforts of the private sector through public finance reform will also ensure that community college-based training and advancement programs specifically address the needs of local employers best positioned to hire participants upon completion of their training.

Developing Targeted Engagement Strategies: To increase program completion rates, community colleges must develop more targeted engagement strategies that address the family/life responsibilities of single mothers. An analysis of the national student to counselor ratio at community colleges, which currently stands at 1,000 to 1, indicates that the system today does not allocate enough resources for counseling and supportive

services to prevent attrition (Osterman, 2007). Engagement strategies need to be integrated into the design of training programs to ensure that students at high-risk of dropout are aware of, and utilize available school retention services. Additionally, more family services – such as on-site childcare services – must be made available to parents attending college to reduce attrition rates. With these supportive services established and made widely accessible, more single mothers will find ways to juggle their many responsibilities and address those barriers to success in the classroom.

Examples of innovative engagement strategies employed by community colleges include the development of academic and family advising to help students with children identify their professional goals; the introduction of career counselors into degree/certification programs to help students make the connection between their academic and professional pursuits; and the provision of specialized faculty training to encourage active and collaborative learning in the classroom (Ashburn, October 2006; Community College Leadership Program, 2006). Recent research about performance-based student scholarships, which make financial aid contingent upon maintaining enrollment and/or minimum grade-point average, also suggest that they can have a large, positive effect on academic achievement among single-mother student populations that face multiple barriers to completing college (Hayes, 2008). Additionally, distance-learning strategies can be employed so that working parents are able to complete their coursework remotely. These measures can further reduce barriers to program completion as a result of parenting or work responsibilities, or poor access to transportation. .

Restructuring Federal Financial Aid: College affordability is a critical and growing problem precluding many low-wage workers from attending institutions of

higher education. Over the past two decades, the cost of tuition at community colleges has risen by 85%, from $1,227 in 1986 to $2,272 in 2006, largely due to significant decreases in per-pupil state spending on public education (Draut, February 2007). Although student tuition fees have increased over the past twenty years, the federal government has simultaneously adjusted the distribution of federal financial aid to heavily favor loans instead of grant-based assistance. In the 2003-2004 school year, for example, only 21% of the $91 billion in federal financial aid took the form of student grants, whereas loan-based aid accounted for over 70% of total federal assistance (Draut, February 2007). In comparison, grant assistance in 1980 constituted 55% of total federal student aid expenditures; loans stood at only 41% (Ibid). The result of this distributional shift is that as the cost of higher education rises, students are finding it increasingly difficult to pay for their studies. This issue is of particular concern to single mothers, as they often do not receive grant-based aid because of their part-time student status. In 2000, only 3.5% of working adults attending school less than half time received Federal Pell Grants, the largest form of means-tested grant assistance for low-income students pursuing higher education (Osterman, 2007). The lack of financial assistance available to these students has resulted in the accrual of significant debt, averaging nearly $9,000 for a former community college student (Demos, Winter, 2007). This debt threatens to offset the economic gains single mothers can obtain by enrolling in community college-based occupational training programs.

Making college-based occupational training programs financially viable for single mothers requires that the federal government allocate more grant-based assistance to those in need. The federal government should also make Pell Grants more widely

available to low-income individuals attending school part-time, and to working adults who are enrolled in certificate, rather than degree-based programs. At the state level, policymakers should maintain their current levels of appropriation to public institutions of higher education (and adjust them for annual increases in inflation) to counter the trend of rising student tuition. Enacting these measures will make it more likely that students will maintain engagement in training; these strategies may also encourage other single mothers who otherwise might not enroll in school-based training to realize the economic payoffs available to them if they enroll and complete an occupational training program at a local community college.

The Role of Income-Enhancing Work Supports

If the objective of new workforce policy is to ensure that low-wage workers achieve economic adequacy and develop the capacity to attain long-term upward mobility, then the development of effective career advancement initiatives is only part of the solution. Although workforce intermediaries and community colleges can play a significant role in enhancing the employment and earnings prospects of single mothers, they are not, in and of themselves, the consummate solution to increasing opportunities for economic advancement. And although it is true that low-wage workers assisted by workforce intermediaries and community colleges earn, on average, several more dollars per hour than the typical low-skilled worker, a closer analysis of their earnings prospects indicates that they still fall far shy of the estimated $40,000 in annual income needed to attain economic self-sufficiency for a single-earner with two children (National Center for Children in Poverty. June 2006). Given the difficulty single mothers face in

achieving economic self-sufficiency, many require further help to increase their skills and earnings.

Integrating existing work supports into structured career advancement programs, and providing facilitated access to these income-enhancing resources, is one way to further buttress family income. Work supports over the past decade have become an integral component of our nation's policy for aiding low-income earners and discouraging long-term reliance on welfare. In conjunction with the passage of welfare reform in the late 1990s, increased availability of work supports – including the Earned Income Tax Credit, Food Stamps, affordable health insurance, and child care subsidies – has significantly supplemented the low hourly wages of entry-level, low-skilled work. But despite the fact that greater attention has been paid to work supports over the past decade, low-wage workers are not fully utilizing the supports to which they are entitled. For some programs, such as Food Stamps and childcare subsidies, fewer than half of all eligible workers access these benefits, and fewer than 10% of workers nationwide access the full range of work supports to which they are entitled (Wallace. January 2007). Low take-up is often the result of onerous application procedures, the perceived stigmatization of supports administered through local welfare offices, a general lack of awareness that such resources exist, and concerns among many immigrant populations that they or their children do not qualify for, or may even face negative legal consequences as a result of seeking public assistance (Ibid).

Encouraging work support utilization in the United States provides a major opportunity to activate existing policy that has been specifically designed to increase the household income of single mothers. Although the benefit package available varies

across states and municipalities based on levels of perceived need, in many locations families could double their household income by simply accessing the full range of work supports to which they are entitled (Ibid). In addition to increasing income, greater benefit utilization also advances the goal of existing workforce policy – namely to empower single mothers to advance on their own accord as productive members of the labor force. Rigorous program evaluations over the past decade have found the most effective career advancement initiatives to be those that not only connect individuals to employment and training, but also to other supportive services and benefits – including income-enhancing work supports that encourage individuals to remain engaged in training and retain a long-term connection to the labor market (Poppe, Strawn and Martinson. 2004).

Policy Recommendations.

Managing Benefits: Increasing the take-up of work supports will require new strategies that make applying for and managing benefits easier. Significant efforts must also be taken to de-stigmatize work supports so that individuals do not view them as an extension of the welfare system. Both these efforts can be achieved by integrating work supports into the existing structure of One-Stop Career Centers (One-Stops) across the country. One-Stops, established and federally funded through the Workforce Investment Act (WIA), serve as a single point of contact for employed workers and jobseekers in search of job readiness, training, and placement assistance. Specifically, One-Stops were created to ensure that a universal population of workers and jobseekers could easily navigate and access various employment services through one multipurpose agency. As such, they can significantly reduce the level of stigmatization single mothers associate

with work support programs, given that the system is designed to serve a broad range of individuals with varying levels of education and skill.

Making work supports available at local One-Stops also promises to increase the take-up of those resources, by enabling individuals to access benefits at a central facility. Presently, workers are often required to apply for different work supports at separate welfare offices. This process is inconvenient at best, and sometimes not even possible for working parents who already struggle with time to manage their work and family obligations, leaving little left-over time to navigate the intricacies of the work support system. Establishing a central work support hub through the One-Stop system can ensure greater efficiency and convenience for single mothers in accessing available resources. To further encourage benefit access, policymakers should also consider utilizing new technologies to centralize application procedures and encourage the bundling of work support programs. For example, the electronic filing of benefits could take place from home, work, or a public library by accessing the Internet. This would reduce time pressures on overburdened single mothers and other low-wage applicants juggling work and parental responsibilities.

One of the most promising efforts currently being made to bundle career advancement and work support services through the One-Stop system is the Work Advancement and Support Center (WASC) Demonstration Project, developed by MDRC. WASC augments the traditional provision of job readiness and placement services at participating One-Stops by providing low-wage workers with facilitated access to financial work supports and a more targeted job retention and advancement orientation (Anderson, Kato, and Riccio, March 2006).

Within WASC's program model are innovative service strategies to ensure that program participants increase their household earnings and receive the skills and support necessary to achieve economic adequacy and advancement over the long-term. These services include: individualized career coaching; employer intervention assistance to deal with participants' job-related problems; assistance with the development of transportation and child care plans; and facilitated access to community-based organizations with expertise in addressing acute barriers to employment around substance abuse, legal issues, and mental illness. And most relevant to this discussion of bundling work supports and career advancement services, WASC provides low-wage workers with facilitated access to work supports through the: (1) development of simplified enrollment and recertification procedures; (2) dissemination of benefit eligibility information through the WASC income calculator; and (3) provision of guaranteed child care subsidies to parents with children (Anderson, Kato and Riccio, March 2006).

Early analysis of WASC suggests that the project is enabling low-wage workers to access substantially more integrated services than they would otherwise receive. Although MDRC is still in the early stages of assessing WASC's impact on the advancement prospects of program participants, the demonstration project will provide a better understanding of the best practices policymakers and practitioners can adopt to improve the economic prospects of single mothers and other low-wage earners. Additionally, as a joint public/private initiative, WASC will provide insight for future career advancement initiatives to identify best practices around the development of collaborative partnerships to achieve economic progress on behalf of low-wage workers. If WASC proves successful, more efforts should be taken to replicate the program model.

Conclusion

The number and proportion of single mothers in the labor force is growing and many continue to work in a low-income category even though three-fourths of them are now members of the paid labor force. If low-wage single mothers are to share more equitably in the gains from rising productivity, they will require greater access to career and economic advancement opportunities through education, marketable skills training, and income-enhancing work supports. Such interventions offer single mothers and other low-wage workers the best opportunities to acquire family-sustaining wages.

There is no doubt that steep challenges exist to implement new workforce policies to provide greater career and advancement opportunities for low-wage workers. The fragmented nature of the workforce system in the United States and distinctive characteristics and influences on low-wage work make a joint management/labor development preferable. Low-wage earners not only appear to experience low and diminishing rewards for their contribution to productivity growth, more frequent and longer periods of unemployment, but also lesser access to fringe benefits and fewer built-in programs fostering advancement. They are susceptible to the effects of global competition and are less resilient without training than higher earners to the effects of technological change. Collaborative participation in strengthening business operations and planning and advancement process would give both workers and management a voice in designing a more effective career.

Reaching our collective potential requires that the roles of public and private actors be more clearly articulated and integrated. The federal government must identify the strategic goals of advancement to be achieved, and earmark public resources to make

the attainment of these targets possible. States and municipalities must ensure that local efforts reinforce these federal priorities. Private sector entities must increase their direct service capacity to provide targeted services where needed, and to fill gaps in the public workforce system that thwart advancement. Through such collaboration, a more effective workforce system can be established that strengthens employer efficiency and productivity, while making economic advancement for single mothers and other low-wage workers a national priority.

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SINGLE MOTHER AUTHOR BACKGROUNDS

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[1] We focus on only one aspect of single mothers' lives – economic hardship – that underlies many of their activities. Their work also involves emotional support of family members and their physical well-being, household provisioning, as well as every day caring for and raising of children and providing for their education. Single parent responsibilities and demands on their time and energies are multiple.

[2] For example, official family data do not regularly report on gay and lesbian families, nor do they report on cohabiting families, although the latter have grown from 3 to 5.5 million between 1990 and 2000. No regular account is taken of the growing number of blended families as a category, not infrequently composed of 2 or more clusters of stepchildren. Sometimes single mothers and children live in a grandparent household – grandparents are often the parental figures here. "Non-family households" composed of unrelated individuals, a form that has grown twice as fast as family households, sometimes fulfill the role of family.

[3] The Bureau of Labor Statistics estimates that in March 2006, 19% of all families in the United States were maintained by women without spouses, whether or not they had children, an increase from 11% in March 1970. In March 2006, they represented 46% of Black families, 23% of families of Hispanic or Latina ethnicity, 14% of White families, and 12% of Asian families. In that period, the proportion of families maintained by men without spouses also rose – from 2% to 7% (Cromartie, 2007, pp. 35-36).

[4] For a recent discussion of U.S. labor market issues see Holzer and Nightingale, Eds. 2007.

[5] A series of monographs evaluating current unemployment insurance policy and recommending improvements have been published under the Hamilton Project of the Brookings Institution (*U.S. News Wire* September 2006). Proposals for improvement of the unemployment insurance program include greater uniformity of provisions among states through federal guidelines for eligibility and benefits, an extension of coverage to a broader group of workers, and establishment of a system of personal accounts for self-employed, including matching federal contributions and introduction of wage insurance for low-wage workers who find that changing jobs often results in reduced wages. Higher expenditures would be covered by an increase in the federal unemployment tax – a tax that has not been raised in over twenty years (See Hacker, September 2006; Kletzer and Rosen, September 2006; Kling, 2006).

[6] The Urban Institute estimates that the increase in the minimum wage will raise incomes of more than 4.5 million poor workers and 9 million other persons whose incomes are just above the poverty level (*New York Times* April 25, 2007).

[7] The Workforce Investment Act of 1998 (WIA) is a major federal workforce programs. WIA offers job placement assistance, case management, and occupational or on-the-job training to jobseekers through more than 600 local One-Stop Career Centers. Because it does not assign any priority to specific hardship groups such as the hard-to-employ, WIA's impact on the working poor is limited. Training, when offered, is limited and fails to target those most in need of assistance, including poor single mothers and other low-wage workers

[8] Indeed, since 1985 the U.S. Department of Labor has decreased its inflation-adjusted investments in worker training by nearly 30%, despite the fact that educational and training programs across the country only serve an estimated 25% to 30% of the 20 million low-wage workers (Colborn January 2005; Carnevale and Desrochers, 2004). It is estimated that only $50, on average, is available per year per low-educated, non-employed adult for federally-financed employment services and/or job training (Holzer and Waller, December 2003).

[9] The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) replaced a sixty year-old welfare program, Aid for Families with Dependent Children (AFDC) with the Temporary Assistance for Needy Families (TANF). Welfare recipients are no longer entitled to cash assistance strictly on the basis of need. TANF limits recipients to five years of benefit over their lifetimes, and only provides economic support to individuals who are actively engaged in job training or work. A service "work-first" approach – focuses on placing TANF recipients in jobs to give them the experience of working in paid employment. Through "work-first," TANF recipients gain an understanding of the customs, obligations, and experience of paid work. Although numerous studies document the positive effects of education and training on job quality and earnings (Ganzglass, April 2006), the results of post-welfare employment experience grounded in the "work-first" philosophy reflect sporadic job continuity and low wages among welfare leavers.

[10] Another proposal to encourage, facilitate, and reward work is being extended by Harry Holzer of the Georgetown Public Policy and Urban Institutes. Holzer proposes that the federal government provide $5 billion in matching funds for increases in state, local, and private expenditures on career advancement projects (Brookings Institution, December 2007). The proposed Worker Advancement Grants for Employment in States (WAGES) would identify, expand, and replicate successful career advancement strategies by rigorously evaluating programs and disseminating data on effective program models. Over the course of one decade it is expected that WAGES would serve about 7 million low-wage workers and generate $160 billion in benefits for them (Brookings Institution, December 2007). These fiscal reforms are designed to ensure that targeted federal resources and matching private sector support will enable workforce intermediaries to achieve significant results that simultaneously serve the needs of low-wage workers and the business community.