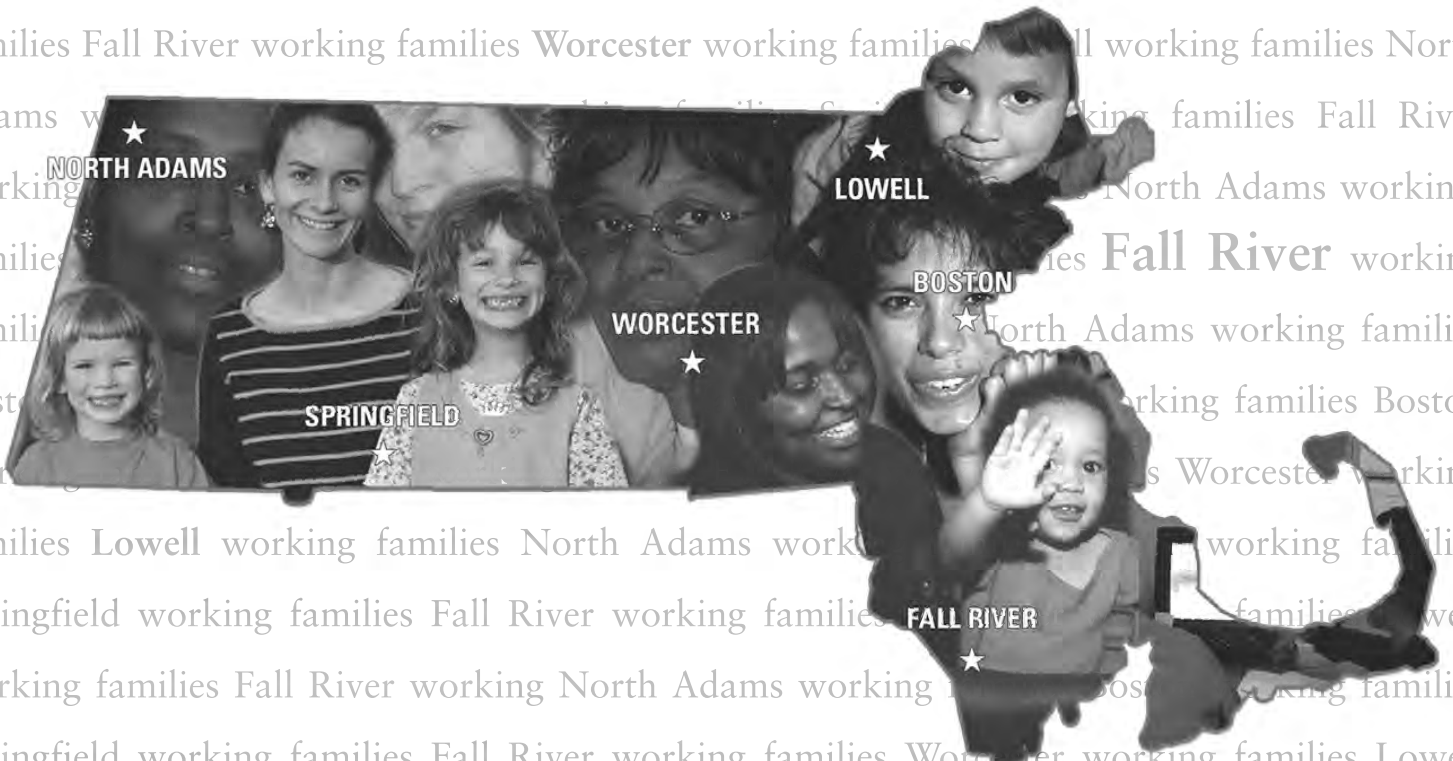




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Investing in Massachusetts Working Families: A Framework for Economic Prosperity

A report by the Massachusetts Family Economic Self-Sufficiency (MassFESS) Project

ABOUT THE WOMEN'S UNION

Since its founding in 1877, the Women's Educational and Industrial Union has been a trailblazer in formulating and implementing strategies to address the educational and economic barriers confronting women. To help women gain the skills and support they need to become self-sufficient, the Union operates the following innovative programs:

Massachusetts Family Economic Self-Sufficiency Project (MassFESS), is a coalition of community organizations and leaders from across the state working to create effective strategies to influence policy-making on education and training, with the goal of improving prospects for the working poor in low-wage labor markets. To help families achieve greater economic security, The Women's Union established the Self-Sufficiency Standard to measure the actual costs of living, working and raising a family in the Commonwealth and is advocating for its adoption as an official benchmark for the development of public policy.

Health Economic Sufficiency Standard (HESS) is a comprehensive measure of the health-related economic burden faced by families in the Commonwealth. It captures the cost of health insurance, illness, and family care-giving in a single model while accounting for the experiences of diverse households. The HESS is a critical benchmarking tool for Union advocacy efforts supporting the development of holistic workplace and public policy responses to health access barriers, illness, and disability.

Horizons Housing Program is New England's first comprehensive supportive housing program for battered, homeless women and their children. Horizons provides supportive services and workshops on single parenting, AIDS awareness, children's activities, assistance in locating permanent housing, and employment training and referrals.

Woman to Woman is a professional development and mentoring program for low-income mothers in Greater Boston. It offers career and skill development workshops, computer training, and strong mentoring relationships to empower participants to become self-supporting.

Home Health Care Services (HHCS) provides quality in-home services to the elderly and adult-disabled. HHCS helps to meet the growing need for quality home-based health services provided by well-trained and compassionate individuals, and also provides educational opportunities to strengthen workers' job skills, thereby increasing their ability to support themselves and their families.

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A Report By

The Women's Union

April 2004

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INTRODUCTION

In 2002, a nursing department at a community college in the Boston area received 270 applications from people who sought postsecondary education to secure a good job that could support a family in Massachusetts. Only 90 of the applicants had the necessary literacy skills to qualify for admission. Due to funding constraints and a lack of qualified nursing faculty, the college could only accept 18 of the 90 motivated and qualified applicants as students. Only nine students were able to graduate because they had the temporary supports needed to balance higher education with full-time jobs, childcare, transportation challenges, and health care crises. Less than four percent of the 270 Massachusetts adults who were looking for a chance to make a better life for themselves and their families could get the postsecondary education and support services they needed to advance from working poverty to family economic self-sufficiency.

The reality described above is happening in many other industries throughout the state, with serious consequences for low-wage working families, employers, and regional economic development. Massachusetts faces a serious skills shortage. One-third of working-age adults in Massachusetts, 1.1 million adult workers, lack the skills to succeed in today's knowledge-based economy. Only a small fraction of them can get the education, training, and temporary support services it takes to help families achieve self-sufficiency and to ensure a strong economic future in regions across the state. Good jobs go unfilled because workers who need those jobs lack the necessary skills.

The other Massachusetts

Massachusetts is a wealthy state where the median income is \$61,000, almost 50 percent above the national average; a highly educated state where 49 percent of 25-54 year-old adults have an associate's degree or higher, 35 percent above the national average; and a progressive state where public services are renowned for their large scale and quality. But there is another Massachusetts, a state where a large number of working families with limited education and low skills do not have opportunities that would help them move up the career ladder to jobs that would allow them to provide for their families.

Massachusetts is a state of contrasts. In one of the wealthiest states in the nation, more than 25 percent of workers have low-wage jobs that pay less than \$8.84 per hour, or \$18,387 per year working full-time. In a national center of higher education where postsecondary education is necessary for most jobs that pay family-sustaining wages, 37 percent of Massachusetts adults have only a high school diploma or less. Half of the students who enter community colleges are not prepared for college level work and have to take remedial courses.

In a state that ranks 47th in the nation for labor force growth over the past ten years, upgrading the skills of adult workers is critical to ensuring a strong economic future for Massachusetts and to helping low-wage workers with limited skills meet their family's basic needs. Less than one

percent of Massachusetts adults without a high school diploma or GED receive federally funded job training, and less than six percent are enrolled in adult education programs. Less than four percent of welfare recipients participate in education and training programs, almost 40 percent below the national average.

Low-wages in a high cost state

The economic boom of the 1990s that brought unprecedented wealth for many Massachusetts residents brought stagnant wages and huge increases in the cost of living for others. The income gap between high and low-income residents grew significantly wider during this time, and it became even more difficult for low-wage families to meet their basic needs.

With such a high cost of living, traditional measures like the federal poverty level do not tell the real story of low-income working families in Massachusetts. The Massachusetts Family Economic Self-Sufficiency Standard – a measure of the real income needed to meet the basic housing, health care, child care, food, and transportation needs of different types of families in specific regions – found that 25 percent of all families in Massachusetts, and nearly 50 percent of urban families, did not earn enough to meet their basic needs in 1998. The real cost of living in Massachusetts has gone up 17-35 percent in regions across the state between 1998 and 2003, while low-wage working families faced severe job losses and stagnant wages. As a result, it is likely that more than 25 percent of Massachusetts families now earn less than the income needed to meet their basic needs without public or private supports.

Depending on where they live in Massachusetts, a family with one adult, one preschool child, and one school-age child has to earn 228 percent to 336 percent of the federal poverty level just to make ends meet (See Appendix A). It would take \$16.80 an hour working full-time to support such a family in North Adams, and \$24.66 an hour in the city of Boston. It is increasingly hard for workers without postsecondary education and skills to find jobs at these wages. In the knowledge-based Massachusetts economy, large numbers of lost manufacturing jobs have been replaced by high-wage jobs for people with postsecondary education, and low-wage service sector jobs for people with limited skills and a high school diploma or less.

The choice to invest in Massachusetts families

Massachusetts faces three key public policy challenges to providing an effective system of education, training, and support services to upgrade the skills of the labor force. The first is to focus workforce development on moving families out of poverty to self-sufficiency. The second is improving working families' access to education, training, and support services. The third is aligning education, training, and social service programs into an integrated workforce and economic development system. An adequately funded, integrated system with the goal of helping families attain self-sufficiency will help Massachusetts develop the skilled workforce it needs to function competitively in the global economy.

Massachusetts is in the midst of a state and local fiscal crisis brought on by decades of state tax cuts and the recent recession. The result has been deep cuts to essential public services that low-wage working families depend on to make ends meet and to advance to family-supporting

employment. The fiscal crisis is also an obstacle to investing in workforce development, adult education, economic development, public schools, and public higher education, all of which are needed to ensure a strong economic future for the Massachusetts economy and a better future for low-wage working families. The state must work to develop budget policies that make it possible to invest in the future of low-wage working families and in the economic future of the state.

Workforce and welfare policies in Massachusetts emphasize a “work first” approach to helping unemployed people secure jobs. While there are promising exceptions, many programs encourage people to accept low-wage jobs with no advancement opportunities rather than encouraging participants to obtain education and training to increase their skills and earning potential. The “work first” approach has also neglected to help most low-wage incumbent workers gain the skills needed to progress to self-sufficiency.

Progress in meeting the long-term economic needs of large numbers of low-wage working families will require a new approach with a clear emphasis on education and training, and on the creation of pathways of advancement to self-sufficiency. Such a policy change will require the use of shared goals and performance benchmarks across the multiple agencies and organizations implementing workforce development programs, and the allocation of resources toward programs which provide these opportunities.

Massachusetts has a broad array of education, training, and support services, but there is a need for stronger integration to transform a number of uncoordinated programs into an integrated workforce system that will not only provide quality services, but also save taxpayer money through effectiveness and efficiency. The 2001 Massachusetts Task Force to Reform Adult Education and Worker Training found that, “The workforce development system has grown up over the years on an ad hoc, piecemeal basis, resulting in dozens of discrete, often disconnected, programs run by a wide variety of independent, but overlapping state and local agencies. The result is a non-system that is difficult for both workers and employers. Moreover, although there are many high-functioning programs, the whole adds up to less than the sum of its parts.” Education and training services, administered by 11 separate state agencies, are comprised of many categorical programs that target different populations and skill levels, have different goals and performance measures, and focus on a narrow range of career ladder advancement.

Meeting the needs of low-wage working families in Massachusetts will require greater investment in public services, a greater focus on upgrading the skills of low-wage workers, and greater integration of services to create a holistic system that is more effective than the sum of its parts.

Promising signs

Despite these challenges, there are signs of progress. Sectoral career ladder programs like the Building Essential Skills Through Training (BEST) Initiative, and the Extended Care Career Ladder (ECCLI) Initiative, hold real promise in creating pathways to advancement from low-wage work and low skills to family-supporting work. The state’s Reach Higher Initiative and the Boston Workforce Development Initiative hold similar promise in converting a broad array of

fragmented services into a more integrated workforce system. Although these efforts are relatively small, regional initiatives, they can be used as examples in creating large-scale, systemic level changes that are needed throughout the state.

Moving beyond promising pilot strategies to systemic change on a larger scale will require changes in public policies, spending priorities, and programmatic practices in workforce development, adult education, public higher education, and human services. It will also require the integration of fragmented services overseen by multiple state agencies into a coherent education and training network that can address the barriers that prevent low-wage working families from gaining the skills and educational credentials needed to advance to self-sufficiency.

This report describes the state of low-wage working families in Massachusetts, the reasons why they remain poor, and the policies and programs that are in place to help working families advance to self-sufficiency. The focus is on the scale and effectiveness of essential public services meeting the needs of low-wage working families in Massachusetts, and on the changes in policy and practice that could make a meaningful difference.

Chapter I describes low-wage working families in Massachusetts, exploring who they are, why they remain poor, and what barriers they face to becoming economically self-sufficient. The high cost of living, low education and skill levels, the recession and trends in the workforce, and the state fiscal crisis all contribute to the phenomenon of working poverty in Massachusetts.

Chapter II examines education and training policies and programs in Massachusetts, focusing on what is working and what needs improvement. Policies promoting education and training simultaneously help low-wage working families to advance to self-sufficiency, and build a skilled labor force to ensure the state's economic future. After assessing adults' education and skills status in Massachusetts, this chapter explores low-wage workers' opportunities to access education and training through postsecondary education, workforce development programs, TANF, and Adult Basic Education programs. Program outcomes are presented and the need to increase integration between programs and systems is emphasized.

Chapter III looks at employment opportunities in Massachusetts and explores the availability of quality jobs that offer low-wage workers the chance to build skills and advance toward economic self-sufficiency. After discussing unemployment in the state, the chapter focuses on economic development policies, career ladder programs, and other initiatives that are underway to create better job opportunities for low-wage working families, that in turn benefit businesses and the state economy. Massachusetts is beginning to move from small, promising practices toward significant systemic change.

Chapter IV describes the state's policies and programs that provide essential benefits and supports to workers. Such supports are crucial to residents' ability to attain education and training credentials, and to retain employment. Massachusetts supplements the incomes of low-wage working families through tax credits, health insurance, childcare subsidies, unemployment insurance, and workers' compensation. The chapter assesses the effectiveness of these policies and programs, stressing their importance for the working poor.

Chapter V identifies recommendations for changes in state policies and programs to improve employment and economic opportunities for low-wage working families, while also building a strong foundation for future state economic prosperity. The recommendations are outlined by three challenges facing the state: to focus workforce and economic development on advancement from low-wage work to self-sufficiency; to improve access to education, training, employment, and support services; and to integrate the workforce and economic development systems.

CHAPTER I

WORKING FAMILIES IN ECONOMIC DISTRESS

Massachusetts has a large number of families who live in poverty in spite of the fact that one or more adults in the home is working. Many people assume that working full-time automatically enables an adult to provide for his or her family. Throughout the country, the existence of low-wage working families proves that this assumption is incorrect. How many low-wage working families live in Massachusetts? What constitutes as “low-wage work” in Massachusetts and why are there so many low-wage working families in the state? Answers to these questions will lay the groundwork for the assessment of state policies and programs that can help families attain economic self-sufficiency.

One-third of Massachusetts families with incomes at or below the federal poverty level (FPL) are working families¹. In other words, over 28,000 families in Massachusetts have at least one working member, but have not raised their incomes above the FPL. In 2003, the FPL for a family of four was \$18,400 or \$8.84/hr on a full-time, full-year basis. Because the FPL does not account for regional cost differences and costs associated with working such as childcare and transportation, policy makers and work support programs often double the FPL to more accurately benchmark the cost of living. In 2001, 16 percent of Massachusetts working families earned below 200 percent of the FPL.²

Although the FPL is the most common and widely-used measure of economic distress, alternative poverty benchmarks exist, such as the Massachusetts Family Economic Self-Sufficiency Standard.³ Published in 1998 and updated in 2003, the Standard calculates the income necessary for working families to meet their most basic needs without any public or private supports, depending on region and family makeup. (See Appendix A)

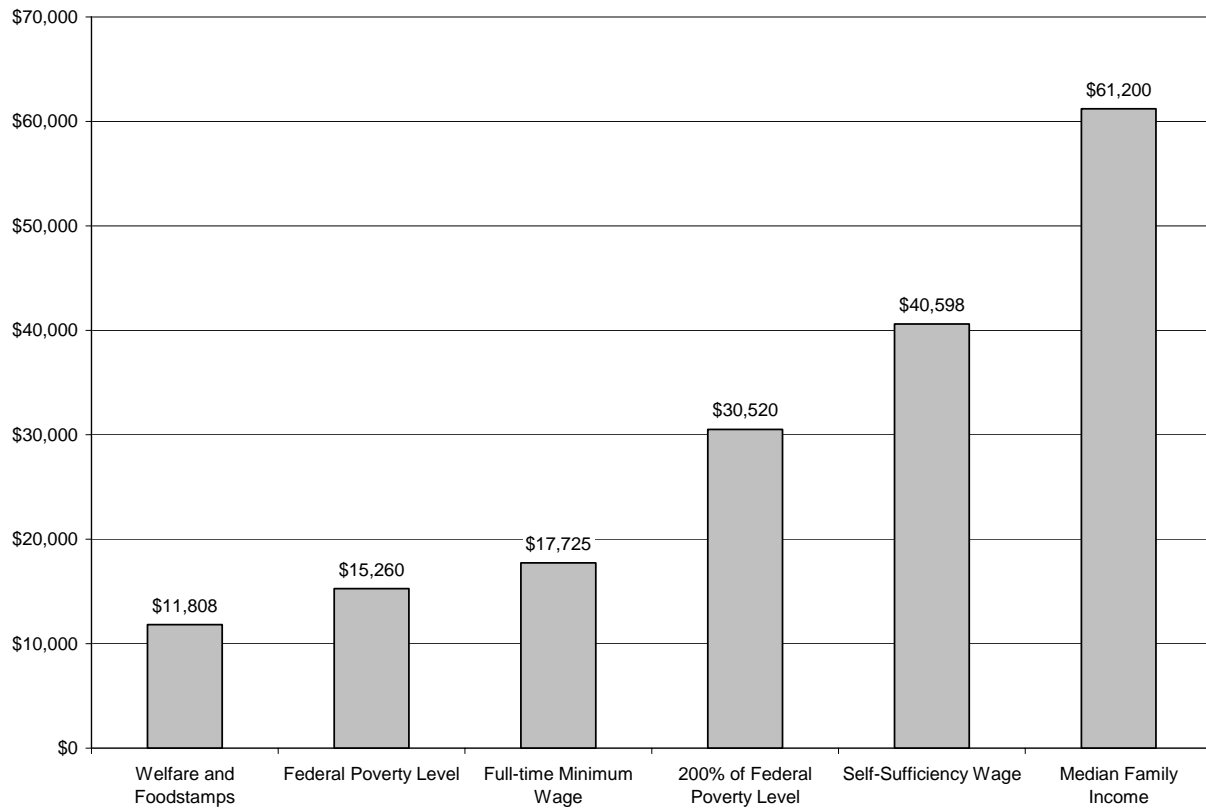
For the purpose of this report, which contains data based on the FPL, the operative benchmark for economic self-sufficiency will be 200 percent of the FPL. However, the reader should keep in mind that due to the high cost of living in Massachusetts, families require from 237-363 percent of the FPL, depending on region and family make-up. Table 1 illustrates the difference in various income benchmarks for a single-parent family of three living in Worcester.

¹ Census 2001 Supplemental Survey.

² Census 2001 Supplemental Survey.

³ Diana Pearce, Ph.D. and Jennifer Brooks, *The Self-Sufficiency Standard for Massachusetts*, 2003, Prepared for the Women’s Educational and Industrial Union. On the Internet at www.weiu.org.

Figure 1: Comparing the Standard to Other Income Benchmarks, 2003⁴
Based on the Self-Sufficiency Standard for One Parent, One Preschooler and One School-age Child in Worcester, MA



Low-wage working families in Massachusetts face an extremely high cost of living. For example, comparing the cost of living in Boston to other major cities across the country shows that only San Francisco and Washington, DC are more expensive for families.⁵ The impact of high costs in Massachusetts on middle class families was documented in a recent study charting the migration of families out of the state in search of more affordable living.⁶ The flight out of state has also been documented among recent graduates of colleges in Massachusetts who often choose to leave the state for more affordable locales with better job opportunities.⁷

For low-wage working families, the high cost of living in Massachusetts is particularly devastating. Housing costs in Massachusetts are among the highest in the nation. In 2003, the National Low Income Housing Coalition ranked Massachusetts the least affordable state for

⁴ Pearce and Brooks, *Self-Sufficiency Standard*, 13.

⁵ Pearce and Brooks, *Self-Sufficiency Standard*, 15.

⁶ Robert Nakosteen, Michael Goodman, and Dana Ansel, *MASS.migration* (Boston: MassINC, 2003).

⁷ The Boston Consulting Group, *Preventing a Brain Drain: Talent Retention in Greater Boston* (Boston: The Boston Foundation and Greater Boston Chamber of Commerce, 2003), 5.

renting in the country.⁸ Boston rental housing costs rose 60 percent from 1998 to 2003.⁹ It is generally accepted that people should strive to spend no more than one-third of their income on rent or mortgage payments. In Massachusetts over three-quarters of low-wage working families spend more than one-third of their income on housing.¹⁰

The impact of the high cost of living on families can be blurred by the extreme wealth of families in the top income bracket. The income gap between the most and least affluent families in Massachusetts has grown substantially over the past decade. In 2001, the income of the top one-fifth of families was almost eight times higher than the bottom one-fifth. Thirty-five states have a smaller income gap than Massachusetts.¹¹ Families in the lowest income bracket are often stuck in low-wage jobs that make it extremely difficult to afford living in such a high cost state.

In the past five years, Boston housing costs rose 60 %

One way for a low-wage working adult to raise his/her income and advance towards economic self-sufficiency is through education and training. In today's economy, most high wage jobs require postsecondary education. What is the educational background of the state's low-wage working families? In Massachusetts, 33 percent of low-wage working families have at least one parent who lacks a high school diploma or a GED and are therefore at greatest risk of remaining in poverty. An additional 25 percent have only a high school diploma and no postsecondary education.¹² The necessity for workers in Massachusetts to attain a postsecondary degree is clear. However, it is important to note that 42 percent of working poor families have some postsecondary education, including those with college degrees.¹³ Thus in Massachusetts, while postsecondary education is a necessity for high-wage work, it is not always sufficient.

Immigrants, who have accounted for over 80 percent of the state's population growth in the past 20 years, are particularly significant to any analysis of low-wage working families' educational status.¹⁴ Many immigrants have limited English skills, and often if they completed postsecondary education in their country of origin, their degree does not translate into a high paying job in this country. Some immigrants never completed high school, or may be illiterate in their native language as well as in English. Because of their limited English skills, immigrants are often relegated to low-wage, entry-level jobs that do not require fluency in English.

From a business perspective, Massachusetts has a shortage of skilled workers. In 2000, a study was released that found one-third of workers in Massachusetts lacked the education and skills necessary to function in today's economy.¹⁵ The mismatch between the demand for highly skilled workers and the large pool of under-skilled workers, demonstrates the state's need to improve its workforce development system.

⁸ www.nlihc.org/oor2003/table1.htm, accessed on 15 January 2004.

⁹ Pearce and Brooks, *Self-Sufficiency Standard*, 16.

¹⁰ Census 2001 Supplemental Survey.

¹¹ Census 2001 Supplementary Survey.

¹² Census 2001 Supplementary Survey.

¹³ Census 2001 Supplementary Survey.

¹⁴ Prepared by Andrew Sum and W. Neal Fogg et. al., *The Changing Workforce: Immigrants and the New Economy in Massachusetts* (Boston: MassINC, 1999), 47.

¹⁵ John Comings, Andrew Sum, and Johan Uvin, *New Skills for a New Economy* (Boston: MassINC, 2000), viii.

The recent recession and trends in the Massachusetts economy have added to the state's need for well educated and trained workers. Massachusetts ranks 47th in the nation for labor force growth over the past ten years; immigration has accounted for most of the limited growth. Since the spring of 2001, the state has lost jobs at a higher rate than most other states.¹⁶ While the economy in Massachusetts is expanding in some areas such as biotechnology and healthcare, other key manufacturing industries are shrinking. From 1992-2002, the total number of manufacturing jobs in the state decreased by 20 percent.¹⁷ Manufacturing jobs provide higher wage opportunities to workers who may not have high levels of education and training. Current job openings with family-sustaining wages require high levels of education and skill.

The state fiscal crisis compounds the difficulties faced by low-wage working families as they try to access education and training and higher paying jobs. In order to become economically self-sufficient, families require income and work supports such as health insurance, unemployment insurance, childcare, and housing subsidies. State budget cuts have reduced funding to supportive services and programs that help low-income families bridge the gap between poverty and family economic self-sufficiency. For example, over one-fifth of low-wage working families in Massachusetts have at least one parent without health insurance.¹⁸ The numbers of low-wage workers ineligible for state subsidized healthcare is growing as the state is forced to make cuts to the program because of severe budget shortfalls.

The high numbers of low-wage working families in need of support services, education and training, and higher paying jobs in Massachusetts indicate the need to revise state policies and programs that impact this population. The dearth of adequately trained workers and the high cost of living in Massachusetts hurt businesses and the economy, as well as low-wage earners. Given the state's diverse resources and its history as an innovative and progressive state, Massachusetts can and should invest in improving opportunities for low-wage working families to attain economic self-sufficiency.

¹⁶ Commonwealth Corporation, "Research and Evaluation Brief," Vol. 1, Issue 1, 2003.

¹⁷ Robert Vinson and Navjeet Singh, "Manufacturing: Losses and Gains," (Boston: Commonwealth Corporation, 2003), 1.

¹⁸ Annual Demographic Survey of the Current Population Survey (2000-2002).

CHAPTER II

EDUCATION AND SKILLS TRAINING IN MASSACHUSETTS

Massachusetts has many different policies and programs that provide education and training to low-wage working adults. Education and training programs use state and federal funds and are administered by 11 different state agencies. Some of the programs are unique to Massachusetts and others are federal programs that allow the state to make choices about implementation. A closer look at the education and skill status of workers in Massachusetts will be followed by an examination of the postsecondary and workforce development systems in the state.

Postsecondary education and education and training programs funded through the federal Workforce Investment Act (WIA), the Temporary Assistance to Needy Families (TANF) program, and Adult Basic Education are the specific programs that will be discussed in this chapter.

A. Education and Skills Status of Adults

- **One-third of workers lack the education and skills needed to function in today's economy**

- **Two million adults have poor literacy skills**

Massachusetts is a state of contrasts when it comes to the educational attainment and skill level of its residents. On the one hand, many residents are highly educated, but on the other hand, a large number of workers lack the education and skills they need to succeed in the state's knowledge-based economy. Keeping in mind that earning a family sustaining wage in Massachusetts most often requires postsecondary education, what is the overall level of education for working adults in Massachusetts? Workers who are considered to be of prime working age are those between the ages of 25 and 54. In

Massachusetts, nine percent of adults of prime working age lack a high school diploma or GED and 51 percent lack a college degree.¹⁹

In spite of the relatively high levels of education in Massachusetts compared to other states, low literacy skills are a serious problem for a large percentage of adults. The National Institute for Literacy found that 40 percent of adults in Massachusetts aged 16 and older have "poor literacy skills," which are defined as Literacy Level 2 or below on the National Adult Literacy Survey.²⁰ As demonstrated by a report published in 2000 by Massachusetts Institute for a New Commonwealth, a large number of the state's high school graduates lack adequate literacy skills. This report found that among workers with a high school credential, 667,000 workers in Massachusetts have Level 2 literacy skills or below.²¹ In spite of having a high school diploma

¹⁹ Census 2001 Supplementary Survey.

²⁰ National Institute for Literacy, 1992 National Adult Literacy Survey, and the 1990 Decennial Census.

²¹ Comings, Sum, and Uvin, *New Skills*, viii.

or a GED, half of community college students in Massachusetts require remedial education to acquire the basic skills necessary to complete college level courses.²²

The low literacy level of such a significant number of adults in Massachusetts, including those with a high school diploma or GED, points to an important area of need within the state. Literacy levels must be raised if the state’s workforce is to be adequately prepared to function in today’s economy. Improving the quality of the K-12 public education system is part of the long-term solution, but the postsecondary education system and the workforce development system must address the immediate literacy needs of today’s low-wage working families.

B. Postsecondary Education Policies and Performance

Massachusetts: The Education State?		
Low-Income Students Succeed	BUT	Barriers to Education Remain
58% of community college students return for a second year		50% of community college students require remedial education
60% of post-secondary Perkins students receive a credential		Public university and college tuition increased by 19% in 2003

The expense of higher education prevents many low-income students from attaining a postsecondary degree. Community colleges and the Federal Perkins Loan program, which provides need-based, low-interest loans, are two ways the state attempts to help make postsecondary education more affordable to low-income students. Performance measures of low-income postsecondary student success in Massachusetts indicate that 58 percent of community college students return for a second year²³, and that 60 percent of Perkins students attain a credential.²⁴ These statistics show room for improvement. What are the barriers to low-income students’ success?

Assessment of postsecondary education policies and their impact on the enrollment and success of low-income students will address two areas: financial resources and educational preparedness. One measure of a state’s commitment to low-income postsecondary students is the level of state resources put towards financial aid in comparison to federal funding levels. Massachusetts provides aid to low-income students at 85 percent of the level of the Federal Pell Grant.²⁵ This is a higher percentage than is offered by many states, but four states provide more than 100 percent of the federal level.

²² Community College Policy Center, Education Commission of the States, “State Policies on Community College Remedial Education: Findings From a National Survey,” 2002, 7.

²³ National Center for Public Policy and Higher Education, “Measuring Up 2002: The State by State Report Card for Higher Education,” 2002.

²⁴ This data was generated from the Consolidated Annual Report for the Perkins Vocational and Technical Education Act, 2000-2001.

²⁵ National Center for Public Policy and Higher Education, “Losing Ground: A National Status Report on the Affordability of American Higher Education,” 2002, 22-30.

High tuition costs for postsecondary education in Massachusetts are rising at both public and private institutions. The state budget crisis has resulted in major cuts to higher education. From 2001 to 2004, higher education funding was cut by 293 million dollars, a 27 percent reduction in spending. These cuts have led to significant increases of public college tuition and reductions of over 25 percent in the past three years to financial aid programs.²⁶ Therefore, accessing postsecondary education is becoming increasingly difficult for low-income students. In the past year, the average increase of tuition and fees for public postsecondary institutions in Massachusetts was 19 percent, compared to a 14 percent average increase nationally.²⁷ Community colleges often provide a more affordable way for low-income adults to access postsecondary education, but in Massachusetts these schools are becoming more expensive as well. In 2002, community college tuition and fees were 21 percent of the average family income, which is equivalent to 42 percent of 200 percent of the Federal Poverty Level.²⁸

Postsecondary education can be even more difficult to access for immigrants. Since 1996 and the passage of the federal Immigrant Reform Act, immigrants in Massachusetts have been charged out-of-state tuition at state universities and colleges.²⁹ At the University of Massachusetts, resident tuition and fees for the 2004-2005 school year cost \$7,482 versus \$16,335 for non-residents.³⁰ This legislation negatively impacts the state's economy as well as the immigrant population. Immigrants make up a significant part of the Massachusetts workforce, and creating barriers to their education and training has ramifications for employers who need skilled workers.

Another significant barrier to postsecondary education for low-income students is inadequate preparation for college level courses, which require at least a tenth grade level of reading, writing, and math skills. In Massachusetts, 50 percent of community college students require remedial courses. Therefore, remedial education programs are particularly important in order to give community college students the literacy skills they need to complete a postsecondary degree. In Illinois, the state provides incentives to community colleges with successful remedial education programs. Problems with the K-12 public education system contribute to the high rate of students graduating from high school who require remedial coursework. However, the K-12 system is outside the scope of this report, which focuses on education and training for adults.

Budget cuts and a lack of available funds have led to policies such as the increase in public postsecondary tuition, and have made it difficult for community colleges to expand remedial education programs. However, if Massachusetts is committed to economic recovery and growth,

²⁶ Massachusetts Taxpayers Foundation, "State Spending More on Prisons than Higher Education," 2003, 1.

²⁷ College Board, "Trends in College Pricing," 2003, 12-13. Annual costs for tuition and fees in Massachusetts rose from \$3,554 to \$4,212.

²⁸ National Center for Public Policy and Higher Education, "Measuring Up," 2002. The national range for this indicator is 16-30% and twenty-two states have costs below 20% of average family income. Community college tuition and fees have increased significantly in 2003 due to state budget cuts. Federal poverty level for a family 3, Self-Sufficiency for one parent, one pre-school child, and one school-age child in Worcester

²⁹ Counter legislation has been proposed at both the state and federal levels. New York, Oklahoma and five other states have successfully passed legislation to improve immigrant access to postsecondary education, but for now the high tuition rate remains an additional barrier for immigrants in Massachusetts.

³⁰ www.umass.edu/admissions/quickfacts.html, accessed on 15 January 2004.

it must allocate sufficient resources to postsecondary education to help meet the state's educational needs. This will provide employers with the educated and skilled workforce necessary to fill jobs, while also providing workers with the training necessary to earn family sustaining wages. Promising signs that the state is moving toward making such a commitment include recent initiatives such as the Governor's Reach Higher Initiative which aims to improve affordability and access to higher education.

C. Workforce Development Policies

In addition to the state's postsecondary education system, the workforce development system is the primary point of entry for adult workers attempting to gain the knowledge and skills necessary to succeed in today's economy. The workforce development system encompasses job training and adult basic education programs. In Massachusetts, workforce development programs are offered through One-Stop Career Centers and the community colleges. Therefore, it is important to integrate the state's postsecondary education system with the workforce development system in order to effectively meet the state's education and training needs.

An assessment of adults who most need education and training indicates that very few are receiving services. The state's fiscal crisis limits funding for programs and therefore reduces access to education and training. An examination of state policies within the workforce development system points out additional factors contributing to the unmet need for these services.

It is important to recognize that some adults who enter the workforce development system with low literacy levels, low-skills, and low levels of educational attainment may not be capable of attaining a GED, postsecondary education, or a job training credential. For example, individuals with disabilities or mental health issues often face serious barriers to completing education and training programs. These populations' needs must also be addressed by the workforce development system.

1) The Workforce Investment Act (WIA)

The 1998 federal Workforce Investment Act (WIA) substantially changed a number of federally funded employment, education, and training programs. WIA replaced the Job Training Partnership Act (JTPA) and provides funding for services to adults, dislocated workers, and youth. Implementation began in Massachusetts, as in most states, on July 1, 2000. WIA encourages increased coordination and collaboration among a number of workforce development programs including employment services, job training, adult education, and vocational rehabilitation. It seeks to create a comprehensive workforce investment system with services delivered through a network of One-Stop Career Centers that provides access to an array of

Who Is Getting Education and Training in MA?

- **0.2% of adults aged 18-64 without a diploma or GED receive training funded by the Workforce Investment Act**
- **3.9% of welfare recipients in Massachusetts are placed in education and training programs**
- **5.8% of adults in Massachusetts without a high school diploma and GED are enrolled in adult education**

programs. At the local level, Workforce Investment Boards (WIBs) provide strategic planning, policy development, and oversight of the local system.

In 2003, Massachusetts received a total of 38 million dollars in WIA funds for adult, dislocated worker, and youth services, ten million dollars of which was allocated for adult services.³¹ Federal job training funds have decreased dramatically over the past decade, which has resulted in fewer people being served. WIA adult services are categorized as core, intensive, and training services. In Massachusetts there has been a steady decline in the percentage of funds dedicated specifically for training services, because these funds have been directed towards other services and operational costs of the One-Stop Career Centers. For 2004, Massachusetts has allocated 40 percent of the Title I adult WIA funds for job training.³²

Under JTPA, states were mandated to conduct basic skills assessments to determine placement for all program participants without a high school diploma or a GED.³³ Basic skills assessments are not required by WIA, and in Massachusetts they are conducted on a case-by-case basis according to the worker's discretion.³⁴ Mandating assessments at the One-Stop Career Centers would help workers to better serve low-skill, low-wage workers by directing them towards the educational or training program best suited for them. However, conducting assessments is costly and funding for career centers has declined significantly over the past few years.³⁵

Another way that Massachusetts could improve its allocation of WIA funds is by directing more funds to low-income communities, where there is a great need for services. Through WIA, states are provided guidelines with some flexibility as to how to implement employment, education, and training programs. Massachusetts does not target low-income populations to the extent that it could through its WIA funded programs. For example, WIA permits states to use an alternate funding formula for up to 30 percent of the total allotment to allocate Title I adult funds to areas with excess poverty. Massachusetts is not implementing this funding formula.

Performance measures indicate that WIA funded programs provide services to less than one-half of one-percent of adults aged 18-64 without a diploma or GED.³⁶ Because of the low level of federal funding for WIA, program capacity is limited. In 2003, Massachusetts served 2,900 participants in adult WIA-funded programs.³⁷ Three-fifths of the adults participating in WIA-funded adult activities received job training (see Figure 2). Two-thirds of those who got training received a credential and found employment. Out of all the adult WIA participants who entered work, 80 percent retained employment six months after placement.³⁸ Overall, WIA programs in Massachusetts appear to be successfully leading participants toward employment. However, for low-skill, low-wage workers, a higher number of participants should be receiving job training in order to gain the qualifications necessary to find family-sustaining employment.

³¹ Author's communication with Commonwealth Corporation.

³² Author's communication with Commonwealth Corporation.

³³ Author's communication with Commonwealth Corporation.

³⁴ Author's communication with The Massachusetts Department of Labor and Workforce Development.

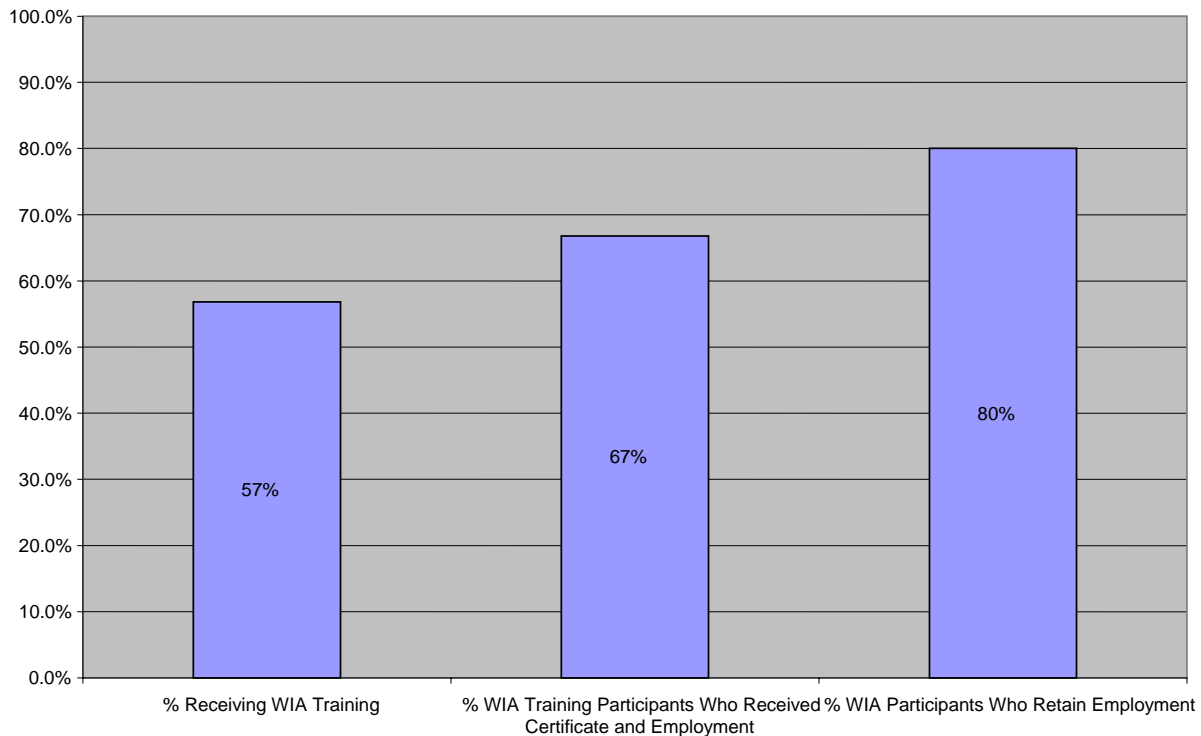
³⁵ Author's communication with Morgan Memorial Goodwill Industries.

³⁶ State Annual WIA Report and data generated from the Population Reference Bureau, 2001.

³⁷ Author's communication with Commonwealth Corporation.

³⁸ FY03 WIA Title I Annual Report, 2003.

Figure 2: Massachusetts Adult WIA Performance Data



2) The Temporary Assistance for Needy Families Program

The Temporary Assistance for Needy Families Program (TANF), popularly known as welfare reform, was enacted in 1996 by the federal government. TANF is the program that provides education and training services to welfare recipients. Most adults receiving welfare cash assistance for their families have cycled between low-wage work and welfare. In the past decade, these families have been the subject of “welfare reform,” one of the most dramatic changes in state and federal law affecting low-income families.

Massachusetts’ welfare reform law, Transitional Aid to Families with Dependent Children (TAFDC), was implemented in 1995 under a waiver of the federal welfare law that existed before TANF. TAFDC imposed a time limit on benefits and a 20-hour per week work requirement for families with school-aged children.³⁹ Massachusetts’ current welfare policies derive from a “work first” (“any job is a good job”) approach that emphasizes work over education and training and does not envision long term economic self-sufficiency for families as a goal. The “work first” approach of the administrations implementing TAFDC⁴⁰ was not compelled by TANF. TANF allows states the flexibility to count education and training programs as meeting work requirements, including the TAFDC work requirement, but the

³⁹ The work requirement was recently expanded, as explained in the next paragraph.

⁴⁰ These administrations include former Governors Weld, Cellucci, and Swift, and current Governor, Mitt Romney.

administrations have refused to do this. Almost four percent of TAFDC recipients are placed in education and training programs, about 40 percent less than the national average of six percent.⁴¹

Recent legislation has expanded the work requirement to include families with children over age two. In an effort to ameliorate this expansion, the Massachusetts legislature provided that education and training would count for these new families under the requirement.⁴² However, the allowance of education and training does not count towards the work requirement for families with school-aged children. Deep cuts to funding for education and training for welfare recipients are impacting the accessibility of programs and the numbers of recipients who are able to participate.⁴³

How Massachusetts Treats TANF Recipients

Only 3.9% of TANF recipients in MA are placed in education and training programs

Average annual income of TANF leavers in MA is \$7,142

Parents of Children six years and older are required to work 20 hours per week. Education and Training does not satisfy work requirement for this group

Parents of children age two to six years are required to work 20 hours per week. Education and Training satisfies the work requirement for this group for 12 months

The time clock continues running for a parent of a pre-school child even when enrolled in education and training

Welfare reform in Massachusetts and across the country has been hailed as a great success, mostly based on the greatly reduced number of recipients. However, performance-based data on TANF recipients' job placement and earnings shows a less than successful picture particularly in terms of economic self-sufficiency. A Department of Health and Human Services analysis utilizing data from 1998-2000 indicated that TAFDC recipients in Massachusetts had a 59 percent employment retention rate approximately nine months after job placement.⁴⁴ However, this rate does not account for the economic downturn and loss of jobs over the past three years, which suggest a lower current retention rate. In addition, the retention rate includes all recipients who worked, no matter how few hours or weeks they worked.⁴⁵

The Massachusetts Department of Transitional Assistance, in charge of implementing TAFDC, does not track the earnings of those who leave the welfare rolls in relation to the poverty level. The only accessible

performance-based data on income of TAFDC leavers is that their average annual income is \$7,142. This average is derived only from leavers who were single parents and had earnings;

⁴¹ U.S. Department of Health and Human Services, "TANF: Fifth Annual Report to Congress," 2003. On the Internet at www.acf.hhs.gov/programs/ofa/annualreport5/0304c.htm.

⁴² Governor Romney vetoed this provision, but the legislature overrode the veto.

⁴³ The Massachusetts annual appropriations acts have, over the past several years, consistently reduced funding for the TAFDC "Employment Services Program" line item, which is the funding earmarked for education and training programs for recipients.

⁴⁴ US Department of Health and Human Services, *TANF High Performance Bonus Rates* (Office of Planning, Research and Evaluation, FY 2001, PY2000).

⁴⁵ Author's communication with Greater Boston Legal Services Welfare Law Unit.

over 30 percent of TAFDC leavers had no earnings.⁴⁶ For single parent families, an annual income of \$7,142 is below the federal poverty level and indicates that welfare policies in Massachusetts are not helping families to escape poverty or advance toward self-sufficiency.

3) Adult Basic Education

The Adult Basic Education (ABE) system in Massachusetts addresses the education and training needs of adults without a high school diploma or a GED, and adults with Limited English Proficiency. The system works best to help people advance towards higher paying jobs when it is integrated with the state's workforce development and postsecondary education system. Ideally, students build basic skills through ABE and then move on to postsecondary education or job training programs after building their English skills and/or completing their GED. In 2000, an estimated 280,000 high school dropouts and 195,000 people with limited English skills were categorically eligible for ABE.⁴⁷ The system is now serving only six percent of those who are eligible each year, with another four percent, or 21,000 people waiting for services.⁴⁸

Adult Basic Education in Massachusetts

- Under 6% of adults without a high school diploma or a GED are enrolled in adult education
- 1/5 of all adult education students advance to get more education and training
- 1/3 of adult education students improve their literacy skills

In Massachusetts, ABE providers and policy makers have focused limited funds on providing quality services over quantity. The result has been smaller class sizes and longer waitlists. In 2000, the amount of funding Massachusetts allocated per adult without a high school diploma or a GED was \$73.64 per student.⁴⁹ In recent years, state spending on ABE has increased dramatically from about five million dollars in 1995 to over 30 million dollars in 2000. However, due to the state budget crisis, state funding of adult education was level funded in 2001 and decreased to 28 million dollars by 2004.⁵⁰ Long waitlists demonstrate a large, unmet demand for ABE in Massachusetts. In order to expand services, the state would have to further increase funding.

The performance indicators of ABE programs in Massachusetts show some room for improvement. Although the ABE system has made great strides in recent years to retain students, only 32 percent of ABE students improve their literacy skills in a given year by advancing to the next level, which is equivalent to two grade levels. Among ABE students with the goal of entering postsecondary education, 63 percent of students successfully move forward

⁴⁶ Author's communication with Massachusetts Law Reform Institute.

⁴⁷ Comings, Sum, and Uvin, *New Skills*, viii.

⁴⁸ Data from Annual Report to the US Dept of Education, 2001-2002 and 2001 Census Supplemental Survey.

⁴⁹ Generated from FY2000 expenditure data submitted to US Dept of Education and 2001 Census data. This indicator reveals the level of state funding allocated for adult education and literacy as measured by state funds reported to the U.S. Department of Education divided by the number of adults in the state without a high school diploma or GED. The national range is \$3.76 to \$172.50 with the top third of states allocating \$39.27 or more per pupil.

⁵⁰ Author's communication with the Massachusetts Department of Education.

to obtain additional education and training.⁵¹ However, out of all adult education students, only 21 percent advance to acquire more knowledge and skills.⁵² These statistics point to both the potential of the ABE system in helping students to advance, and to the importance of enhancing the integration between ABE programs and other education and training provider systems in order to encourage more students to continue their education.

D. Performance of State Education and Training Efforts

This chapter on state education and training policies has been divided by program in order to clarify the state and federal regulations specific to each. However, the framework is not meant to suggest that these programs and policies should only be considered as separate entities. The integration of the postsecondary education system with the workforce development system, and the integration of the subsystems within the workforce development system, is important to creating continuity and efficiency. In 2001, the Governor's Task Force to Reform Adult Education and Worker Training found that the state's workforce development system was "a hodge-podge of disjointed, competing organizations and agencies at the state, regional, and local levels."⁵³ While many positive steps have been taken, integration of community college programs with WIA, TANF, and ABE education and training programs remains an important goal for the Massachusetts workforce development system.

The need for integration is illustrated by attempts to assess the performance of the state's education and training efforts. Currently, in Massachusetts there is a lack of performance-based data that tracks the impact of education and training on student/participant income in relation to poverty. Gathering such data for postsecondary programs and workforce training programs such as WIA, TANF, and ABE, would allow policymakers to measure the success of the entire system based on participant advancement from low-wage work to economic self-sufficiency. The acceptance of a common self-sufficiency benchmark would allow for evaluation and improvement of the system as a whole.

Key efforts are already underway in a performance and accountability study, which is being developed by several state agencies to measure success in the workforce development system. This study defines common measures and goals in an effort to evaluate program success across agencies such as the Department of Education, the Department of Labor and Workforce Development, and the Department of Transitional Assistance.⁵⁴ In addition, the ABE system in Massachusetts is developing an income tracking system through collaboration between the state Department of Education and the State Department of Revenue.⁵⁵

The postsecondary education and workforce training systems implement programs available to low-wage working families who are trying to advance toward economic self-sufficiency.

⁵¹ Adult Education Annual Statistic Report, 2002.

⁵² Data from Annual Report to the US Dept of Education, FY 2002. This measure is computed by dividing the number of all enrolled students by the number of students entering other academic or vocational programs.

⁵³ Governor's Task Force to Reform Adult Education and Worker Training, "Climbing the Ladder: Expanding Opportunity Through Training," 2001, 5.

⁵⁴ Author's communication with Commonwealth Corporation.

⁵⁵ Author's communication with the Massachusetts Department of Education.

Therefore, these efforts to gather data that indicate whether or not Massachusetts programs and policies are accomplishing this goal are vitally important.

CHAPTER III

EMPLOYMENT OPPORTUNITY

Improving education and training efforts is not enough to help low-wage working families to advance to self-sufficiency. In addition, jobs with opportunities for advancement and wage-increases must exist to employ workers and to provide on the job education and training. Integration of the workforce development and economic development systems must focus on advancing workers from low-wage work to self-sufficiency.

This chapter will look at employment opportunities for low-wage workers and what the state is doing to create pathways to advancement. What is Massachusetts doing to make quality jobs available to low-wage, entry-level workers? After examining unemployment figures in Massachusetts, this chapter will review some promising state policies and programs that strive to provide low-wage earners with career ladders to build skills and advance to higher paying jobs that will lead to self-sufficiency. For labor participation rates in Massachusetts, see Appendix B.

A. Employment in Massachusetts

In 2003, the average annual unemployment rate in Massachusetts was 5.8 percent, compared to the national rate of 6.0 percent. In March and December of 2003, Massachusetts' unemployment rate rose above the national rate for the first time since 1995.⁵⁶ Because unemployment figures do not count discouraged workers among the unemployed, experts agree that unemployment rates may be deceptively low. A recent study of unemployment in Massachusetts found that one out of every nine workers was either unemployed, under-employed, or had stopped looking for work.⁵⁷ Data from 2002 showed that eight percent of people were not fully employed.⁵⁸ These statistics illustrate that unemployment in Massachusetts is more widespread than figures suggest. Given the recession and large number of jobs lost since the economic downturn, it is not surprising that people are having difficulty finding jobs.

⁵⁶ www.detma.org/releases/detnew195.htm, accessed on 2 March 2004.

⁵⁷ Andrew Sum and Ishwar Khatiwada, *Labor Market Problems in Massachusetts from the End of the Labor Market Boom in 2000 Through the Early Summer of 2003*, (Boston: Center for Labor Market Studies, Northeastern University, 2003), 17.

⁵⁸ Basic Monthly Survey of the CPS, 2002. Of the 8.3%, unemployment accounted for 5.1%, people working part-time who were looking for full-time work but unable to find it accounted for 2.5%, people marginally attached to the labor force accounted for .7%. Marginal attachment to the labor force includes people who have looked for work in the past 12 months and are available to work.

Who Is Not Working?	MA	US
Unemployment Rate (2003)	5.8%	6.0%
Unemployed, marginally attached to the labor force, or employed part-time for economic reasons (2002)	8.3%	9.3%
Unemployed for more than 26 weeks (2002)	21.6%	18.3%

Many people who are out of work have been unemployed for over six months. Long lasting unemployment in Massachusetts is significantly higher than it is nationally. In 2002, 22 percent of unemployed workers in Massachusetts were out of work for more than 26 weeks.⁵⁹ Only Mississippi and New York had worse rates of long-term joblessness.⁶⁰

B. State Policies Influencing Employment Opportunity

Given the economic recession, the dramatic loss of jobs, and the long-term unemployment experienced by many people throughout the state, Massachusetts has a large and pressing economic development task ahead of it to attract businesses to the state and to create jobs that offer economic mobility to workers. Massachusetts has several policies and some promising pilot programs designed to simultaneously improve employment opportunities for entry-level and low-income workers, and to provide employers with skilled workers.

Many of the state's economic development policies attempt to encourage businesses to create and retain jobs and to develop job training programs that build skills of low-wage workers. Some of these policies and programs include offering tax incentives to businesses that provide training to low-wage workers, an incentive program that attracts businesses to develop in depressed areas of the state, and targeted hiring policies for traditionally under-represented groups in the workforce.⁶¹ Massachusetts also has transitional job programs for hard-to-employ workers attempting to enter the labor force.⁶² Finally, the state supports sectoral development initiatives, which strategically focus on industries with potential for economic growth in Massachusetts. This approach expands employment opportunities for low-wage workers because sector growth creates jobs.

⁵⁹ Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment*, 2002. The national average for this indicator is 18.3%.

⁶⁰ Robert Galvin, "Analysis Paints Harsher Picture of Mass. Joblessness," *Boston Globe*, 30 October 2003.

⁶¹ www.uses.doleta.gov/wotcdata.asp, accessed on 15 January 2004; http://mass.gov/portal/index.jsp?pageID=agcc&agid=ded&agca=aboutded&agcc=about_mobd&modetype=process&s=0&info=edip, accessed on 15 January 2004; Chapter 280 of the Acts of 1998, "An Act Relative to hiring Women on State Construction Projects."

⁶² Interagency Workgroup for Regional Profiles, *Workforce Investment Profiles* (Boston: Commonwealth Corporation and State Workforce Investment Board, Winter 2003), 1.

Some examples of promising sectoral development initiatives in the Boston area include The Building Education and Skills Training (BEST) Initiative, and the Extended Care Career Ladder Initiatives (ECCLI). Both of these programs expand employment opportunities for low-wage workers in the healthcare industry. The BEST Initiative began in 2001 and provides grants to six Regional Industry Teams. The teams offer education and training programs to build entry-level workers' skills and offer career and wage advancement opportunities through career ladders. The success of the BEST Initiative is being evaluated, and a report is due out in the spring of 2004. To date, the state has invested three and one-half million dollars into this collaborative project with a combination of funds coming from the state Department of Labor and Workforce Development, the Department of Transitional Assistance, the Department of Employment and Training, and the Department of Education.⁶³

MA Policies to Improve Employment Availability for Low-Wage and Entry Level Workers

Tax Credits provided to businesses that offer training to low-wage and entry-level workers

The Economic Development Incentive Program which attempts to attract businesses to the state and to create jobs in underdeveloped areas

State Public works projects use targeted hiring agreements aimed at traditionally underemployed or underrepresented groups

Resources are directed towards transitional job programs for hard-to-employ, low-income people attempting to enter the labor market

State funds support sectoral development programs in the manufacturing and technology industries

ECCLI is a state-funded program that began in 2000 and combines quality care improvement with workforce development in the long-term care industry. A five million dollar project, ECCLI is another example of a career ladder program that allows for the training and advancement of traditionally low-wage earners in the health care field. One anticipated result of improving employment opportunities for low-wage earners in this sector is to increase employee retention rates, which will in turn improve the quality of long-term care services.⁶⁴

Some promising statewide efforts that address the state's workforce and economic development needs include the Boston Workforce Development Initiative (BWDI) and the Workforce Training Fund. The BWDI is a collaborative of public and private sectors committed to improving the state's workforce development system through grants of over 12 million dollars for the next five years. The State and City of Boston have joined with local and national foundations to fund this unique partnership aimed at coordinating the Massachusetts workforce development system to help low-wage working families attain economic self-sufficiency. Key priorities of the initiative are to build a broad continuum of services; to create industry-responsive career ladder programs aimed at the advancement of low-wage workers; and to

⁶³ FutureWorks, *Baseline Evaluation Report: BEST Initiative*, 2003.

⁶⁴ Susan C. Eaton, Ph.D. and Claudia Green, *ECCLI Round II: Baseline Evaluation Report*, (Cambridge and Boston: Wiener Center for Social Policy and Center for Community Economic Development, 2001).

coordinate the funds and policies of all agencies involved in workforce development. The Workforce Training Fund is an example of a public/private effort in Massachusetts that expands employment opportunities for workers through education and job training. Started in 1998, the Fund is administered by the state Division of Employment and Training which gives out grants to businesses that provide matched funds for job training.⁶⁵

The above-mentioned programs are examples of promising practices in Massachusetts. However, these are small, pilot programs which only begin to meet the state's economic and workforce development needs of creating jobs, building skills, and collaborating across systems. Systemic level change is the next step for Massachusetts in building a skilled and self-sufficient workforce.

C. Performance of State Employment Efforts

The promising pilot programs and progressive policies in Massachusetts that target low-income workers lack aggregate performance based data. Individual programs such as BEST and ECCLI are carefully evaluated, but there is no overall system in place to examine the impact of the state's combined efforts to improve employment opportunities. Such information would help business, government, and families to adjust programs, policies, and practices to best meet the needs of the labor force and employers by creating and improving jobs throughout the Commonwealth.

⁶⁵ Edward Mason, "Workforce Training Gets \$20.75M Boost From Vote," *Boston Business Journal*, 21-27 November 2003, 4.

CHAPTER IV

CONDITIONS OF EMPLOYMENT

Low-wage working families depend on work supports and public services to make ends meet and to advance to family supporting employment. The high cost of living in Massachusetts makes these supports even more crucial for the state's low-wage working families. The state budget crisis has resulted in deep cuts to essential programs that bridge the gap between poverty and self-sufficiency for many families. If low-wage workers are to obtain the education and training they need to secure jobs in today's economy, they must receive government supports such as healthcare and childcare subsidies, and worker protections. What does Massachusetts do to insure that workers receive adequate wages, benefits, and fair treatment from employers? This chapter will review employment conditions in the state and then consider the policies that impact these conditions. Finally, the effectiveness of policies and programs in Massachusetts designed to support low-income employees will be assessed.

A. Employment Conditions in Massachusetts

Employment conditions need to be improved for low-wage working families to afford the high cost of living in Massachusetts. Wage levels of workers throughout the state show that over one-fourth of the Massachusetts workforce is earning less than \$8.84 per hour, which is below the federal poverty level (FPL) for a family of four, \$18,390 annually.⁶⁶ A family of four living in Boston requires three times that amount to be economically self-sufficient. The Self-Sufficiency

Over one quarter of workers in Massachusetts earn wages of under \$8.84 per hour

Standard calculates that a two parent family living in Boston with one school-age child and one preschool child needs \$54,612 annually to meet their basic needs at a modest level without any government assistance. If both parents are working, that means they would each need to earn an hourly wage of \$12.93.⁶⁷

In addition to facing low-wages, many low-income families lack employer-provided benefits such as health insurance, Worker's Compensation Insurance (WCI), and pension plans. In Massachusetts, ten percent of workers lack health insurance.⁶⁸ This statistic includes workers who elect not to subscribe to benefits. Many low-wage working families decide not to elect coverage because of high premiums. In regards to other employer sponsored benefits, eight percent of workers lack WCI,⁶⁹ and 52 percent of workers lack a pension plan.⁷⁰ Workers

⁶⁶ Basic Monthly Survey of the Current Population Survey, 2002.

⁶⁷ Pearce and Brooks. *Self-Sufficiency Standard*, 8.

⁶⁸ 2002 March Current Population Survey Supplement. Recent budget cuts have increased the number of people without health insurance in MA. Numbers of insured are not static due to policy changes at the state level regarding coverage and eligibility.

⁶⁹ National Academy of Social Insurance, *Worker's Compensation: Benefits, Coverage, and Costs 2001 New Estimates*, 2003; and US Bureau of Economic Analysis.

⁷⁰ March 2000-2002 Current Population Survey Supplement.

without these benefits are more vulnerable to unforeseeable crises and are therefore more apt to be financially unstable.

Unemployment insurance is another important employee protection program provided by the state to workers who meet eligibility criteria. Thirty-eight percent of unemployed workers in Massachusetts do not receive unemployment benefits because they have exhausted their coverage or they are ineligible. The national average of unemployed workers not receiving benefits is 53 percent, a much higher percentage than in Massachusetts.⁷¹

B. State Policies Influencing Employment Conditions

Policies that influence employment conditions fall into the following six categories: income, health care, child care, Unemployment Insurance, Worker's Compensation Insurance, and work protections. Massachusetts policies provide many quality supports to those in need, but in such a high cost state, supports must be expanded to help low-wage working families advance to economic self-sufficiency.

Income

With a minimum wage of \$6.75 per hour, Massachusetts is one of ten states with a minimum wage law that exceeds the federal level.⁷² While this is a positive step, the high cost of living in Massachusetts has led to additional legislation at the local level in a few cities. Some communities in the state, including Boston, have enacted a living wage law, which requires employers who receive public funds to pay workers an hourly wage that is higher than the minimum wage. Living wage legislation aims to provide families with at least poverty level income in order to increase family economic self-sufficiency.

In addition to wage policy, Massachusetts is one of 16 states that has enacted a state Earned Income Tax Credit for low and moderate-income workers.⁷³ In addition to the Federal EITC, the Massachusetts EITC provides another 15 percent of the federal credit to low-income workers and helps to offset the income tax, which is nine percent for low-wage working families.⁷⁴ The EITC can make a significant difference for low-income families, providing them with enough capital to make a down payment on a car or to put down a security deposit for an apartment.

Health Insurance

Health insurance is an important benefit for employees and can be particularly important for low-income workers who may not have the means to provide for their family in the event of a health emergency. In Massachusetts, workers earning up to 133 percent of the federal poverty level are

⁷¹ Office of Workforce Security, Employment and Training Administration, US Dept of Labor, 3rd Quarter 2003, http://workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum03/3rdqtr/finance.asp#Massachusetts, accessed on 2 February 2004.

⁷² US Dept of Labor, Employment Standards Administration Wage and Hour Division, www.dol.gov/esa/programs/whd/state/state.htm, accessed on 12 December 2003.

⁷³ Center on Budget and Policy Priorities, *A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty*, 2003.

⁷⁴ Generated from data from The Institute on Taxation and Economic Policy, *Who Pays: A Distributional Analysis of the Tax Systems in All 50 States*, 2nd Edition, January 2003.

eligible for MassHealth, the state's subsidized healthcare program.⁷⁵ MassHealth is more generous than Medicaid programs in many other states, however, a few states cover workers earning up to 200 percent of poverty.

The state budget crisis has made it difficult to maintain eligibility policies, and many people have lost coverage or have been required to pay higher premiums for insurance. Often workers decide not to elect coverage because they cannot afford the premiums. To encourage employers to pay for health insurance, Massachusetts offers incentives to businesses that provide health insurance to workers.⁷⁶ Massachusetts is one of eight states with this kind of policy that assists small businesses with health insurance costs. In 2003, approximately 4,000 employers participated in this program.⁷⁷

A recent report on health care costs in Massachusetts, the Health Economic Self-Sufficiency Standard (HESS), offers a comprehensive measure of the health-related economic burden on typical Massachusetts families.⁷⁸ It compares costs for families with and without access to employer-sponsored health insurance. For example, a two parent family of four spends \$3,951 a year for health insurance and services if paying a typical share of an employer-sponsored plan.⁷⁹ Without employer-sponsored insurance, the same family would have to spend \$14,134 – more than \$10,000 a year more.

Childcare

Childcare is a crucial work support for working families. Without quality, reliable childcare, families are unable to retain employment. In Massachusetts, there is a long list of eligible families waiting for childcare subsidies. Thus, many families are not able to work or they are forced to use unsafe or unreliable childcare providers.

Massachusetts childcare policies are less inclusive than some states and could be improved to help more low-wage working families attain self-sufficiency. For example, four states have set their income eligibility for childcare at or above 85 percent of the state median income, but Massachusetts policy only provides subsidies to families at or below 50 percent of the state median income.⁸⁰ Five states do not require families earning less than the FPL to contribute to child care costs, but Massachusetts requires families earning below the FPL to pay a co-payment of \$78 per month.⁸¹

Unemployment Insurance

Unemployment Insurance (UI) provides a critical safety net for low-wage earners who may be more likely to cycle in and out of jobs that are often less stable. Without UI, a family may be

⁷⁵ Center on Budget and Policy Priorities, "Congress has a \$28 Billion Opportunity to Expand Health Coverage for Low-Income Working Families with Children," July 18, 2001, Table 3.

⁷⁶ Sharon Silow-Carroll, Stephanie Anthony, and Jack Meyer, "State and Local Initiatives to Enhance Health Coverage for the Working Poor," Economic and Social Research Institute, November 2000, 5.

⁷⁷ Author's communication with the Insurance Partnership Program.

⁷⁸ Paul Dryfoos et al., *The Health Economic Sufficiency Standard: Measuring the Economic Burden of Health Care and Illness on Massachusetts Families* (Boston: The Women's Union, 2003). On the Internet at www.weiu.org.

⁷⁹ A typical share of the total premium is 27% for a family and 19% for an individual.

⁸⁰ Children's Defense Fund, *Fragile Foundations: State Child Care Assistance Policies*, (Washington DC: 2002),27.

⁸¹ Children's Defense Fund, *Fragile Foundations*, 85.

forced to turn to the welfare system to support them during periods of unemployment. The UI program in Massachusetts is generous compared to other states. Although the state UI policy does not provide coverage to part-time or temporary workers,⁸² Massachusetts requires only 15 consecutive weeks of permanent employment to qualify for UI. Most states require a minimum of 20 consecutive weeks. The maximum weekly benefit in Massachusetts is \$512, which is over 200 percent of the poverty level for a family with two children. The Massachusetts benefit is the highest in the nation and is well above the national average of \$360 per week.⁸³ However, high costs of living in Massachusetts make the higher benefit a necessity. UI benefits last up to 30 weeks, which is longer than in other states, but necessary due to the high rate of long-term unemployment in Massachusetts. A final strength of the state's UI policy is that benefits are provided to workers who leave their job for domestic reasons such as spousal abuse.⁸⁴

The Unemployment Insurance program in Massachusetts is facing a funding crisis. Due to a rapid loss of jobs over the past few years, there have been large increases in the numbers of people collecting benefits for longer periods of time. The program is funded in part by employer contributions, and because the state did not implement corresponding rate increases in a timely manner, the fund has been in serious jeopardy. In spite of pressure to reduce benefits and create stricter eligibility guidelines, the state legislature is working to maintain benefits at their current levels, by increasing employer's contributions to the UI program.

Workers' Compensation

Employers in Massachusetts are required to provide workers' compensation insurance to cover costs of any work related injury or illness. The insurance provides for treatment costs as well as partial compensation for wages lost. In 1972, The National Commission of State Workmen's Compensation Laws put forth a list of 19 essential policy recommendations for state workers' compensation systems to follow. The recommendations include compulsory coverage by all employers and suggested benefit levels of at least two-thirds of the employee's salary. Massachusetts fulfils 13 out of the 19 recommendations. No state has implemented 19, and states range from implementing seven to 16 of the recommendations.⁸⁵ The minimum weekly Worker's Compensation benefit in Massachusetts is \$166.18, which exceeds 80 percent of the federal minimum wage income of \$165 per week.⁸⁶

Work Protection

Worker protection policies include coverage for family and/or medical leaves, and consideration for migrant workers, day laborers and ex-offenders. A positive worker protection policy in Massachusetts is the state's expansion of family and medical leave coverage beyond federal

⁸² Economic Policy Institute, Center on Budget and Policy Priorities, and the National Employment Law Project, *Failing the Unemployed: A State by State Examination of Unemployment Insurance Systems*, (March 2002); and National Employment Law Project, *Temp Work and Unemployment Insurance: Helping Employees at Temporary Staffing and Employee Leasing Agencies* (August 2001).

⁸³ EPI, CBPP, and NELP, "Failing the Unemployed," Table 4.

⁸⁴ NELP, *Temp Work and Unemployment Insurance*, 23-4.

⁸⁵ State Workers' Compensation Laws In Effect On January 1, 2003 Compared With The 19 Essential Recommendations of the National Commission on State Workmen's Compensation Laws at www.workerscompresources.com/National_Commission_Report/National_Commission/1-2003/Jan2003_nat_com.htm, accessed on 22 December 2003.

⁸⁶ US Dept of Labor, Employment Standards Administrations at www.dol.gov/esa/regs/statutes/owcp/stwclaw/tables-htm/table-6.htm, accessed on 22 December 2003.

requirements. Massachusetts is one of 17 states with family and medical leave laws for businesses with fewer than 50 employees.⁸⁷

Massachusetts lacks some important work protection policies that target specific low-wage earning groups such as agricultural workers, day laborers, and ex-offenders. For example, the state does not have laws protecting employment rights of day laborers or laws protecting ex-offenders from employment discrimination.⁸⁸

C. Performance of State Efforts to Address Employment Conditions

Is Massachusetts successful at providing low-wage workers with the necessary supports to advance toward economic self-sufficiency? One way to assess a state's success is to examine how many eligible participants are accessing work supports. For example, how many eligible workers are able to use childcare subsidies? How many eligible families are covered by MassHealth or take advantage of the State Earned Income Tax Credit? These data are not systematically collected across the state and made available to the public.

Collecting such data is complex and information can be misleading. For example, the advocacy community in Massachusetts cites a 20,000 person waitlist for income-eligible childcare. However, it is not known if all those on the current waitlist remain eligible or how many additional eligible families never add their names to the list. Data on the numbers of low-income families accessing work support programs must be integrated with data on the various barriers to access. Healthcare advocates describe a number of substantial barriers to low-wage workers accessing MassHealth. Immigration status, limited English skills, and administrative obstacles often discourage participation in state subsidized healthcare programs.⁸⁹ In order to help policy makers assess the success of work support programs for Massachusetts workers, eligibility and utilization data must be systematically collected and integrated with information that explains why eligible participants may not be accessing supports. These data will allow legislators and employers to improve policies and programs to help low-wage working families become self-sufficient.

⁸⁷ National Partnership for Women and Families, *State Family Leave Laws that Are More Expansive Than the Federal Family and Medical Leave Act* at www.nationalpartnership.org/Content.cfm?LI=202&DBT=Documents&newsitemid=259, accessed 22 December 2003.

⁸⁸ National Employment Law Project, *Drafting Day Labor Legislation: A Guide for Organizers and Advocates*, 2001; and Legal Action Center.

⁸⁹ Author's communication with Healthcare for All.

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

More than one million workers in Massachusetts lack the skills to succeed in today's knowledge-based economy. More than 25 percent of Massachusetts workers earn less than the federal poverty level for a family of four. More than 25 percent of all families in Massachusetts, and nearly 50 percent of urban families, do not earn enough to meet their basic needs. The large number of adult workers without adequate skills and the large number of low-wage working families without a self-sufficient income are directly related.

Upgrading workers' skills is the key to both enabling low-wage working families to advance from poverty to self-sufficiency and to providing the skilled labor force necessary to ensure strong economic growth. Yet, a significant unmet need for education, training, and social services stands in the way of upgrading workers' skills in Massachusetts. Less than six percent of Massachusetts adults without a high school diploma or GED are enrolled in either federally funded Workforce Investment Act (WIA) training or adult education programs, and less than four percent of Temporary Assistance for Needy Families (TANF) recipients participate in education and training programs.

Massachusetts' choices will determine its success at building the skilled labor force it needs to drive strong economic growth and help low-wage workers develop credentials to qualify for family-sustaining employment. In order to achieve success, the state must meet three challenges. First, Massachusetts must focus workforce development policy on moving families out of poverty to self-sufficiency. Second, Massachusetts must improve working families' access to education, training, and social services. Third, Massachusetts must align its many education, training, and social service programs into an integrated workforce and economic development system.

Massachusetts can choose to successfully meet these challenges by building on its strengths. Public officials and policy advocates have already recognized the importance of skill development and career ladder advancement, and of integrating the workforce development system. Three major reports: "New Skills for a New Economy," (2000), the "Governor's Task Force to Reform Adult Education and Worker Training," (2001), and the state's "Reach Higher Initiative," (2003), all chart a policy direction that promotes advancement for low-wage working families while strengthening the Massachusetts economy. These reports have led to promising pilot initiatives such as the Building Essential Skills through Training Initiative (BEST) and the Extended Care Career Ladder Initiative (ECCLI) that provide a continuum of education and training and career ladder advancement from entry-level, low-skill jobs to family-sustaining employment.

These strengths can lead the state from small-scale, promising strategies and pilot programs to the foundation of broader systemic change. In order to achieve this success, Massachusetts must invest in education, training, and social service programs, many of which have experienced deep

funding cuts as a result of the state and local fiscal crisis. This investment will determine the futures of low-wage working families and economic growth.

The following set of recommendations for policy and organizational changes will help large numbers of low-income families advance from low-wage work to self-sufficiency and provide a skilled workforce that will ensure a strong economy for years to come. In our recommendations, we recognize that a significant number of adults face barriers to educational attainment and employment. Disabilities, mental health issues, and criminal records are some examples of barriers which must be considered by policies and programs designed to help families reach economic self-sufficiency.

The first set of recommendations will shift the focus of the workforce development and welfare systems from a “work first” approach to an emphasis on education and career advancement. The challenge will be to help adults at all levels, including those with the lowest skills and those without a high school diploma, to advance up career ladders through pathways that combine work and learning. The second set of recommendations will improve low-income families’ access to education, training, and social services through a combination of strategic investments and changes to the use of existing postsecondary education, workforce development, adult education, economic development, and social services resources. The final set of recommendations will develop an integrated network of education, training, economic development, and social service programs working together to achieve a shared mission of strong economic growth driven by advancement for low-wage working families.

Focus the workforce system on moving working families to self-sufficiency

While there are promising exceptions, workforce and welfare policy in Massachusetts emphasizes a “work first” approach that steers unemployed people into entry level jobs. The system has been less successful at helping low-wage incumbent workers to gain the skills needed to progress to self-sufficiency.

- The Massachusetts Family Economic Self-Sufficiency Standard (MassFESS) should be adopted as the official state benchmark of the cost of living in Massachusetts. Low standards lead to low results, so Massachusetts should use higher performance goals. The success of workforce and economic development should be measured by the ability of programs to help people move out of poverty to self-sufficiency.
- Advancement for low-wage workers from working poverty to self-sufficiency should be the overarching multi-year goal of workforce and economic development in Massachusetts. Performance benchmarks and resource allocation should be focused on creating pathways of advancement to self-sufficiency for workers at different stages and skill levels.
- The welfare system should focus on helping families move out of poverty toward self-sufficiency. The successful reduction of the welfare rolls should be followed by a commitment of resources for education and training to help current and former welfare

recipients gain the skills and credentials needed to secure and retain jobs, and to advance to better jobs over a period of years leading to family economic self-sufficiency.

- In order to support adults with significant barriers to employment and economic self-sufficiency, the workforce development system should continue to offer work readiness training including intensive assessment, case management, and post-placement support.
- The state and regional Workforce Investment Boards (WIBs) should develop long-term strategies and annual plans that prioritize the implementation of career ladder programs and advancement to family-sustaining employment.
- Career centers should help all jobseekers develop goals for moving out of poverty through multi-year career ladder advancement that combines an appropriate mix of education, training, and employment. All WIA and TANF-funded program participants should receive basic skills assessments to develop individualized short-term and long-term education, training, and employment plans.
- WIBs should target education and training to occupational sectors with high growth rates that provide high entry level wages and benefits; opportunities for career ladder advancement to family-sustaining jobs; and employer-funded education and training for workers with low skills. WIBs should also identify industries that provide family sustaining jobs for individuals without a high school diploma or GED and encourage job development within those sectors.

Improve access to education, training, and social services for low-wage workers

There is a large unmet need for education, training, and support services in Massachusetts. Meeting the needs of working poor families in Massachusetts will require greater investment in public services through a combination of reducing prior cuts in funding, implementing unfunded policies, and changing the way existing resources are used.

- Massachusetts should take advantage of the flexibility allowed under federal legislation to use TANF resources for all levels of education and training and to allow education and training (including postsecondary) to count toward the work requirement for families with school-age children. Less than four percent of welfare recipients receive education and training, the average annual income of TANF leavers was only \$7,142, and there was less than a 60 percent retention rate in employment after nine months. Massachusetts should adopt welfare policies that promote career and wage advancement for current and former welfare recipients.
- Massachusetts should allocate 50 percent of adult WIA funds to job training services, and should target funding towards areas with excess poverty. Currently, only half of WIA participants have the opportunity to enhance their skills through job training.
- Career centers play an important role in providing access to jobs and training. Over the last few years, the volume of job seekers has significantly increased, while funding has

decreased. If career centers are to meet the broad range of needs of their clients, they must receive adequate funding.

- Massachusetts should provide adequate funding to eliminate adult basic literacy and English for Speakers of Other Languages (ESOL) wait lists. In 2000, Massachusetts Institute for a New Economy (MassINC) recommended eliminating Adult Basic Education (ABE) wait lists by 2003. While there was broad support for this goal, more than 20,000 adults with low skills and limited English language proficiency are still on wait lists for adult education programs in 2004, and adult education funding was reduced by eight percent from 2001 to 2004.
- Massachusetts should restore funding for community colleges, which has been cut by almost 23 percent, from 2001 to 2004. Restoration of funding should be used to reduce tuition and fees for students with low incomes and improve remedial education programs.
 - One out of two high school and GED graduates who enter community colleges in Massachusetts is not adequately prepared for college and has to take at least one developmental education course. Restored funding should also be used to improve the effectiveness of remedial education programs and to provide incentives that increase the number of students who enter and succeed in college-level programs.
- Massachusetts should leverage private sector employer resources for education, training, and career ladder advancement programs for low-wage workers. Employers have a strong vested interest in upgrading workers' skills but invest little in the education and training of entry-level and low-wage workers with low skills. State tax subsidies for businesses should encourage employers to create jobs that pay good wages and benefits, and provide education and training for workers with low skills, and to build career ladder programs that combine work and learning. Businesses receiving state tax subsidies should be evaluated and held accountable for job creation, wage advancement, and education and training services provided. Employers should also be encouraged to create tuition reimbursement programs for adult literacy, ESOL, and job training classes.
- Massachusetts should charge immigrants the in-state tuition rate for public higher education. Immigrants, many with limited English language proficiency, accounted for all of the state's labor force growth during the 1990s and beyond. Efforts to upgrade the skills of adult workers should expand access for immigrants to postsecondary education.
- Massachusetts should raise the eligibility guideline for child care subsidies to expand support to reach more low-wage working families, without taking away services from TANF recipients.

Align and integrate the workforce and economic development system

Massachusetts has a broad array of education, training, and support services, with significant additional funding for social services directed at low-income families. Low-wage workers need

a combination of services in order to advance along a multi-year transition from working poverty to self-sufficiency.

Public officials and policy advocates recognize the need to integrate the workforce system and have started taking steps towards aligning programs in order to increase effectiveness. “New Skills for a New Economy” concluded that, “adult education should not be seen as an end in itself [but] as the first step toward other training and educational opportunities. The Community Colleges, Workforce Investment Boards, Commonwealth Corporation, Department of Employment and Training, Department of Transitional Assistance, Department of Labor and Workforce Development, and the Board of Higher Education should all be more closely integrated with the adult basic education system.”

- Massachusetts should align adult education, workforce development, welfare, economic development, and community college systems and resources to provide many avenues for workers to continue their education toward postsecondary certificates and degrees, lifelong learning, and/or skill and professional development programs that increase their earning power and employability as they move up career ladders.
 - Massachusetts should build strong linkages between adult education, workforce development, and community college services at the local level. Many adults without a high school diploma or GED credential need better education and skills to succeed in workforce development programs. These students need workforce development services to achieve their economic goals and support their families. The state should create bridges between adult education and ESOL programs and workforce development programs through courses that combine literacy with job skill development. As working adults move up education and career ladders, community colleges can provide further advancement toward family-sustaining employment. All three systems should provide career counseling and support services to help people develop and follow through with plans to continue their education and training to achieve career advancement goals.
- Massachusetts should build on recommendations of the Task Force to Reform Adult Education and Worker Training by creating shared goals and performance measures for all agencies serving low-income families. Shared goals should include increasing the number of adults who successfully make transitions between adult education, community college, workforce development, and career ladder programs.
- Career centers should realign resources to provide counseling that encourages education, training, and career ladder plans that bridge the wide array of available programs and help people learn how to navigate the system to achieve their goals.
- Massachusetts should provide interagency funding for regional partnerships that provide a coordinated network of adult education, workforce development, social services, and postsecondary education and training that is aligned with career paths and employer skill needs at the local level.

This report is intended as a call-to-action for Massachusetts leaders to make the choice to invest in working families. If policymakers, business leaders, and program administrators work collaboratively to achieve these recommendations, large numbers of low-wage working families will have a greater opportunity to move from poverty to self-sufficiency. At the same time, the state's economy will benefit from a better trained and educated workforce. Improving the policies and programs that impact working families is a crucial step in the economic recovery process for Massachusetts.

APPENDIX A

The Self-Sufficiency Standard

The Self-Sufficiency Standard for Massachusetts is a scientific and objective way of defining low-income, working families. The Standard calculates the income necessary for working families to meet their most basic needs without any public or private supports, depending on where they live and who is in their family. The Standard is a powerful alternative to the federal poverty level (FPL) for a variety of reasons. First, it calculates a family’s needed income based on the cost of all basic necessities, rather than just the one—food—assumed in the FPL. Next, the Standard moves beyond the one-size-fits-all approach of the FPL to provide geographically specific figures by jurisdiction rather than one figure for the entire country. Finally, the Standard takes into account the ages of a family’s children, rather than simply the size of their family. This is important because children’s ages have a significant impact on a family’s expenses for childcare, food, transportation, and other costs.

The Self-Sufficiency Standard for Massachusetts⁹⁰
3 Family Types and 5 Locations (annual)

Family Type		Boston	Lowell	Worcester	Springfield	North Adams
1 adult, preschool child	Self-Sufficiency % of Poverty	\$44,046 363 %	\$39,990 330 %	\$33,993 280 %	\$31,471 260 %	\$29,744 245 %
1 adult, 1 preschool, 1 schoolage child	Self-Sufficiency % of Poverty	\$51,284 336 %	\$47,017 308 %	\$40,598 266 %	\$36,603 240 %	\$34,875 228 %
2 adults, 1 preschool, 1 schoolage child	Self-Sufficiency % of Poverty	\$54,612 302 %	\$53,206 294 %	\$46,714 258 %	\$42,844 237 %	\$40,909 226 %

As seen in the chart above, the cost of meeting a working family’s most basic needs varies dramatically based on location, family size and family type. Although these figures may seem high upon first look, these are bare bones budgets that do not include any restaurant or take out food, college savings, credit card payments, or entertainment.

Comparing the Self-Sufficiency Standard to other common income benchmarks is a good way of seeing how reasonable an estimate of income need the Standard depicts. The Standard for a single adult with a preschooler and school age child in Worcester may be nearly two and half times higher than the FPL and a little more than twice what an adult can earn working full-time

⁹⁰ Pearce and Brooks, *Self-Sufficiency Standard*, 16.

at minimum wage, but it also falls between 50-80 percent of area median income, the benchmark the U.S. Department of Housing and Urban Development uses to define “low-income.” In short, this family, earning a self-sufficiency income in Worcester, MA, would still be eligible for a Section 8 housing subsidy from the federal government.

The Self-Sufficiency Standard is being used in 35 states across the country to redefine what it means to be economically distressed; to set realistic goals for education and training programs; and to identify employment opportunities that will allow low-wage workers to achieve self-sufficiency. The Self-Sufficiency Standard is a simple, national standard for income needs which also accounts for the reality of local economic conditions.

APPENDIX B

Labor Force Participation Rates⁹¹

	Massachusetts	National
Men	75 %	74 %
Women	61 %	60 %
Non-Whites	69 %	66 %

Labor force participation rates for men, women, and non-whites in Massachusetts, as documented by the Bureau of Labor Statistics in 2001, are slightly higher rates than national averages.

⁹¹ Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment*, 2001.



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