

HEARTLAND ALLIANCE

NATIONAL INITIATIVES

Ranking Member Ron Wyden
United States Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200

June 6, 2018

Dear Ranking Member Ron Wyden & Members of the U.S. Senate Committee on Finance,

Heartland Alliance appreciates the opportunity to submit feedback on the Economic Ladders to End Volatility and Advance Training and Employment (ELEVATE) Act of 2018, which would establish a new subsidized employment and training program for the long term unemployed and individuals facing barriers to employment. Our comments begin with background and research findings related to these program and policy strategies. Heartland Alliance has then enumerated legislative recommendations specific to the ELEVATE Act of 2018 and additional considerations beyond these specific recommendations. When appropriate, Heartland Alliance has provided rationale for our recommendations based on research evidence and our over two-decades of experience designing, implementing, evaluating, and advocating for these program models.

BACKGROUND.

The competitive labor market excludes many people who want to work and who can and do work when barriers to employment are mitigated or removed and the opportunity to work is offered. Indeed, despite the tightening of the labor market, it is estimated that 1.5 to 5.8 million workers in the U.S. are still considered “missing”—neither employed nor actively seeking a job.ⁱ Evidence suggests that one in six prime working age men are either unemployed or out of the workforce altogether, representing about 10 million men.ⁱⁱ The Department of Labor’s most comprehensive alternative unemployment rate measure — which includes people who want to work but are discouraged from looking and people working part time because they cannot find full-time jobs—was 8.3 percent in January 2018.ⁱⁱⁱ These are people who would either be working or looking for work if job opportunities were stronger.

Even when the economy is healthy, millions of Americans face barriers to employment and struggle to access and keep employment. The burden of chronic joblessness is borne out unequally and concentrated among racial and ethnic minorities—particularly black workers, women, younger and older workers, new Americans, individuals with a criminal record,

people with disabilities, individuals who identify as LGBTQ, and those with lower educational attainment and limited access to employment opportunities, among others. The employment situation is particularly bleak for populations such as youth who may have been involved in the juvenile justice or child welfare systems, individuals experiencing homelessness, people with histories of arrest, charge, or conviction and those returning to communities from incarceration, non-custodial parents, and others. The underlying reasons that millions of Americans face chronic unemployment reflect structural, human capital, health, and situational factors which often overlap and exacerbate each other. Further, we know that many people who work in the U.S. nevertheless remain poor and even experience homelessness—that just a job alone is not enough to raise an individual or a family out of poverty.

Heartland Alliance has long [advocated](#) for establishing subsidized employment as a universally-available work opportunity for all jobseekers who are excluded from participating in the workforce. Evaluations of these strategies demonstrate that these programs can have a myriad of promising outcomes and can benefit individuals, families and children, employers, and communities. These programs have been shown to significantly raise individual and family earnings, benefit employers on a number of measures, have positive economic ripple effects in communities. With targeted investments these programs can be expanded rapidly in states.^{iv} These programs have also been shown to contribute to lowering recidivism and increasing public safety, reducing violence and public benefits receipt, and improving the lives of children. In many instances, the financial benefits of these programs far outweigh the costs.^v Perhaps most significantly, these programs effectively connect people who would not be working otherwise to employment, and demonstrate that there are many people not currently participating in the workforce who are willing and able to work if their barriers to employment were removed. For example, in many studies, 80 to 100 percent of participants who were offered a subsidized job ended up working.^{vi}

Any subsidized employment proposal could run the risk of excluding some potential workers unless carefully-designed components are in place to ensure the inclusion of marginalized populations. Our feedback on the ELEVATE Act offers recommendations based on our over two decades of experience in advocating for, designing, implementing, and improving these programs. These recommendations are aimed at ensuring that subsidized and transitional jobs policy and structures ensure equitable access to these programs, particularly for individuals facing barriers to employment and those who have most often been left out of the labor market.

LEGISLATIVE RECOMMENDATIONS.

Title IV (42 U.S.C. 601 et seq.)
Part F – Employment and Training Program Requirements

SEC. 481. PURPOSE; DEFINITIONS; ADMINISTRATION.

(a) (1) INSERT “non-profit” and “social enterprise” at line 21, page 2

Rationale: Experience and evidence reinforce that a range of employment opportunities best supports the interests and needs of workers and communities. Research indicates that different types of subsidized employment work better for different jobseekers based on their skills, learning needs, prior work experience, and barriers to employment. Specifically, some workers experiencing more barriers or with less prior work experience may be better served by subsidized positions in community-based organizations, public sector entities, or social enterprises, whereas subsidized placements with private sector employers increase the likelihood that more skilled and experienced workers will be hired into unsubsidized positions^{vii}. Moreover, in many communities the local capacity and expertise to deliver subsidized employment programming lies exclusively within community-based organizations, whereas in others, the public workforce system, city government, or other public entity may have the most capacity to implement.

(a) (2) Strike “or” at line 2, page 3 and replace with “and”

(a) (3) INSERT “homeless or unstably housed defined by the Workforce Innovation and Opportunity Act of 2014” at line 7, page 3¹

Rationale: An extensive body of evidence links housing and income stability together. Many individuals experiencing homelessness identify unemployment as a primary cause of their homelessness.^{viii} Numerous studies find that increased income is a strong predictor of a person exiting homelessness.^{ix} Income improves access to food, clothing, housing, and healthcare—increasing personal, family, and community wellbeing.^x Eviction and displacement from housing can lead to job loss and has the potential to trigger a host of negative consequences that can make it more difficult for individuals and families to be successful in work, therefore perpetuating their housing and employment instability.^{xi} Research on the propensity of youth homelessness indicates young people with lower household income are more likely to experience homelessness and a lack of a GED is a significant risk factor among youth.^{xii} Research tells us that individuals experiencing homelessness consistently rank paid employment alongside healthcare and housing as a primary need.^{xiii} When parents of families experiencing homelessness are asked to name one thing that would most help get their family back on its feet, the most common answer is employment.^{xiv} Individuals experiencing homelessness are identified as a priority population for WIOA career services but national data suggest that these populations are not being served with existing resources and funding due to a [myriad of factors](#). Indeed, nationally only about 3% of all adult exiters of the WIOA system

¹ Title I Sec. 3 (24) (Pg. 20.) INDIVIDUAL WITH A BARRIER TO EMPLOYMENT. (G) Homeless individuals (as defined in section 41403(6) of the Violence against Women Act of 1994 (42 U.S.C. 14043e-2(6)))¹, or homeless children and youths (as defined in section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a (2))).

The terms ‘homeless’, ‘homeless individual’, and ‘homeless person’— “(A) mean an individual who lacks a fixed, regular, and adequate nighttime residence; and “(B) includes—“(i) an individual who— (I) is sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; (II) is living in a motel, hotel, trailer park, or campground due to the lack of alternative adequate accommodations; (III) is living in an emergency or transitional shelter; (IV) is abandoned in a hospital; or (V) is awaiting foster care placement; (ii) an individual who has a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings; or (iii) migratory children (as defined in 15 section 1309 of the Elementary and Secondary Education Act of 1965; 20 U.S.C. 6399) who qualify as homeless under this section because the children are living in circumstances described in this paragraph.

are housing unstable. Including this population as a priority population within the ELEVATE Act has the potential to serve many more individuals and families who are disconnected from the labor market and meet community interests and needs.

(b) (3) (A) AND (b) (5) (A) INSERT “non-profit” and “social enterprise” at line 17 and line 21, page 4 & 5

Rationale: Experience and evidence reinforce that a range of employment opportunities best supports the interests and needs of workers and communities. Research indicates that different types of subsidized employment work better for different jobseekers based on their skills, learning needs, prior work experience, and barriers to employment. Specifically, some workers experiencing more barriers or with less prior work experience may be better served by subsidized positions in community-based organizations, public sector entities, or social enterprises, whereas subsidized placements with private sector employers increase the likelihood that more skilled and experienced workers will be hired into unsubsidized positions^{xv}. Moreover, in many communities the local capacity and expertise to deliver subsidized employment programming lies exclusively within community-based organizations, whereas in others, the public workforce system, city government, or other public entity may have the most capacity to implement.

(b) (5) (E) INSERT “legal services” and “housing services” at line 12 after transportation, page 6

Rationale: Many people who want to work are unable to work due to barriers that could be removed or mitigated through support services. The ELEVATE Act should include flexible funding and/or support connections with other systems of support for individualized support services that enable workers to be successful in employment such as expanded child care access, transportation assistance, legal services, housing, mental and physical health care, substance use treatment, and outreach and engagement, among other things. We know that failure to address these barriers will amount to a de facto exclusion from subsidized work for those jobseekers who need it the most.

SEC. 485 OTHER PROGRAM REQUIREMENTS

(a) Assessment and Employability Plan. – The State shall establish procedures to—
INSERT before (1) at line 20, page 17:

“outreach and engage with jobseekers as defined in (a) (3) to ensure that these jobseekers are aware of the subsidized employment and transitional jobs program opportunities and can access program services in their community”

(b) (1) (A) and (B), lines 13 and 17 INSERT “non-profit” and “social enterprise” page 18

Rationale: Experience and evidence reinforce that a range of employment opportunities best supports the interests and needs of workers and communities. Research indicates that different types of subsidized employment work better for different jobseekers based

on their skills, learning needs, prior work experience, and barriers to employment. Specifically, some workers experiencing more barriers or with less prior work experience may be better served by subsidized positions in community-based organizations, public sector entities, or social enterprises, whereas subsidized placements with private sector employers increase the likelihood that more skilled and experienced workers will be hired into unsubsidized positions^{xvi}. Moreover, in many communities the local capacity and expertise to deliver subsidized employment programming lies exclusively within community-based organizations, whereas in others, the public workforce system, city government, or other public entity may have the most capacity to implement.

ADDITIONAL RECOMMENDATIONS.

1. ***Definition of Transitional Jobs.*** While the ELEVATE Act allows for the development and expansion of transitional jobs programs the Act does not define transitional jobs. In order to be consistent across legislation, we recommend adding the definition of transitional jobs as defined by WIOA to the DEFINITIONS Section of the bill.²
2. ***As it relates to the Proposed Tier Practice Structure.*** It was unclear to Heartland Alliance how the tier structure proposed in the ELEVATE Act related to the provision of services or overall quality of services delivered. If the tier structure is intended to expand the uses and combinations of subsidized employment to new populations or to provide different combinations of services, we are supportive. That said, these program models have been [evaluated extensively](#) and we would recommend that sound rationale be developed for additional evaluations beyond those that have been implemented to ensure that they add substantively to the existing research evidence.
3. ***Sec. 482 State Plan Requirements.*** We recommend that the ELEVATE Act consider the [elements of state and local WIOA planning](#) in order to support alignment of this Act with state and local WIOA plans and other systems that may be part of Combined WIOA State Planning efforts.
4. ***Evaluations.*** We recommend that drafters of the ELEVATE Act engage experts in the field of transitional jobs evaluation particularly as it relates to potential costs to states under the framework of this legislation. The requirement that states might contribute at least 25 percent of the proposed cost of the evaluation using non-federal sources may deter some states from participating in the program. In addition, as has been said, these program models have been [evaluated extensively](#) and we would recommend that sound rationale be developed for additional evaluations beyond those that have been implemented to ensure that they add substantively to the existing research evidence.

² Title I (Sec. 134 (d) (5) (A-C)) (Pg. 306.) TRANSITIONAL JOBS.— The local board may use not more than 10 percent of the funds allocated to the local area involved under section 133(b) to provide *transitional jobs* under subsection (c)(3) that—

(A) are time-limited work experiences that are subsidized and are in the public, private, or nonprofit sectors for individuals with barriers to employment who are chronically unemployed or have an inconsistent work history; (B) are combined with comprehensive employment and supportive services; and (C) are designed to assist the individuals described in subparagraph (A) to establish a work history, demonstrate success in the work place, and develop the skills that lead to entry into and retention in unsubsidized employment.

5. ***As it relates to the duration of the transitional job.*** Research and experience demonstrate that different workers will benefit from varying lengths of subsidized work experience. Workers with less prior work experience, more skill development needs, or greater employment barriers may need a longer subsidized work experience. To that end, we highly recommend that the length of the transitional job not be limited to 6 months with the option to extend only in circumstances of the participant receiving training. We recommend that the length of time in these programs be individualized and highly flexible. Such a structure can adapt to local economic realities and workers' needs.
6. ***As it relates to additional placements.*** The three month time limit for someone to be unemployed before being able to reengage with transitional employment seems arbitrary.
7. ***New Performance Measures.*** As noted previously these strategies have been implemented for a range of populations facing barriers to employment and have yielded a number of positive outcomes and impacts. For these and other reasons we believe that federal agencies tasked with administering these programs consider measuring program metrics and outcomes beyond employment outcomes. These could include basic skills acquisition, child support compliance, justice system involvement, physical and mental health, child educational performance and overall wellbeing, family functioning and healthy relationships, changes in employer perceptions toward disadvantaged jobseekers, community economic health, changes in participants' subjective wellbeing, poverty reduction, community safety, social return on investment, and other measures.
8. ***TANF Program Transfer Authority.*** If drafters of the ELEVATE Act have not done so already, we recommend that drafters engage experts in the federal TANF program to better understand the potential impact of the transfer authority proposed in the ELEVATE Act as it relates to states and low-income individuals receiving TANF.
9. ***Allow for Additional Planning Time.*** Many individuals experiencing chronic unemployment interact with multiple existing public systems and rarely have the opportunity to directly shape the development of initiatives of this kind. Additionally in our experience, planning and engaging with multiple systems takes time and deliberate efforts. We highly recommend that the ELEVATE act create mechanisms for state and local systems to align with these programs with the goal of improving the well-being of individuals facing chronic unemployment and poverty for whom the strategy is targeted in that community. Equally important, we highly recommend considering policy structures that ensure authentic engagement of target populations in local planning and design. This may include considering grant structures that allow for and fund local planning efforts particularly for communities with less experience implementing these programs.
10. ***Leveraging Therapeutic Approaches.*** Because individuals living in poverty often face trauma and violence we highly recommend that the policy structure of the ELEVATE Act be designed to promote the use of trauma-informed workforce development services and entire systems of support. Additionally, given the reality that substance use affects a

great number of Americans, we believe that the ELEVATE Act consider harm reduction principles when approaching substance use among jobseekers, including avoiding drug testing except when necessary for safety reasons, ensuring workers' access to treatment for substance use disorders, and offering reemployment opportunities for workers who are terminated due to substance use issues.

CONCLUSION.

Heartland Alliance is pleased to have the opportunity to submit comments and feedback on the ELEVATE Act of 2018. We are excited to see proposals like this continue to gain traction in Congress among leaders and look forward to continuing to work with Senator Wyden and others on the Senate Finance Committee to advance these proposals.

If you have questions or would like additional information on these comments and recommendations, please do not hesitate to contact us.

Sincerely,

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ⁱ Missing Workers The Missing Part of the Unemployment Story (July 2017). Economic Policy Institute. Retrieved: <https://www.epi.org/publication/missing-workers/>

ⁱⁱ Tuzemen, D. (2018). Why Are Prime-Age Men Vanishing from the Labor Force? Federal Reserve Bank of Kansas City. Kansas City. Retrieved: <https://www.kansascityfed.org/en/publications/research/er/articles/2018/1q18tuzemen-why>

ⁱⁱⁱ Department of Labor (April 2018). Alternative Measures of Labor Underutilization for States, Second Quarter of 2017 through First Quarter of 2018 Averages. Washington D.C. Retrieved: <http://www.bls.gov/lau/stalt.htm>

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^v Heartland Alliance National Initiatives On Poverty and Economic Opportunity. (2015). Frequently Asked Questions (FAQ). Chicago, IL. Retrieved:

<http://www.heartlandalliance.org/nationalinitiatives/our-initiatives/faq.html>

^{vi} Glosser, A., Barden, B., Williams, S., & Anderson, C. (November, 2016). Testing two subsidized employment approaches for recipients of temporary assistance for needy families: implementation and early impacts of the Los Angeles county transitional subsidized employment program. MDRC, New York.

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^{ix} Zlotnick, C., Robertson, M.J., & Lahiff, M. (1999). Getting off the streets: Economic resources and residential exits from homelessness. *Journal of Community Psychology*, 27 (2), 209-224

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<http://www.urban.org/sites/default/files/alfresco/publication-pdfs/310291-Homelessness-Programs-and-the-People-They-Serve-Findings-of-the-National-Survey-of-Homeless-Assistance-Providers-and-Clients.PDF>

^{xiv} Learning From Experience. A progress report from Building Changes. (July 2016). Building Changes. Retrieved:

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