

**DC APPLESEED**

**DC FISCAL POLICY  
INSTITUTE**

Project Team Partners:  
**Arnold & Porter LLP**  
**Patton Boggs LLP**  
**Skadden**



# **HOMETOWN PROSPERITY:**

**Increasing Opportunity for DC's  
Low-Income Working Families**

**Report by DC Appleseed  
and DC Fiscal Policy Institute**

**January, 2008**

## TABLE OF CONTENTS

### ACKNOWLEDGMENTS, TEAM MEMBERS AND PARTNERS

Acknowledgments . . . . .	3
Project Team & Partner Organizations . . . . .	4
Partner Organizations. . . . .	5
DC Appleseed Board of Directors . . . . .	6
DCFPI Advisory Committee. . . . .	7

### EXECUTIVE SUMMARY

Introduction . . . . .	8
Benefits and Costs . . . . .	11
Conclusion. . . . .	12
Executive Summary Endnotes . . . . .	13

### CHAPTER 1: WORKING POOR FAMILIES IN WASHINGTON, DC

Overview . . . . .	14
Key Factors Creating Working Poverty In The District . . . . .	16
Conclusion. . . . .	17
Chapter 1 Endnotes. . . . .	18

### CHAPTER 2: EDUCATION AND SKILLS TRAINING

Overview . . . . .	20
The District Faces Huge Educational Disparities . . . . .	21
Making Post-Secondary Education Available and Affordable for Low-Income Working Families . . . . .	22
Adult Literacy Education and Career Training . . . . .	26
Set Goals, Measure Results . . . . .	31
Recommendations . . . . .	31
Chapter 2 Endnotes. . . . .	33

### CHAPTER 3: EMPLOYMENT OPPORTUNITY

Overview . . . . .	38
Employment Conditions in the District of Columbia . . . . .	39
Economic Development Programs in DC Fail to Live Up to Their Potential to Create Well Paying Jobs for DC Residents . . . . .	40

TABLE OF  
CONTENTS

District Programs to Connect Workers with Employers  
are Limited, but have Potential for Growth. . . . . 43

Recommendations . . . . . 43

Chapter 3 Endnotes. . . . . 45

**CHAPTER 4:**  
**CONDITIONS OF EMPLOYMENT**

Overview . . . . . 46

District Policies Influencing Conditions of Employment . . . . 47

Recommendations . . . . . 51

Chapter 4 Endnotes. . . . . 54

**CONCLUSION . . . . . 56**

**GLOSSARY OF TERMS. . . . . 57**

Glossary Endnotes . . . . . 60



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**DC Appleseed** is a non-partisan, non-profit advocacy organization dedicated to making the District of Columbia and Washington Metropolitan area a better place to live and work. We work on issues from health care to voting representation to education reform to environmental concerns to jobs and housing. Working with volunteer attorneys, business leaders and community experts, we identify the issues, conduct research and analysis, make specific recommendations for reform, and advocate effective solutions. Our experienced staff organizes project teams and leverages thousands of hours of pro bono time to meet our objectives.

**The DC Fiscal Policy Institute** conducts research and public education on budget and tax issues in the District of Columbia, with a particular emphasis on issues that affect low- and moderate-income residents. By preparing timely analyses that are used by policy makers, the media, and the public, DCFPI seeks to inform public debates on budget and tax issues and to ensure that the needs of lower income residents are considered in those debates.

The **Working Poor Families Project** was launched in 2002 and is currently supported by the Annie E. Casey, Ford, Joyce, and Mott foundations. The project is a national initiative that works to improve the economic conditions of working poor families. The project partners with state non-profit organizations and supports their policy efforts to better prepare America's working families for a more secure economic future.

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# EXECUTIVE SUMMARY



## INTRODUCTION

The District of Columbia has come a long way in the last three decades — from a place widely seen as the capital of a crack cocaine epidemic, with a skyrocketing homicide rate, a declining population, and on the brink of financial collapse, to a city recognized for a string of balanced budgets, reductions in violent crime, significant job growth, population stability, a huge real estate boom, unprecedented surpluses, and a sustained economic recovery. That's the good news.

The bad news is that this stunning turnaround has not benefited the whole city. Rather, in the midst of this recovery, many District working

families<sup>1</sup> are struggling. In fact, **nearly one in three working families in the District was poor in 2005.**<sup>2</sup> Despite working hard — these families on average work full-time all year — they earned less than twice the federal poverty rate, or less than roughly \$31,000 a year for a family of three. (The federal poverty line varies by family size and is adjusted annually. For a family of three, it equaled \$15,777 in 2005.<sup>3</sup>) Nearly two-thirds of DC's working poor families are headed by single women.<sup>4</sup>

**Not only are many District working families struggling in the midst of the District's new prosperity, but they are also doing worse than their counterparts in other jurisdictions.**

**In fact, a higher proportion of working families in the District is poor compared to the proportion of working families in neighboring states or in the nation as a whole.** Thirty-four percent of working DC families is low-income, while only 17 percent of Maryland working families and 21 percent of Virginia working families are low income.<sup>5</sup> Nationally, 29 percent of working families with children have incomes below twice the poverty line.<sup>6</sup>

The purpose of this report is to examine why the District's recovery has left so many District residents behind and what can be done about it. Our focus is specifically on those who are in the labor force — currently or

## WHAT DEFINES A “WORKING FAMILY”?

For the purposes of the data used in this report, “working family” is defined as: Primary married-couple or single parent family with at least one child under age 18 where all family members age 15 and over have a combined work effort of 39 or more weeks in the last 12 months, or all family members age 15 and over have a combined work effort of 26 or more weeks in the last 12 months and one currently unemployed parent looked for work in the previous four weeks. The Census defines family income as based on all family members age 15 and over.

recently working, and/or looking for a job. Crucial to our findings is the fact that at a moment when enormous job growth is occurring in the District, employment rates for less educated District residents are actually falling. This means the District’s recent economic boom has been fueled in large part by bringing in workers who have been trained and educated elsewhere to fill our growing jobs. While highly mobile, ambitious college graduates and professionals from around the country have always sought positions in the nation’s capital, the fact is that lower-skilled jobs are also now being filled disproportionately by non-DC residents. Further, these non-resident lower-skilled employees take the benefits of the city’s revital-

ization home to neighboring states, which experience lower levels of poverty, less reliance on social services and public benefits, and stronger educational systems which, in turn, produce a more competitive workforce. The benefits of DC’s prosperity have bypassed the District’s working poor families and been conferred on other states in our region, especially Maryland and Virginia. While many District families have benefited from the District’s growth, far too many working poor families in the District continue to suffer.

Facing these circumstances, in February 2007, DC Appleseed and the DC Fiscal Policy Institute were invited by the Annie E. Casey, Charles Stewart Mott, Joyce, and Ford Foundations to join their Working Poor Families Project, and produce this assessment of District of Columbia economic and educational policies as they relate to working poor families. We agreed to participate because of the urgency of this issue and its widespread importance. As the District enters into its ninth year of solid economic growth, the failure of that growth to systematically better the lives of low-income residents is stark, as is the need to improve the opportunities for all District residents to share in the District’s increasing prosperity.

**The central determination of our report is that the District must invest more in the education and development of its adult workforce, and in particular its single parent workforce. Indeed, investing in the District’s working adults is likely to be as important to the city’s future as the current efforts to rebuild the DC Public Schools.** An educated and skilled adult workforce will strengthen DC families, improve health and educational outcomes for children, and improve the District’s overall prosperity. The District must invest in District residents to afford them the opportunity to change their eco-

### To improve its adult education and skills development system the District should:

- Enhance access to community college educational offerings for its residents by encouraging and developing regional partnerships and/or investing in the creation of a local community college as a branch of or separate from the University of DC.
- Develop scholarship programs that reduce the cost of post-secondary education for working adults seeking less than half-time enrollment and/or non-degree career-oriented courses.
- Direct more resources to expanding the capacity and effectiveness of the District’s adult literacy programs, and invest specifically in strategies that connect adult literacy with occupational education and training.
- Use the Workforce Investment Council to establish a complete workforce development strategy and priorities that are tailored to the needs both of DC residents and local businesses.
- Make a priority of raising wages in women-dominated sectors and moving women into non-traditional careers.
- Maximize the use of training and education for welfare program participants to the extent allowable under Federal law.
- Adopt participants’ economic self-sufficiency as the program goals for welfare, adult training, and workforce development efforts in general and align evaluation strategies with this goal.

nomic circumstances and contribute to their families’ — and the District’s — economic strength.

Until now, the District has not established effective systems to address the needs of its adult workforce.



Vocational education and Adult Basic Education (ABE)<sup>7</sup> programs were decimated in the early 1990s and have not been sufficiently rebuilt. Economic development strategies have been largely inattentive to creating the kinds of jobs that could offer career ladder opportunities and economic self-sufficiency for lower-skilled workers. And, while the District has adopted a number of policies to support workers, such as a substantial Earned Income Tax Credit (EITC), many District low-income workers lack many of the fundamental employment benefits and supports, such as paid sick leave, that provide stability and job security. The lack of attention to these three systems — adult education and training, economic development as it relates to local workforce development, and income and work supports — has left behind a large group of adult workers who work hard but are unable to adequately support their families in the high-cost District landscape. Further, this group of adults cannot give their children the kind of support that is necessary for the children's future academic and economic success.

For District families to compete in the local economy, they need access to quality affordable education, good jobs in growth industries (i.e. jobs with good wage and benefit packages, fair working conditions, and good career prospects) and work support policies that are designed around the specific needs of working families, especially single parent families. In four chapters, this report first describes the educational and employment status of the District's low-income working families and then proposes three general strategies for providing them the tools and services they need to prepare for and perform adequately compensated work in the local economy:

1. Improve the adult education and skills development system. The District needs a comprehensible and acces-

sible adult education system with clear pathways from basic through vocational and advanced academic opportunities. This includes adult literacy education (including adult basic and secondary education, English for Speakers of Other Languages (ESOL), computer literacy and family literacy), career training certification programs, and two- and four-year post-secondary programs.

2. Design an economic development strategy that incorporates workforce development goals. The District needs to use its business incentive programs to advance the city's workforce development goals and enable more District residents to obtain the training they need to compete for the jobs created as a result of various economic development activities.

3. Improve conditions of employment. The District needs to create an adequate system of income security measures and work supports to enable employed residents to care adequately for themselves and their families, and take advantage of existing opportunities to increase their economic security. These same conditions will effectively improve retention rates for employers and improve their bottom line.

The policy recommendations in this report are all designed to advance the three stated strategies. Some of the recommendations are based on policies tried and proven elsewhere; others hold substantial promise for addressing a particular problem faced by District families; still others are ideas that will require further exploration and consideration but are being advanced here in the hope of spurring dialogue. Taken together, they suggest an agenda that will facilitate the integration of the District's working poor into the revitalized District economy, a goal that city policy makers have said they embrace.

In order to improve the effectiveness of the District's economic development in furthering the District's workforce development goals, the District should:

- Revamp the First Source Program to integrate workforce development.
- Set wage and benefit standards for all economic development programs.
- Evaluate economic development proposals based on job creation potential.
- Include a training component for all major economic development projects.
- Expand successful transitional employment programs.
- Improve evaluation of job creation efforts.

Based on this overall strategic purpose, this report makes the following important recommendations:

1. The District needs to address the major gap in its adult education system by developing its community college capability. Whether this is accomplished by building the capacity at the University of the District of Columbia (UDC) or through a set of strategic partnerships with existing public and/or private two-year institutions, the key goal is to develop a public "go-to" institution that will address residents' and local businesses' need for low-cost, high-quality, up-to-date career-oriented programming with sufficient support services and financial aid to help the District's non-traditional students (older, minority, non-native English speaking, first generation college-attending) to succeed.

2. To align workforce and economic development goals the District needs to evaluate economic development proposals based on their job creation potential and collect detailed data to

accurately evaluate the returns on its economic development investments. Specifically, the District should require subsidy recipients to report the number, pay scale, and fringe benefits of the jobs that subsidy dollars have helped to create.

3. In order to improve income and job security for working poor families, the District needs to implement a paid sick leave policy for all District workers. In addition, the District needs to pursue a temporary disability insurance program that includes family leave so that low-income working families can care for themselves in times of illness without losing their full incomes and their jobs. The District also needs to improve the local child care system by increasing reimbursement rates to child care providers and investing strategically in professional development for childcare workers in order to improve wages, retention rates, and overall quality of care for District children.

4. In order to facilitate the success of these and related efforts in the District in the long term, further analysis is required in several key areas. These include best practices for governments to promote retention and completion of educational and occupational credentials through funding or other strategies, and how to raise the pay scale in traditionally women-dominated employment sectors such as child care and health care. Additional areas for further analysis are identified in the recommendation section of each chapter.

## BENEFITS AND COSTS

District residents who want to work and support their families should be given a fair opportunity to improve their economic circumstances. Numerous benefits will flow to the District from providing those families that opportunity, including:

- Enhancing the quality of the District's available workforce, making it easier for District businesses to find the qualified workers they need.

- Helping District children succeed in school, because stronger, more stable families led by life-long learners can better support their children financially, emotionally, and academically.

- Helping reduce the District's high poverty rate.

- Building the city's tax base.

- Helping reduce high public expenses for social services.

- Contributing to more stable and safe communities.

Many of the recommendations in this report come with some immediate short-term costs. They will require an investment of both public and private dollars. DC's leaders will need to make the needs of the District's working poor families a priority, just as the city has made a large commitment in recent years to reforming the DC Public School system and providing more affordable housing.

But, as noted, these investments to reduce poverty also stand to bring substantial benefits. The District's very high poverty rate — especially among children — has large and tangible costs. The 2003 GAO report on DC's structural budget imbalance noted that the city's high poverty rate contributes to DC having higher per capita costs of providing government services than any state in the nation.<sup>8</sup> A 2007 report from the Center for American Progress<sup>9</sup> finds that child poverty costs the nation \$500 billion per year — due to reduced earnings potential, poor health, and higher crime. That study's methods suggest that the costs of child poverty in DC are \$1.8 billion per year.<sup>10</sup>

To improve employment conditions for the working poor, the District should:

- Institute an annual cost-of-living adjustment for the DC minimum wage.

- Consider increasing the standard deduction in the DC income tax and promoting the use of the Earned Income Tax Credit among low-income non-custodial working parents.

- Create systematic linkages between the child support system and workforce development system.

- Work with banks, credit unions, and other private businesses to find ways to reduce the premiums that low-income families pay for financial services and promote asset development.

- Implement paid sick leave for all District workers and consider developing a paid disability/family leave program.

- Improve the administration of the Unemployment Insurance Program and consider adopting a dependent benefit.

- Increase child care reimbursement rates and keep them up-to-date, as well as strategize to increase wages for child care workers through links to professional development.

- Continue to address the affordable housing crisis in the city, and promote housing for low-income families that takes into account access to transportation, jobs, and educational resources.

Furthermore, that figure does not capture the side effects of poverty, namely poverty's major contribution to other problems with large social and fiscal costs, such as child abuse and neglect. In DC, nearly half of substantiated child abuse and neglect cases come from the city's poorest neighborhoods.<sup>11</sup>



A substantial body of longitudinal research shows that improving family incomes boosts the school performance and future earning capacity of children, improves health, and reduces crime.<sup>12</sup> For these reasons, it is our hope that helping working poor families gain skills that lead to better jobs will not only reduce the District's income disparities, but will also contribute to the city's long-term social and economic health.

It is important to note that the work in this report builds on work that has come before, including *Reducing Poverty in Washington, DC and Rebuilding the Middle Class from Within* from the Brookings Institution,<sup>13</sup> *The State of Adult Literacy Report: Investing in Human Capital*, by the State Education Agency,<sup>14</sup> *Toward a New Vision of Workforce Development in the District of Columbia*, by the DC Jobs Council,<sup>15</sup> *The 2007 State of the Business* report by the DC Chamber of Commerce,<sup>16</sup> and *DC's Two Economies: Many Residents are Falling Behind Despite the City's Revitalization*, by the DC Fiscal Policy Institute.<sup>17</sup> It is also important to note that this report is intended to focus on the circumstances of working poor families in the District — adults who are working and caring for children but earning less than 200 percent of the federal poverty threshold. This is a group often overlooked as policymakers focus on the education and training of youth, and the service needs of the

chronically unemployed. We believe, however, that the policies recommended herein will also benefit adults without children, and those currently unemployed or less stably attached to the workforce.

## CONCLUSION

Taken together, the four chapters in this report are an effort to describe the daunting problems facing low-income working families in the District and to suggest policy strategies to address those problems. We are convinced that a systematic effort by the District to address those problems will not only greatly benefit those families, but also will benefit the District as a whole. This report is intended only as a beginning, insofar as it lays the groundwork to further consider the problems it addresses, many of which warrant more attention than is possible in this brief review. We are, however, committed within the resources available to us to continuing to conduct research, review best practices, analyze data, and work with government officials, community advocates, businesses, and others to broaden prosperity in the District. Our vision is one in which low-income working families in the District have a fair opportunity to share in the District's recovery and increase their long-term economic security, which, over time, will improve living conditions for all District residents.

## EXECUTIVE SUMMARY ENDNOTES

<sup>1</sup> For the purposes of the data used in this report, “working family” is defined as: Primary married-couple or single parent family with at least one child under age 18 where all family members age 15 and over have a combined work effort of 39 or more weeks in the last 12 months, or all family members age 15 and over have a combined work effort of 26 or more weeks in the last 12 months and one currently unemployed parent looked for work in the previous four weeks. The Census defines family income as based on all family members age 15 and over.

<sup>2</sup> Working Poor Families Project, data generated by Population Reference Bureau using U.S. Census Bureau’s American Community Survey 2003, Table I.2 (2005). Poor and low-income are used synonymously throughout this report to refer to families with incomes at or below 200 percent of the Federal poverty threshold according to the U.S. Census Bureau. The 200 percent threshold is applied because the poverty threshold – the cost of the USDA “thrifty food plan” in 1969 multiplied by three and indexed by the Consumer Price Index — is widely viewed as an inadequate measure of the resources necessary to live in the United States. The 200 percent-of-poverty standard is used by the Interagency Forum on Child and Family Statistics as the transition point between low- and middle-income status, though it should be noted that geographic variation in the cost of living would suggest that the transition point in Washington, DC and other urban areas could conceivably be much higher. (Population Reference Bureau, *The Muddle About the Middle Class*, available at <http://www.prb.org/Articles/2000/TheMuddleAbouttheMiddleClass.aspx>).

<sup>3</sup> U.S. Census Bureau, *Poverty Thresholds 2005*, available at <http://www.census.gov/hhes/www/poverty/threshld/thresh05.html> (last visited Dec. 19, 2007).

<sup>4</sup> Working Poor Families Project, *supra* note 2, supplemental Data.

<sup>5</sup> *Id.* Table I.2.

<sup>6</sup> *Id.*

<sup>7</sup> Adult Basic Education or ABE is a component of Adult Literacy Education and includes reading, writing, and math education for adults with a 7th grade proficiency level or lower.

<sup>8</sup> Gov’t Accountability Office, GAO-03-666, *District of Columbia Structural Imbalance and Management Issues* 10–11 (2003).

<sup>9</sup> Harry J. Holzer, et al., *The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor* (2007), available at [http://www.americanprogress.org/issues/2007/01/pdf/poverty\\_report.pdf](http://www.americanprogress.org/issues/2007/01/pdf/poverty_report.pdf).

<sup>10</sup> *Id.* at 17–18. The study found the costs of child poverty equal 3.8 percent of the nation’s GDP. If this 3.8 percent figure is adjusted for DC’s higher-than-average rate of poverty and applied to DC’s personal income — the closest proxy to GDP — it results in a figure of \$1.8 billion.

<sup>11</sup> Stacy Rolland, *Disparities in the District: Poverty Is the Major Cause*, at 9–10 (2006), available at <http://dcfpi.org/11-2-06pov.pdf>.

<sup>12</sup> See Holzer, *supra* note 9; Rolland, *supra* note 11.

<sup>13</sup> Martha Ross & Brooke DeRenzis, *Reducing Poverty in Washington, DC and Rebuilding the Middle Class from Within* (2007), available at [http://www.brookings.edu/~media/Files/rc/reports/2007/03cities\\_ross/20070326\\_reducingpoverty.pdf](http://www.brookings.edu/~media/Files/rc/reports/2007/03cities_ross/20070326_reducingpoverty.pdf) [hereinafter *Brookings Report*].

<sup>14</sup> University of the District of Columbia, *The State of Adult Literacy Report: Investing in Human Capital* (2007), available at <http://literacydc.org/documents/report.pdf> [hereinafter *State of Adult Literacy*].

<sup>15</sup> DC Jobs Council, *Toward a New Vision of Workforce Development in the District of Columbia* (2007) [hereinafter *New Vision*].

<sup>16</sup> Julia Friedman, The District of Columbia Chamber of Commerce State of the Business Report: The District’s Economy: Strengths, Weaknesses and Opportunity (2007), available at [http://www.dc-chamber.org/clientuploads/2007\\_Biz\\_Report.pdf](http://www.dc-chamber.org/clientuploads/2007_Biz_Report.pdf).

<sup>17</sup> Ed Lazere, *DC’s Two Economies: Many Residents Are Falling Behind Despite the City’s Revitalization* (2007), available at <http://dcfpi.org/10-24-07dc.pdf> [hereinafter *DC’s Two Economies*].





# CHAPTER 1

## WORKING POOR FAMILIES IN WASHINGTON, DC

### OVERVIEW

By many measures, economic conditions in the District of Columbia have been steadily improving over the past decade. The number of jobs in the city has grown every year since 1998, the real estate boom has been robust, and the resident population has started to increase for the first time in decades.

Yet, in the midst of this prosperity, many District working families are struggling. **Nearly one in three working families in the District was working but was poor in 2005.**<sup>18</sup> Despite working on average full-time all year, they earned less than twice the federal poverty rate, or less than roughly

\$31,000 a year for a family of three.<sup>19</sup> (The federal poverty line varies by family size and is adjusted annually for inflation. For a family of three, it equaled \$15,777 in 2005.)

**A higher proportion of working families in the District are poor than in neighboring states and the nation as a whole.** While 34 percent of working DC families with children are low-income, only 17 percent of Maryland working families and 21 percent of Virginia working families have equally low incomes.<sup>20</sup> Nationally, 29 percent of working families with children have incomes below twice the poverty line.<sup>21</sup>

It is a common perception that poor families in the District are not work-

ing families. The reality, however, is quite different.

■ **Over half of DC's low-income families are working families.** Some 52 percent of families with children and incomes below 200 percent of poverty have adults that worked at least 39 weeks.<sup>22</sup> As noted, on average, the adults in these families worked the equivalent of a full-time year-round job. And many other low-income families in the District are working, though less than 39 weeks per year.

■ **At the same time, the percentage of low-income DC families who work is below the national average and the rate in neighboring states.** In the nation as a whole, 71 percent of low-

## KEY ISSUES

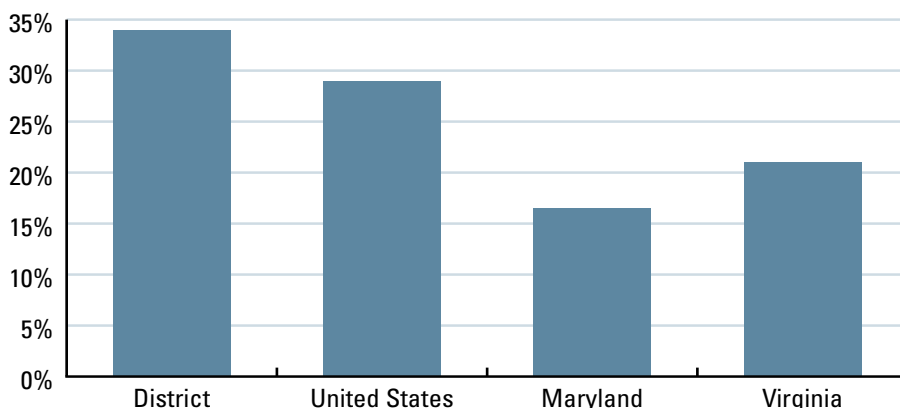
- Most of DC's low-income families are working, which means that many jobs in the District and the region do not pay enough to support a family.
- Two-thirds of DC's low-income working families are headed by single women. Therefore the District needs to do more to move women into higher paying careers.
- There are huge racial/ethnic disparities in education and income in the District which need to be closed through changes in education, economic development, and work support policies.

income families are working families. This compares to 69 percent of Maryland's low-income families and 71 percent of Virginia's low-income families that are working. However, as noted, only 52 percent of District low-income families are working.

These statistics suggest that while the majority of low-income families in the District of Columbia are working, unemployment is, in fact, a bigger issue for low-income families in the District than nationally or regionally.<sup>23</sup> Thus, while this report will show that the District needs to focus significant efforts on policies that will improve economic security for working poor families, it cannot ignore the need for better strategies that will enable

**Figure 1.1**

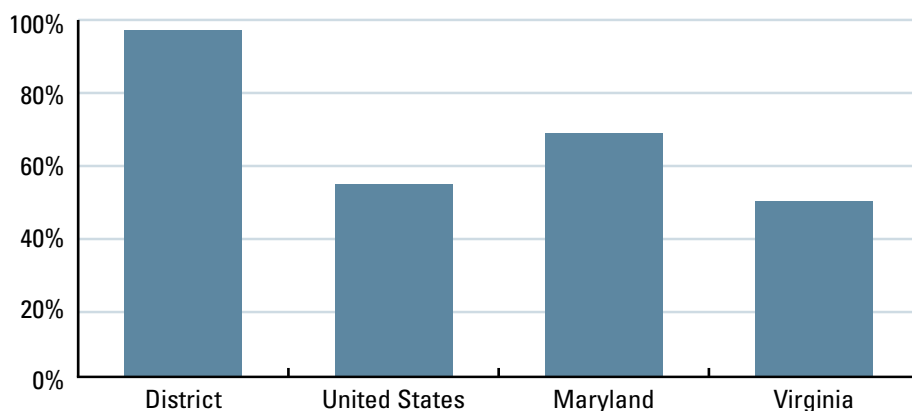
### Percentage of Working Families that are Low Income



Source: Working Poor Families Project

**Figure 1.2**

### Percentage of Low-Income Working Families with Minority Parent



Source: Working Poor Families Project

non-working residents to move into the workforce.<sup>24</sup>

### Most Working Poor Families in DC Are Minority, Female-Headed Families

**Nearly all working poor families in DC are minorities.** Just six percent of white non-Hispanic working families in the District are poor, compared with 40 percent of minority working families.<sup>25</sup> Fully 96 percent of all working poor families in the District are minority families.<sup>26</sup> This compares to only 67 percent in Maryland, 51 percent in Virginia, and 56 percent nationally.<sup>27</sup>

**The District has almost twice the rate of low-income working house-**

**holds headed by single women than the national average.** In the District, 64 percent of low-income working families are headed by a single woman. Conversely, single women nationally support only 38 percent of low-income working families.<sup>28</sup>

While some families in the District benefit from having two adults to share the burden of supporting and caring for children and other dependents, most low-income working families in the District have only a single working adult. This means that policies to improve economic security for working families must account for the needs and demands affecting single parents, and single women in particular.

Why We Use 200% of Poverty to Define “Working Poor Families”

The Federal Poverty Threshold (100% of Poverty) is based on the 1969 cost of the USDA “thrifty food plan” multiplied by three (because food accounted for approximately one-third of a family’s expenses), and indexed by the Consumer Price Index. One reason the poverty threshold is less useful today than it was in 1969 is that food constitutes a much smaller portion of the typical family’s expenses, as housing, child care and health care costs have increased.

Further, the poverty threshold was designed to apply to post-tax income and it is applied today to pre-tax income. The 200 percent-of-poverty standard is currently used by the Interagency Forum on Child and Family Statistics as the transition point between low- and middle-income status, though it should be noted that geographic variation in the cost of living would suggest that the transition point in Washington, DC and other high-cost urban areas could conceivably be much higher. For more information, see the US Census Bureau, Poverty Measurement Studies and Alternative Measures.

This persistent lack of movement among the lowest and middle income tiers strongly suggests that, despite their best efforts, low-income working families in the District are unable to substantially increase their income and economic security.

KEY FACTORS  
CREATING WORKING  
POVERTY IN THE  
DISTRICT

Washington, DC has a high-skill, knowledge-based economy, with a labor market that is dominated by government, professional and business fields, educational and health services, nonprofits, lobbying organizations, and the leisure and hospitality industries.<sup>34</sup> Employers in the District therefore tend to seek out candidates with Bachelors degrees or even higher levels of education.<sup>35</sup> In 2000, 54 percent of the jobs in the District were held by those with a Bachelors degree or higher, while the overall US average was only 28 percent.<sup>36</sup>

The District attracts large numbers of young, college-educated workers. This influx produces a “crowd-out” factor: the abundance of college graduates in this job market means that jobs that might elsewhere go to less-educated and less-skilled candidates are filled here by post-secondary degree holders. For instance, nationally, only 15 percent of administrative workers have a college degree, while the figure in DC is 30 percent.<sup>37</sup>

District residents often face stiff competition even for low-skill jobs. In 2000, almost twice as many Maryland and Virginia workers held less-skilled jobs in DC as did District residents.<sup>38</sup> At the same time, only 30 percent of District residents who are considered less skilled held jobs outside of the city.<sup>39</sup>

Figure 1.3

Annual Earnings, Low Wage DC Worker	Basic Needs Budget, Family of 3	Earnings as percent of Basic Needs	Rank Among Largest City in Each State
\$22,500	\$57,000	39 percent	49th worst

Even More Families Fall below Self Sufficiency

While this report focuses on families earning below the 200-percent-of-poverty level, the actual income needed to meet a family’s basic needs in the District of Columbia is substantially higher than that level. Wider Opportunities for Women (WOW), for example, developed a “Self Sufficiency Standard” for DC that estimates the minimum cost of obtaining adequate housing, food, health care, transportation, child-care, and other basic needs. For a family of one adult and two pre-schoolers living in the District, the Self Sufficiency Standard is almost \$57,000 — or more than 300 percent of the poverty threshold for a family of three.<sup>29</sup>

Given the high costs of living in the District, the earnings of many of DC’s working families are simply not adequate to provide basic needs. A 2007 report from the DC Fiscal Policy Institute study found that a “low-wage worker” in DC would earn only

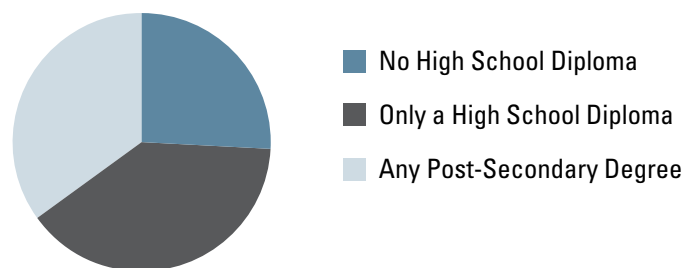
36 percent of the Self Sufficiency budget for a family of three.<sup>30</sup> This earnings shortfall for low-wage workers is greater in DC than in all but two states (when comparing the largest city in each state) — Massachusetts and New York.

The Income Disparities among Working Families are Large and Growing

The income gap between the District’s wealthiest and poorest households has continued to grow even as incomes in the area increased generally. The average income of the top 20 percent of working families in the District is 15 times higher than the average income of the poorest 20 percent of working families.<sup>31</sup> And while the average income of the top 20 percent of DC families has seen an unprecedented 81 percent increase over the past two decades, the average income of the bottom 20 percent has risen by a mere 3 percent.<sup>32</sup> The rich-poor gap is wider in DC than in any other large U.S. city, with the exception only of Atlanta and Tampa.<sup>33</sup>

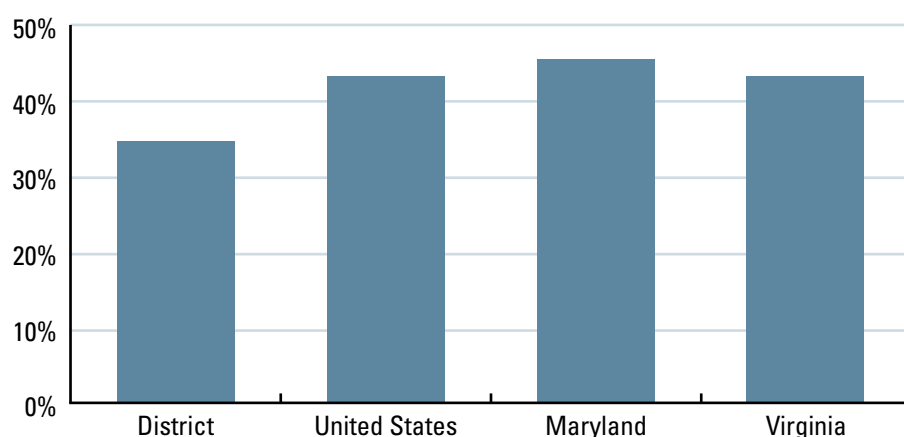


**Figure 1.4**  
Educational Attainment of the District's Working Poor Families



Source: Source: WFPF Data, ACS 2005

**Figure 1.5**  
Low Income Families with Some Post-Secondary Education



Source: Working Poor Families Project

### Limited Educational Attainment Contributes to Working Poverty

While in every community skills affect the ability of residents to get good jobs with good wages and benefits, this is especially true in the District's knowledge-based economy. Unfortunately, many working poor families in DC lack the education needed to get these good jobs. For example,

- Parents, in one-quarter of working poor families in the District, lack a high school diploma.<sup>40</sup>
- Another 40 percent of working poor families include parents with no more than a high school diploma.<sup>41</sup>
- Nearly one-fifth of all working poor families in DC include parents with limited English skills. This is

another sign that limited training and education create significant barriers for many DC families.<sup>42</sup>

- Only one-third of working poor families in the District have any post-secondary education.<sup>43</sup>

Differences in income growth by education level provide further evidence that higher education levels result in higher income levels. From 1980 to 2000, the median household income in the District for those households headed by someone with less than a high school degree fell by nearly one-fifth. Over the same period, incomes for households headed by a high school graduate remained stagnant, while those in which the head of household had some post-secondary education showed an increase in income of nearly one-fifth.<sup>44</sup>

Nationally and in neighboring states, low-income working families have rates of post-secondary education between 43 and 46 percent; in the District, however, only 35 percent have some post-secondary experience.<sup>45</sup> This suggests that working families with greater levels of education in the District are less likely to fall into the low-income category, and that the income disparity between jobs for the highly educated and highly skilled and those for the less educated and less skilled is greater in the District than elsewhere.

## CONCLUSION

While many people associate the problems of poverty in the District with unemployment, in fact, the data on working poor families show that many of those who work the equivalent of full-time all-year are struggling to meet their basic economic needs. As Julia Friedman writes in her recent report for the District of Columbia Chamber of Commerce, the District's economy contains a "sub-layer . . . where success is better defined by surviving than by moving up the income ladder."<sup>46</sup> The data tell us that this sub-layer suffers from low educational achievement. The data also tell us that the District needs to afford much greater educational and training opportunities to these adults — opportunities tailored to the particular jobs becoming available in the area — so they can better themselves, better their children, and better the District as a whole. The chapters that follow offer recommendations about how this can be done.

## CHAPTER 1 ENDNOTES

<sup>18</sup> Working Poor Families Project, *supra* note 2, Table I.2. For the purposes of this report, “poor” and “low-income” are used synonymously to refer to families earning less than 200 percent of the poverty rate for their family size, based on the U.S. Census Bureau’s Poverty Threshold. U.S. Census Bureau, *Poverty Thresholds 2005*, available at <http://www.census.gov/hhes/www/poverty/threshld/thresh05.html> (last visited Dec. 19, 2007). “Families” refers specifically to households headed by one parent or two married parents with at least one child under 18. The Census defines “family income” as based on all family members age 15 and over. U.S. Census Bureau, *American Community Survey: Puerto Rico Community Survey: 2005 Subject Definitions* 46 (2005), available at [http://www.census.gov/acs/www/Downloads/2005/usedata/Subject\\_Definitions.pdf](http://www.census.gov/acs/www/Downloads/2005/usedata/Subject_Definitions.pdf).

<sup>19</sup> U.S. Census Bureau, *Poverty Thresholds 2005*, *supra* note 17.

<sup>20</sup> Working Poor Families Project, *supra* note 2, Table I.2.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* Table I.1.

<sup>23</sup> *Id.*

<sup>24</sup> It is not clear how the District compares with other cities in this regard, because data on other cities are not available.

<sup>25</sup> Working Poor Families Project, *supra* note 2, Table I.3.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.* Supplemental Data.

<sup>29</sup> Diana Pearce, *The Self Sufficiency Standard for the Washington, D.C. Metropolitan Area 2005* (2005).

<sup>30</sup> “Low-wage worker” is defined here as a worker at the 20th percentile wage level, which means someone who earns less than 80 percent of all working D.C. residents.

<sup>31</sup> Working Poor Families Project, *supra* note 2, Table I.9.

<sup>32</sup> *Id.*

<sup>33</sup> *DC’s Two Economies*, *supra* note 17, at 17.

<sup>34</sup> *Brookings Report*, *supra* note 13, at 13.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.* at 14.

<sup>37</sup> *Id.* at 17.

<sup>38</sup> *Id.* at 14.

<sup>39</sup> *Id.*

<sup>40</sup> Working Poor Families Project, *supra* note 2, Table II.A.1.

<sup>41</sup> *Id.* Table II.A.2

<sup>42</sup> *Id.* Table II.A.4.

<sup>43</sup> *Id.* Table II.A.3

<sup>44</sup> *DC’s Two Economies*, *supra* note 17, at 11-13.

<sup>45</sup> Working Poor Families Project, *supra* note 2, Table II.A.3.

<sup>46</sup> Friedman, *supra* note 16, at 1.



A black and white photograph of two women in an office environment. The woman in the foreground, on the left, is smiling and looking down at a laptop. She has long dark hair and is wearing a light-colored top. The woman in the background, on the right, is looking at a computer monitor. She has long dark hair and is wearing a patterned top. The office setting includes a desk, a computer monitor, and office chairs.

# CHAPTER 2

## EDUCATION AND SKILLS TRAINING

### OVERVIEW

A large number of working adults in the District lack the education and skills that would allow them to move beyond the lowest paying jobs. This is notwithstanding the fact that education is widely recognized by rich and poor alike as one of the keys to economic success in the U.S. economy. Indeed, Bachelor's degree holders on average earn almost twice the annual salaries of those with only high school diplomas or general equivalency diplomas (GEDs).<sup>47</sup>

The District has little trouble “importing” labor for the highly skilled law, science, policy, and other professional occupations that come with both

prestige and high wages. But the District also imports labor from surrounding jurisdictions for many lower-skilled jobs. In fact, 63 percent of jobs accessible to workers with high school diplomas currently go to Virginia and Maryland residents.<sup>48</sup>

To allow all members of the community to benefit from the higher paying jobs available in the District and give low-skilled residents a chance to participate in its prosperity, the District must further invest in building a skilled local workforce. Yet, the District currently fails to provide a comprehensive adult education and training system. Indeed, one of the most critical components of workforce development — a community college system

— is available in every state and medium-to-large urban area in the country, yet none exists in the District. In addition, adult literacy education<sup>49</sup> in the District is not well funded relative to the overall need, and is not optimally designed to help learners transition from literacy services to occupational training<sup>50</sup> or further education. Similarly, parents in the District's welfare-to-work programs generally are not informed about or directed to education and training opportunities despite the fact that this can be the best path to long-term self-sufficiency for Temporary Assistance for Needy Families (TANF) recipients.<sup>51</sup> Moreover, the District's Department of Employment Services (DOES) meets only a small share of the need of



## GOAL:

To address the lack of opportunity among low-income working families in the District by:

- Establishing a coherent, tightly interconnected adult education system;
- Including adult literacy, occupational training and certification programs, and two- and four-year post-secondary programs in educational and workforce development system planning;
- Providing sufficient academic and personal support services and accessibility;
- Creating clear entry points and pathways so that all residents can access the system at the most appropriate place for them and aim for the highest levels of success.

District workers for training, spends only a small share of funds on training, and does little to monitor the performance of the private providers of training services.

Overall, as detailed in this chapter, low-income adults in the District face daunting systemic obstacles to obtaining the training that will lead them to self-sufficiency and financial stability. The new education governance structure in the District holds promise for alleviating some of these obstacles, insofar as it makes post-secondary education an integral part of the District's educational system for youth, and ties adult basic education (ABE) into the same structure.

This effort will fail for adults, however, unless the District expends energy and resources in systematically considering how low-income working adults — especially single working mothers — will access and afford the educational opportunities that are available. Achieving desired outcomes for working adults enrolled in educational programs from basic literacy and ESL, to GED preparation, through post-secondary certificate and/or degree programs requires both instructional and support services. These include, for example, class times that fit the varying work schedules of the working poor and class locations convenient to home or work; assistance acquiring or gaining access to needed supplies and materials, including computers with Internet access; and individualized academic support in the form of tutors, help-lines, and/or online support. Many adults also need help with transportation, child care, and/or eldercare.<sup>52</sup> The District's educational system must be sufficiently coordinated and funded to help ensure that all of these supports are provided. Right now, they are not.

Finally, in a city that is focusing enormous attention and resources on the public schools, it is important to mention that not only does the current economy demand more skilled workers,<sup>53</sup> but these unskilled adults in low-income working families are themselves raising the next generation of workers, and their own education and economic security are paramount to their children's success. This chapter examines all these issues and makes specific recommendations for addressing them.

## THE DISTRICT FACES HUGE EDUCATIONAL DISPARITIES

In the District, the lack of adult education opportunities disproportionately impacts the black and Hispanic com-

munities. Nearly one in seven adult residents aged 18–64 (13.6 percent) lack a high school degree.<sup>54</sup> Although that figure is slightly better than the national average of 14.1 percent, this overall figure obscures significant disparities in educational attainment. Nearly all white non-Hispanic residents have a post-secondary degree,<sup>55</sup> but a very large number of minority District residents have not completed high school and only a relatively small share have completed a post-secondary education.<sup>56</sup>

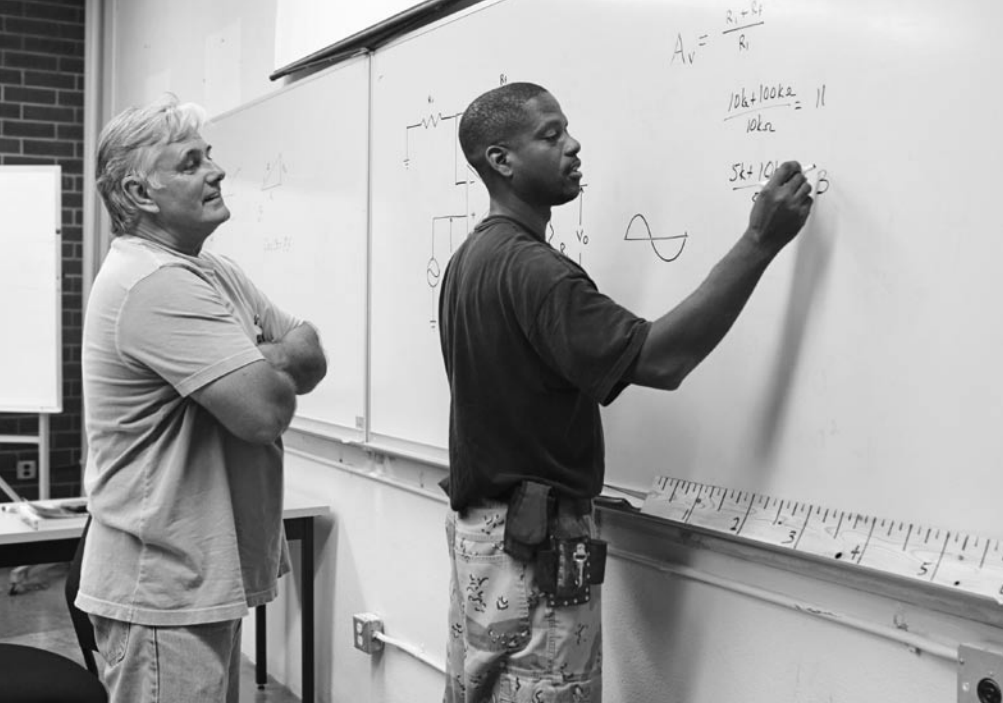
■ The vast majority of minority adults in the District have no more than a high school degree. Only 23 percent of Hispanics and 32 percent of all minority residents have a post-secondary degree.<sup>57</sup> Yet some 93 percent of non-Hispanic white residents have an associate or higher degree, considerably more education than the national average.<sup>58</sup>

■ 30 percent of all minority adults within the District lack a high school diploma, as do 41 percent of Hispanic adult residents.<sup>59</sup> In contrast, only 1 percent of non-Hispanic white adult residents aged 18–64 do not have a high school diploma or GED (much less than the national average of 9 percent).

■ 80 percent of low-income working single mothers in the District have high school degrees, but only 32 percent have any post-secondary education.<sup>60</sup>

■ Only 9 percent of students entering high school in the District are likely to complete a post-secondary degree within five years of graduating from high school.<sup>61</sup>

Even those DC residents who have a high school diploma may not be able to succeed in the job market due to very limited skills. As many as 62 percent of adult residents in the District score at the Basic or Below Basic literacy measure, making the



District equivalent to the 49th of the 50 states in terms of illiteracy.<sup>62</sup> An estimated 36 percent of adult District residents are functionally illiterate.<sup>63</sup>

These educational deficits effectively exclude large portions of the District's workers from the locally available jobs. Nearly half the jobs available within the District require post-secondary education: 47 percent of jobs within the District of Columbia require college or advanced degrees, as compared to only 26 percent nationally.<sup>64</sup>

## MAKING POST-SECONDARY EDUCATION AVAILABLE AND AFFORDABLE FOR LOW-INCOME WORKING FAMILIES

Across the nation, community colleges play a critical role in helping adults acquire education and training for a wide range of occupations. Certificate and associate degree programs offered by open enrollment community colleges often provide an essential pipeline to the jobs most in demand in a regional economy.<sup>65</sup> For example, community colleges nationwide produce 50 percent of new nurses and the majority of other new health-care workers.<sup>66</sup> But, unlike every state and

medium to large urban area,<sup>67</sup> the District does not have a community college system. The District therefore lacks the obvious next step for students who have their high school diploma, GED, or some post-secondary coursework and are looking for a short-term public program that will allow them to advance to the next level in their chosen career.

The University of the District of Columbia (UDC) and private institutions within the metropolitan area provide some of the educational programs traditionally offered by public community colleges. But the existing patchwork of programs cannot provide the same benefits that a community college can provide. Those benefits include: low tuition, reducing the need for loans; partnerships with other District programs like TANF and Workforce Investment Act (WIA) that could provide efficient and cost-effective support services necessary for many older students from working families to succeed in school; and occupational programming aligned with local job growth, and more specifically, a focal point for local industries and businesses to team up with the District on educational programs that would specifically prepare residents to compete for their jobs, or move up their career ladders.

In addition, the District's financial aid policies are not well suited to adult learners. No financial aid programs exist whose mission is geared toward increasing access to occupational certificate programs and other non-degree career-oriented community college offerings. Nor are there financial aid programs for adults who seek to pursue part-time studies while employed. Consequently, existing financial aid policies have limited impact on non-traditional students that are typical among low-income working families in the District.<sup>68</sup>

## The District Needs to Enhance its Community College Capabilities

Community colleges fill an extremely important niche in workforce development in that they provide remedial and standard academic courses and occupational training particularly to a student body comprised largely of non-traditional students (i.e., older, working, immigrant, and/or first-generation college attending).<sup>69</sup> Although the District and the metropolitan area are not short of private institutions, several of which offer certificate and two-year programs, state-supported community colleges are, typically, significantly more affordable for local residents, as well as integrally linked with local businesses and the state's economic goals.

The need for a community college-like institution in DC is great. While some District residents without post-secondary credentials find work, many will not earn self-sufficiency wages or successfully advance in their chosen field without further education. Also, while some have focused on the District's low literacy rates and the need for more basic education before focusing on community college, we believe the two cannot be fully separated because they are part of an educational continuum that needs to be in place. Students who successfully complete their adult basic and secondary education programs need

to be able to advance to the next level in order to support their families.

Many District residents choose to pursue associate degrees and occupational education (certificate programs) at public institutions outside the District. These options, however, are not sufficient to compensate for the District's current limitations. Transportation, with its associated time and costs, can be a significant barrier. Some low-income residents rarely travel outside of their neighborhoods for any reason, and others are limited by family obligations and work schedules. Further, and understandably, these institutions are not necessarily committed to District residents, District businesses, or to the District's economic health. A District employer (or a consortium of small employers), for example, who wants to contract with a post-secondary institution to provide custom on-site training for employees may not be able to work with Maryland or Virginia community colleges to create that program.

UDC, the District's only public post-secondary institution, provides some community college offerings but has been mainly committed to its Bachelor's and graduate degree programs. UDC offers associate's degrees in only a limited number of fields.<sup>70</sup> Occupational certificates that can be finished in one year or less are also currently offered by UDC but they are not systematically organized or easily identifiable, accessible and useful. The University has recently expressed interest in strengthening its community college functions, which many in the District have been hoping it would do. Others question whether UDC is the right institution to take leadership on this issue. We believe that with the right partnerships, UDC could potentially fill this significant gap in the District's educational system, though not without significant support both internally and externally.

### How the District Can Increase its Community College Capabilities

Developing a community college system that meets the needs of District residents would greatly aid the city's economic future. This has repeatedly been recognized, most recently in a March 2007 report from the Brookings Institution<sup>71</sup> and in a concept paper now in circulation from the former State Education Agency.<sup>72</sup> The D.C. Jobs Council has also noted that the lack of a community college is a "critical missing piece in the city's workforce development system."<sup>73</sup>

Developing a community college is not necessarily a "bricks and mortar" proposition. What is needed in the District is a public post-secondary two-year institution committed to the mission of serving first-generation college students, as well as low-income, older, and employed students. This institution must be committed to the goal of providing these students with the services and support necessary to promote completion of credentials — both short-term occupational certificates and associate degrees — and transfers to four-year institutions. This institution must provide effective remedial education services with strategies for helping students bridge to post-secondary classes. Further, this institution must be committed to working with others — including the government, unions, and the private sector — to provide up-to-date programs and course offerings that will meet the needs of District employers, and seek to ensure that graduates are prepared for available jobs. Whether the community college should aim to locate at a single campus or be decentralized is an open question and one that we plan to explore with UDC and other community leaders. But there is no question that the community college needs to have consistent administration and quality standards, and be accessible to families in the city's lowest income neighborhoods east of the Anacostia River.

In order for UDC to play a leadership role in the creation of a DC community college, it would need the commitment of District policy makers as well as internal support among its own faculty and administration. The District's private post-secondary institutions, as well as neighboring community colleges, may well have an important role to play — particularly in the short term — in providing District residents with access to the best possible community college programs. UDC and the DC Council should explore and expand any partnerships that would serve the interests of DC's adult students and DC's employers.

We recognize that community colleges and universities in many ways have very different missions and structures and are not commonly linked together. If developing a community college within UDC proves over time to be ineffective, the District should consider separating the two functions. UDC does, however, have sufficient tools and interest in getting the process started, and it has the accreditation and other resources to bring to the table.

Developing a fully operational, administratively and financially independent community college is a valid *long-term* goal for the District, but it appears unattainable in the short term. There are, however, some short-term steps that could meet some of the immediate needs of low-income District families as well as move the District toward the longer term goal. We recommend that the District and UDC consider the following actions whether or not the District determines that UDC should lead the community college effort for the long-term:

#### 1. UDC should better organize and administratively unify certificate and two-year degree programs within the university.

UDC should complete the comprehensive assessment of its current



certificate and two-year program offerings that it has already begun, and reorganize the administration of these programs to make its certificate and two-year programs more accessible to residents. This is a relatively low-cost way to begin to establish a community college presence at UDC. If effective, this can form the basis of a “school within a school” model operated alongside but administratively autonomous from the University’s academic programs. If ineffective, it will, of course, need to be reconsidered. Clearly, the University will need some additional funding to support this effort, but perhaps more importantly, it will need political support from District leaders.

Once UDC has completed its own comprehensive assessment, the next step would be developing a full inventory of post-secondary short-term occupational programming among other colleges and universities in the District, and identify gaps. Whether this process should be led by UDC, the Office of the State Superintendent for Education (OSSE), or another entity is an open question. This inventory should be developed in coordination with DC business leaders, and it should be coordinated with the District’s other workforce development programs to ensure that the identified programs match the area’s employment needs and expected areas of employment growth. Further, these programs need to be designed to meet the needs of the area’s low-income working families — most of which are headed by single women — for the kinds of jobs that will support families.

## **2. Partner with Local Private and Community Colleges**

Partnerships with local institutions that currently provide career-oriented educational offerings — such as Southeastern University and Trinity College — may allow the District to build on the strengths of existing

programs and expand them to serve more students. Partnerships with community colleges from Virginia and Maryland may also be useful, and these institutions have shown a willingness to assist the District in certain regional employment areas, such as healthcare.<sup>74</sup> Some have suggested that the Universities at Shady Grove — a Rockville-based facility that houses 40 third- and fourth-year undergraduate and graduate degree programs offered by eight different public universities — could serve as a model for collaboration and co-location for the District’s community college, though blending public and private institutions within such a structure will take careful planning.

Although a number of degree-granting institutions based outside of the District of Columbia have been licensed to provide local educational instruction in DC, none of the suburban community colleges currently are so licensed.<sup>75</sup> Indeed, remarkably few public institutions appear to have taken advantage of this potential opportunity to provide education to District residents, the reason for which is unclear. We think that metropolitan institutions should more seriously consider the benefits of providing instruction to District residents within the District itself.

## **3. Improve Remedial Services Provided in Innovative Ways**

Throughout the nation, a large number of students entering community colleges need developmental, or remedial, education services.<sup>76</sup> UDC is similar to other open enrollment urban colleges and universities in needing to provide remediation to 80 percent of its incoming students.<sup>77</sup> One solution is to improve the alignment between high school graduation requirements and post-secondary demands, something the District is aiming to do.<sup>78</sup> This solution, however, does not address the needs of adult students (over age 25) who cur-

rently constitute over half of UDC’s student population.<sup>79</sup> Their high need for remediation presents at least two serious challenges.

First, many students do not complete remedial classes and make the transition to for-credit courses toward their degree or certificate. Even among those students who complete remedial classes, the share that go on to complete a two- or four-year degree is relatively low compared to students who do not take remedial classes.<sup>80</sup> Some of the response to this challenge must be programmatic, i.e., the classes themselves must employ effective curricula and teaching strategies, such as teaching remedial education through vocational content so that students make progress toward their degree program at the same time as they are improving their basic skills. However, District government has a role to play in promoting achievement of post-secondary objectives by students with remediation needs. To do this, the District should support program evaluation, as well as promote student retention and completion. For example, the District could set goals for retention and completion rates for its post-secondary institutions or, as some states are doing, it could base financing for the institutions on outcomes rather than enrollment.<sup>81</sup>

A second challenge is that some students use up financial aid with remedial classes and are then not financially able to complete a degree or certificate program.<sup>82</sup> This latter problem can be addressed by developing innovative ways to provide remedial services at low or no cost to students. One option, for example, is that UDC could partner with and/or develop a charter school to provide some of its remedial education and basic vocational programming. District law allows charter schools to provide both vocational and adult education in addition to K-12 education.<sup>83</sup> The most prominent of these schools is

the Carlos Rosario International Career Center and Public Charter School, which serves 1,200 mostly immigrant students and offers GED preparation, ESL and literacy training, as well as some small-scale vocational programs. A very limited number of other charter schools focus solely on adults. This is a District resource that should be fully explored for its potential to serve adult learners as part of a concerted effort to increase educational attainment among low-income working families.

#### **4. Locate Programs East of the Anacostia River**

Many low-income District families live east of the Anacostia River and need educational services in that area. For low-income working families, time is a precious commodity that often cannot be spent traveling across the city and back in order to take a class. To be most effective and most accessible to the population of low-income working adults, DC's community college should locate programs in the neighborhoods where the target populations live, and should offer community-based support services to help these students succeed in school. Both Southeastern University and Trinity University have done so with considerable success. Southeastern has partnered with Greater Southeast Hospital to house its allied health program, and, at Town Hall Education, Arts, and Recreation Campus (THEARC), Trinity offers classes toward an associate's degree in general studies (which can transfer toward a bachelor's degree in Professional Studies), and a master's degree in nonprofit management.

#### **The District's Financial Aid Measures Do Not Adequately Serve Working Adults**

The District has a number of programs designed to reduce the cost of attending college and these have been successful in increasing the number of

District residents that attend college. The existing programs, however, are targeted to students under 25 who are enrolled at least half-time, and thus have limited impact on members of working families seeking to further their education while also holding jobs and caring for dependents. Further, nationwide, women make up the majority of part-time learners so the limitations of financial aid have a disproportionate impact on them. The District should consider expanding eligibility for these programs in targeted ways to meet the needs of low-income working families, including those headed by single women.

The principal program that reduces the cost for low-income residents attending post-secondary institutions is the Tuition Assistant Grant (DCTAG), which is annually funded by the federal appropriation for the District of Columbia government.<sup>84</sup> DCTAG was primarily designed to provide additional public university degree opportunities for District residents. Since 1999, DCTAG has provided over 22,000 awards to District residents, with grants of up to \$10,000 annually to cover the difference between in-state and out-of-state tuition at any public US college or university, or \$2,500 annually for attendance at approved metropolitan private institutions and national private historically black institutions.<sup>85</sup> Federal funding for this program has increased steadily since its inception: the annual appropriation was \$33 million in FY 2007, and it is slated to increase to \$35.1 million for FY 2008.<sup>86</sup>

Though not a need-based program, DCTAG has been effective at reducing the costs of college education for low-income persons. OSSE, for instance, notes that 68 percent of the monies provided by the grant program go to "students with very low or low income levels."<sup>87</sup> However, DCTAG grants are provided only to students who are 24 or younger at

the time of application and are enrolled at least half-time. As a result, 90 percent of the available funds go to full-time students.<sup>88</sup>

In addition to DCTAG, the District also offers a locally funded grant program, DC Leveraging Educational Assistance Partnership Program (DCLEAP). DCLEAP is also restricted to half-time or more students who are aged 24 or younger at the time of application. That program, with a 5:1 match for federal funds<sup>89</sup> provides up to \$1,500 per academic year in need-based tuition aid, and provided \$3.4 million to more than 2,300 students in School Year 2005-2006.<sup>90</sup>

In a laudable effort to expand the reach of its financial aid programs, District officials recently created the DC Adult Scholarship Program (DCASP). Starting in FY 2008, DCASP will provide up to \$5,000 in financial aid to those who are 25 or over on similar terms to DCLEAP. Like DCLEAP, the program will be need-based and will be limited to residents enrolled in first-time undergraduate degree programs on at least a half-time basis.<sup>91</sup> While this is an important addition to the District's financial aid programs, the half-time requirement limits the usefulness of this program for working families, most of whom cannot afford to attend school half-time. For example, there is no programmatic assistance for members of working families seeking to participate in short-term (non-degree) certificate programs or who can afford only a single for-credit class per academic session. This program could be adapted to this purpose at minimal expense, by using the same appropriation to serve more students with lower grants amounts.

As noted above, many of the adults in low-income working families will need to take developmental or remedial education classes to succeed in certificate or degree programs at the college level. As also noted, some of

these students exhaust their financial aid before they even begin their certificate or degree work. One way to address this might be to create an adult charter school, so that working adults do not use what little financial aid is available to them simply becoming eligible for the substantive courses they need to move forward economically.

## ADULT LITERACY EDUCATION AND CAREER TRAINING

The District's adult literacy and career training systems have been criticized for being under-funded, ineffective, and disconnected from each other.<sup>92</sup> Like many urban jurisdictions, the District faces the challenge of serving large numbers of individuals who lack basic work-readiness skills.<sup>93</sup> In addition, DC's workforce training programs typically lack sufficient mechanisms to evaluate their effectiveness, including the performance of private providers receiving public funding, which means the city is likely funding low performing programs that don't move participants any closer to their goals.<sup>94</sup> The District needs to find a balance that both encourages the movement of the least educated residents toward literacy and workplace competence, and rewards programs that help move the District toward its broader workforce development goals.

### Adult Literacy Education

The District directs more money than either Maryland or Virginia does towards adult education and literacy programs for adults without a High School degree or GED, spending \$37.58 in 2003 per District resident aged 18–64 without a high school degree or equivalent.<sup>95</sup> The District's expenditure, however, remains only about half of the national average of \$63.41 per adult aged 18–64 without a high school degree or equivalent.

The District significantly increased its expenditure of funds on adult literacy training subsequent to the 2003 Mayor's Adult & Family Literacy Initiative, which provided additional local funding for community providers of literacy education.<sup>96</sup> Nevertheless, the greater provision of services allowed by these increased funds still covers only a small share of those adults who could benefit from literacy services: the percentage of individuals enrolled in adult literacy programs in 2004 compared with the number of residents without a high school education or GED is only 6.8 percent.<sup>97</sup> This figure is greater than in Virginia, for which the rate is merely 4.9 percent, but below that of Maryland at 8.0 percent and the national average of 10.4 percent.<sup>98</sup> DC Learns, a coalition of 80 literacy programs in the District, reports that many adult literacy programs in DC have waiting lists ranging from one month to more than one year, including 75 percent of the programs located in Ward 8, one of the most economically depressed areas of the city.<sup>99</sup> In addition, 75 percent of District adult education programs receive no public funds, and others, including large providers like Academy of Hope, receive only a small portion of their funds from public sources and the rest from foundations and private donations.<sup>100</sup>

Previously, Adult Basic Education (ABE) had been coordinated by the State Education Agency for Adult Basic Education (SEA) at UDC. Effective October 1, 2007, the newly created OSSE<sup>101</sup> assumed direct responsibility for overseeing adult basic education. The transfer of authority over the development, implementation, and monitoring of state-level literacy initiatives may increase the integration of adult literacy with other education and employment initiatives, though there are risks that the transfer will loosen the institutional connection between ABE programming and UDC that

existed when the State Education Agency was located there. OSSE is developing a database to track progress of ABE students and their wage records, which should provide important information about the success of the District's ABE system in moving individuals toward greater economic self-sufficiency. But this database is not yet fully functional. Recent legislation requires the city to develop a database to track all residents in publicly funded education, including Pre-K through 12, post-secondary and ABE.<sup>102</sup> If done well, this will be a helpful tool in evaluating the effectiveness of the District's adult education strategies.

Recent SEA initiatives have focused on standardizing, monitoring performance, and assuring quality in adult literacy education efforts, and we hope that OSSE will intensify such efforts. These efforts include working with the providers of adult literacy education to facilitate their use of a recently adopted data keeping and accountability system. Given the limited funding available, however, some providers are opting out and foregoing the small share of public funding with its intensive reporting and record-keeping requirements. These providers complain that the data are either not relevant to their student population, too expensive to collect, or misleading.<sup>103</sup> For example, employment information is collected from students from the time they leave the program, which does not reflect the fact that many students are working at the time they enroll, thereby not providing accurate information regarding the impact of the program. Since working poor families are a key target of these services, such impact information needs to be more accurately measured. OSSE should continue to work closely with adult literacy service providers to promote maximum value and maximum appropriateness of the data-keeping efforts, ensuring that sufficient information is available to

accurately monitor the effectiveness of the system while minimizing the negative impact that excessive reporting requirements can have, especially on small programs.

### Career Training: The District's Implementation of the Workforce Investment Act

The Workforce Investment Act (WIA) replaced the Job Training Partnership Act (JTPA) in 1998 as the primary federal employment training legislation, and consolidated a variety of programs into three block grants to the states.<sup>104</sup> WIA promotes coordination among the different systems that serve the unemployed, including adult education, literacy, and vocational rehabilitation. The most visible elements of WIA are (1) Workforce Investment Councils/Boards, which are designed to promote collaboration between public and private sectors on workforce development planning and oversee training policies for adults, youth and dislocated workers, and (2) One-Stop Career Centers which co-locate employment services with other related resources.

### Only Limited Funds are Dedicated to Adult Training

In the past, the District has dedicated only a small amount of its WIA funds to adult training. In 2005, the District dedicated \$1.8 million of its WIA funds for adults to training, which equaled 46 percent of adult WIA funds.<sup>105</sup> The District also receives WIA funds targeted for “dislocated workers” and has flexibility to use those funds for adults. Overall, DC’s WIA funds spent on training for adults<sup>106</sup> constitutes only one quarter of the total WIA funds provided for the three target populations — adults, youth, and dislocated workers.<sup>107</sup> While the District has increased funding in recent years for training and related programs through the Department of Employment Services, and recently has added several initiatives targeting the hardest-

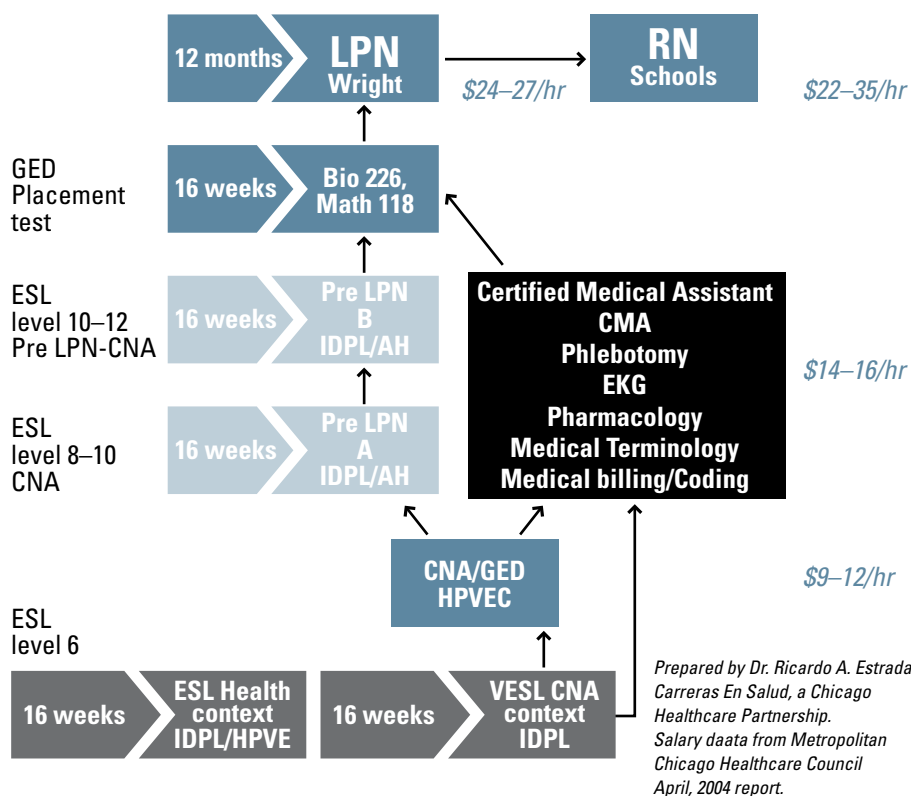
to-serve, these programs reach only a small share of those who need the assistance. The number of workers receiving training services equals less than one percent of residents without a high school diploma.<sup>108</sup> Equally important, however, is that little performance monitoring has occurred with WIA-funded training programs.<sup>109</sup> Therefore, any shift in spending priorities should be preceded by a plan to introduce performance standards and monitor program outcomes.

### Target Workforce Programs to Key Employment Sectors

A strong workforce development system should provide training that helps people with low skills find jobs that are at the start of career ladders

— positions with opportunities for advancement to jobs that provide self-sufficiency wages. Training also should be targeted on industries that have the greatest employment potential. A common way to accomplish this is to identify a limited number of job sectors that have these characteristics (through analysis of employment projections and working with employers) and then consider the skill sets and training needs that will be necessary to move an individual up the ladder in these sectors.

The following image demonstrates a Chicago-based health career ladder, specifically moving low-literate Spanish speakers from a career as a Certified Nursing Assistant (CNA), to Licensed Practical Nurse (LPN) to Registered



The chart above diagrams a health career ladder with salaries and time frames for Spanish-speaking adults beginning with a sixth-grade English reading level. Instituto de Progreso Latino (IDPL) is the leading architect of this career ladder design, created in partnership with Humboldt Park Vocational Education Center (HP), a program of Wilbur Wright College, one of the City Colleges of Chicago, Association House of Chicago, a bilingual community service center offering a variety of adult educational services, and National Council of La Raza, a funder. One important element of this program is the use of vocational context and language to teach English as a Second Language (ESL).





Nurse (RN) using English as a Second Language (ESL) classes in a vocational context (VESL) to prepare students for a GED and post-secondary studies. Alternatives to the LPN program (Certified Medical Assistant, Phlebotomy, etc.) are also positioned within this ladder. This ladder also enumerates the partner organizations that provide the training at each level, i.e. Instituto de Progreso Latino (IDPL), Humboldt Park Vocational Education Center (HPVEC), Association House (AH), and Wilbur Wright College, as well as specific courses at the post-secondary level (Biology 226, Math 118, etc.) that are necessary to qualify for licensing. Retention rates across the stages of the ladder average 91 percent, and advancement rates average 87 percent, suggesting the program is highly successful in moving low-skill adults into health careers with decent earning potential.<sup>110</sup> The program was recognized as the National Exemplary Program in Workforce Development by The National Council for Continuing Education and Training.<sup>111</sup>

### ***Implementing a Sectoral Approach in the District***

In addition to targeting certain sectors, the District should either create or encourage the creation of a group of public and/or private training providers that offer training to match

the targeted sectors. Currently, the District has authorized a limited number of training providers to accept DC-funded training vouchers, but this list has not been built around targeted industries with good career ladders for low-skilled residents. A sectoral approach would help training providers develop or enhance programs geared toward these jobs. The sectoral approach has shown significant promise in many jurisdictions, and is well-suited to helping low-wage workers increase their income regardless of their skill level when they begin.<sup>112</sup>

The District could take the further step of targeting a share of its training funds to these kinds of programs. One example would be the health care sector, which has opportunities for both low- and high-skill employees in a range of medical and allied health careers. Another would be the District's new "Green Collar Jobs Initiative," a set of careers designed to complement the District's new Green Building law and its aspirations to become a "green city." Green Collar jobs include energy efficiency, building operations and maintenance, landscaping, and environmental protection, among others.

Policy makers, educators, and other stakeholders need to consider, however, that employment sectors are often

dominated by either men or women, and that those sectors associated with women tend to have significantly lower median earnings.<sup>113</sup> Sex segregation of employment sectors begins early, with girls and young women being subtly and not so subtly discouraged from studying certain subjects or participating in particular career and technical education (CTE) programs and conversely encouraged to enter others. In its final report, for example, the Congressional Commission on the Advancement of Women and Minorities in Science, Engineering and Technology Development points to "active discouragement and the dearth of out-of-school SET [science, engineering and technology] experiences and role models [which] contribute[s] to girls' lack of interest in SET careers." While these issues belong on the agenda for the District's primary and secondary school reform, identifying strategies to raise wages in women-dominated sectors and moving adult women into non-traditional careers<sup>114</sup> including within the Green Jobs Initiative should be considered a priority, since two-thirds of DC's low-income families are headed by single women.

### ***The District's Performance Outcomes are Below Those of Neighboring and Comparable Jurisdictions***

The District's 2005 WIA Annual Report makes clear that the District faces greater hurdles in workforce development than surrounding jurisdictions in Maryland and Virginia.<sup>115</sup> The Report indicates that the District is less able than neighboring jurisdictions and comparable urban jurisdictions<sup>116</sup> to place trainees in permanent positions and is less successful in moving trainees through programs to a credential. Given the flexibility that jurisdictions have in determining who gets tracked under WIA, it is possible that DC's lower numbers reflect the District's efforts to serve and track people with greater barriers to employment, though such a

**Figure 2.1**

States	WIA Adults	Negotiated Performance Level	Actual Performance Level
DC	Retention	81.0%	71.0%
	Credentials	59.0%	57.2%
Baltimore, MD	Retention	86.8%	90.1%
	Credentials	84.5%	73.3%
MD (Prince George's)	Retention	86.8%	87.0%
	Credentials	84.5%	65.2%
Richmond, VA	Retention	84.0%	88.9%
	Credentials	62.0%	75.6%
VA (Alexandria and Arlington)	Retention	67.0%	76.7%
	Credentials	50.0%	100.0%
Philadelphia, PA	Retention	76.0%	78.3%
	Credentials	NA	NA

Source: WIA Annual Report Program Year 2005 from the District, Maryland, Pennsylvania, and Virginia.<sup>117</sup>

comparative analysis is beyond the scope of this report:

■ The number of District WIA participants retaining employment six months after initial placement is 71 percent, compared with 90 percent in Baltimore, 87 percent in neighboring Prince George's County, and nearly 80 percent in Philadelphia.<sup>118</sup>

■ Only 57.2 percent of District participants attain a credential after participating in a WIA funded training program, below Prince Georges and well below the adjacent areas in Maryland and Virginia, as well as Richmond and Baltimore.

### **Monitoring Outcomes**

The District has also had trouble systematically monitoring training performance. This is partly because the District lacks data on the quality of nongovernmental, WIA-funded training providers and their performances in job placement, initial wages, retention, and advancement.<sup>119</sup> Monitoring and evaluation are essential to a high performing system.

The DC Workforce Investment Council (WIC), which oversees the implementation of the District of Columbia's

Strategic Plan under WIA, is also charged with "overseeing and directing a more innovative, effective, and efficient use of resources and ensuring that programs outside of the WIA system provide coordinated services that are outcome-driven and responsive to the workforce needs of District employers and jobseekers."<sup>120</sup> Since, according to many observers, the WIC has lacked effective systems for even the basic monitoring of job-training dollars, this mandate seems quite overwhelming for an institution which currently has only three staff members.

In addition, multiple studies have pointed out the problems the District faces in executing workforce development efforts.<sup>121</sup> The DC Jobs Council, for instance, has recently recommended: a full-scale revision of the District's workforce development system; the creation of a WIC independent of the Department of Employment Services; empowerment of the WIC beyond the federal mandates; and the development of a comprehensive database of all job training and related programs for adults.<sup>122</sup> Similarly, the Brookings Institution report, *Reducing Poverty in Washington, DC, and Rebuilding the Middle Class from Within*, recom-

mends that the WIC take greater leadership of workforce development policy in the District beyond WIA funded programs, as well as increase its supervision of WIA funds, and invest strategically in the non-profit sector to improve service quality.<sup>123</sup>

The new Director of the Department of Employment Services is aware of the substantial limitations of the District's current workforce development system, and is committed to implementing greater accountability both within DOES and among the many contractors and programs it relies on.<sup>124</sup> Imposing performance standards will take a great deal of commitment not only among policy makers but among the staff who will be required to implement the changes. Nevertheless, such a culture change within the District's leading workforce development agency is essential.

### **The District's Temporary Assistance for Needy Families (TANF) Program Fails to Consider Long-term Economic Self-Sufficiency of Program Participants**

#### **Establishing Self-Sufficiency as a TANF Goal**

A handful of states, namely Texas, Washington, and Arkansas, have made a concerted effort to measure the success of their TANF programs in helping families achieve self sufficiency.<sup>125</sup> Each of these states measures the extent to which families that leave TANF have earnings above the poverty line. Earnings are measured at different intervals, including at 12, 24, and 36 months after leaving TANF.<sup>126</sup> These monitoring efforts have shown that the challenges of helping TANF recipients achieve self-sufficiency are great. In some cases, as few as 12 percent of former recipients meet target earnings levels.<sup>127</sup> These efforts to measure self-sufficiency are nonetheless critical because they can help state policymakers re-shape

their TANF programs to improve these results.

The District has not set self-sufficiency targets for its TANF program and does not measure earnings of former TANF recipients to gauge the program's success. Adopting such targets and measurements is an important part of improving DC's TANF program and assisting low-income families to increase their economic security.

### ***TANF Education and Training Opportunities***

Federal TANF rules essentially require the District and the states to run welfare programs with primarily a “work first” model that focuses less on training and more on quick entry into jobs. A “work first” approach typically has reasonable success rates of moving TANF recipients into employment, but the jobs are typically low-wage, and retention rates are weak.<sup>128</sup>

The federal rules, however, give states latitude to provide education and training opportunities to TANF recipients, which can lead to better earnings and retention outcomes for families. Under federal rules, states face substantial financial penalties if they do not engage a significant share of TANF recipients in work preparation activities. Many of the allowable activities focus on short-term job readiness. The TANF reauthorization of 2006 re-emphasized moving welfare recipients into employment and directed the Secretary of Health and Human Services to define work activities to prevent states from “defining some [work] activities so broadly that they render the new work provisions meaningless.”<sup>129</sup>

Nevertheless, the revised federal guidelines continue to allow certain education and training to count as “work” under those definitions.<sup>130</sup> The District does not take full advantage

of this current law. Although the District does not limit the amount of time persons can use education and training alone to satisfy work requirements, few individuals are referred into such programs.<sup>131</sup> The most recently available performance data show that only 1.4 percent of all TANF recipients were enrolled in education and training activities.<sup>132</sup> According to the District Department of Human Services, fewer than 300 TANF recipients were engaged in TANF-funded educational programs in 2006.<sup>133</sup> This percentage of TANF recipients in educational and training programs is much lower than Maryland's enrollment rate of 4.9 percent, Virginia's rate of 4.3 percent, and the national average of 7.6 percent.<sup>134</sup> The District's record in this respect is equivalent to being 48th out of the 50 States.

For several years, the District has supported workforce training at UDC for TANF recipients through a program called Paving Access Trails for Higher Security (PATHS). The PATHS program is a 16-week job training and literacy program offered through the joint efforts of the D.C. Department of Human Services Income Maintenance Administration and the UDC School of Business and Public Administration.<sup>135</sup> The first eight weeks of this program focus on workplace-oriented math and English; the second eight weeks involve career-specific internship programs in areas of expected job growth. Graduates of the program can then apply for scholarships to obtain GED prep materials or services, take college courses, or enroll in continuing education courses at UDC.

The PATHS program is relatively small in size. It employs a structure that has been noted as particularly successful in moving TANF recipients into higher-paying employment. Specifically, it contextualizes adult literacy education in a short-term, employment-oriented program.<sup>136</sup> Its

effectiveness, however, has not been formally evaluated. Funding for the PATHS program has been relatively static from year to year. The memorandum of understanding (MOU) between the Department of Human Services Income Maintenance Administration and UDC for FY06 was for \$1,200,000 but only \$1,037,745.08 of that sum was expended.<sup>137</sup> The MOU for FY 2007 is for the same \$1.2 million sum.<sup>138</sup> As one DC TANF official acknowledged, this program requires some self-initiation from the recipients, as TANF recipients are ordinarily directed to employment services when they apply for assistance.<sup>139</sup> This strongly suggests that affirmative steps by the District could increase participation in the program, though it is possible that the program has a poor reputation among TANF applicants and this is a factor limiting participation.

In addition to PATHS, the District also covers tuition costs of up to \$4,000 per academic year for TANF recipients who have been accepted in accredited two- and four-year college programs, through its Tuition Assistance Program Initiative for TANF (TAPIT) program. The program is funded through the D.C. Income Maintenance Administration.<sup>140</sup> Funds are provided only to TANF recipients who have applied for post-secondary education as well as applied for additional financial aid, and submitted both a high school diploma or GED and two letters of recommendation.<sup>141</sup> In 2006, the District provided only \$165,000 in tuition assistance to TANF recipients. UDC has recently extended PATHS post-program support resources, including academic and career counseling services,<sup>142</sup> to TAPIT recipients who attend UDC for non-PATHS courses. The program design of TAPIT, i.e., providing tuition assistance to TANF applicants who have already enrolled in a post-secondary academic program, aligns it with the two most successful TANF programs in the country.<sup>143</sup>



PATHS should be evaluated, and if the data warrant, the program should be expanded, better publicized, and made more accessible to those who are interested. If resources preclude a rigorous experimental design, the District should, at a minimum, monitor program outcomes to determine if participants are deriving benefits that could be associated with participation. Similarly, TAPIT, which has also not been evaluated but is based on an evaluated program model, should be better publicized and made available to current students to facilitate increased post-secondary education of low-income working families. More sustained efforts are needed by the District to evaluate and place TANF recipients into such programs where success could help low-income working families achieve self-sufficiency and economic security.

## SET GOALS, MEASURE RESULTS

For too many parts of the education and workforce development systems, the District lacks information to evaluate how well it is doing and to make decisions about the kinds of changes it needs to make in strategy and funding priorities.

The District needs to establish measurable goals for its adult literacy education, post-secondary remedial and occupational training programs, and TANF- and WIA-funded programs that promote outcomes that will most benefit low-income working families. In general, the goals should focus on completion rates for various levels of training and education, the extent to which residents successfully transition to higher levels of education and training — such as from a GED program to a community college certificate program — and ultimately on the number of residents getting into jobs that achieve self-sufficiency. The goals should be designed to assess the extent to which

District residents with the greatest needs are being assisted, so that agencies are judged based on how well they serve this population.

- For adult literacy education, appropriate measures would include the number of residents who increase their literacy grade levels, advance from Adult Basic to Adult Secondary Education, complete a GED, the share of ABE and GED participants who have a goal of entering training or further education after getting their GED, and the share who actually make such transitions. It would also be important to measure employment outcomes, including wage levels.

- For community college offerings, appropriate measures would include completion of remedial education followed by or concurrent with enrollment in certificate and/or degree programs, completion of certificates and associate degrees, employment outcomes (earnings and job retention) after finishing a degree or certificate program, and transfers to four-year institutions.

- For workforce programs like those funded under WIA, appropriate measures would include the number of low-skilled residents receiving training services, the number completing training services, the number receiving certification (or other occupational credential), and the employment outcomes for such participants (earnings and job retention).

- For TANF, the measures would be similar: the number and share of TANF recipients in education and training, the number completing an educational or occupational credential, and the employment outcomes for these and other participants.

## RECOMMENDATIONS

The data show clearly that many of the District's low-income working families lack the education and skills

training necessary to qualify for available and potential jobs that would provide adequate income. Further, research has shown that educational attainment is highly correlated to earnings. In order to improve economic security for these families, and reduce the impact of poverty on the District as a whole, the District needs to improve its adult education and training policies and help increase the educational attainment of the District's low-income working families. This involves establishing a coherent adult education continuum, with multiple entry points and sufficient supports for student success, increasing access to education and training opportunities, and establishing a vision for the workforce development system as a whole.

**1. To establish a coherent adult education and training continuum, the District should:**

- **Enhance access to community college educational offerings for its residents by encouraging and developing regional partnerships and/or investing in the creation of a local community college as a branch of or separate from UDC.**

- **Direct more resources to expanding the capacity and effectiveness of the District's adult literacy programs, including English for Speakers of Other Languages (ESOL), and invest specifically in strategies that connect adult literacy with occupational education and training.**

- **Pursue a sectoral approach to workforce development with clear pathways to advancement and additional career opportunities.** Given the large number of children in the District being raised by single working mothers, the District should also make a priority of identifying and promoting strategies to help raise wages in women-dominated sectors



(such as health care and child care) and moving women into non-traditional careers in order to increase the likelihood that single parents in the District will be better able to support their families.

■ **Adopt participants' economic self-sufficiency as the program goals for workforce development efforts in general, and TANF- and WIA-funded initiatives specifically, and including literacy and occupational education. Measure the results accordingly.** Data keeping efforts should be aligned with this goal, such as capturing wage and income data for participants leaving TANF, PATHS, TAPIT, Adult Literacy, and DOES programs.

■ **Educational institutions from adult basic education through post-secondary should be monitored and rewarded based on successful forward progress of students.** In order to prevent "creaming" and promote services for the hardest to serve, the standards should be inclusive of moving learners to the next level of competency and workers to increased wages and/or more promising career ladders.

**2. To increase access to education and occupational training, the District should:**

■ **Develop scholarship programs that reduce the cost of post-second-**

**ary education for working adults seeking less than half-time enrollment and/or non-degree occupation-oriented courses.**

■ **Evaluate and, if appropriate, expand and publicize short-term occupational education programs such as PATHS, and better publicize the opportunities available under TAPIT in order to maximize the use of training and education for TANF participants to the extent allowable under Federal law.**

**3. To improve the overall effectiveness of the District's workforce development system, the District should:**

■ **Charge and equip the WIC with establishing a complete workforce development strategy and priorities that are tailored to the needs both of DC residents and local businesses.** This approach should focus on a few key business sectors that are growing and offer good career ladders. The District needs to ensure adequate funding for both youth and adults, and full cooperation among DOES, OSSE, DHS, and other agencies that include work and/or educational mandates, and must provide adequate staffing to fulfill the WIC's policy-setting mandates.

**These recommendations are, of course, easier said than done. More**

**analysis is necessary in some cases to determine the most effective models and strategies. Areas requiring further study include:**

■ **Models for funding adult education and community colleges in particular that promote student retention and completion of credentials. What is the role of charter schools in adult education, adult occupational training, and remedial education;**

■ **How to most effectively integrate self-sufficiency as a standard for measuring the success of the District's anti-poverty and workforce development efforts and ensure that the system is prepared for the data-collection that such an effort would require;**

■ **Which are the most effective, cost-efficient models for increasing the participation of women in non-traditional careers; and,**

■ **What is the most effective and efficient way for the District to integrate adult literacy education into occupational training and workforce development in general?**

## CHAPTER 2 ENDNOTES

<sup>47</sup> Susan Walker, *Does College Matter? Key Findings from the Investment Payoff: a 50-State Analysis of the Public and Private Benefits of Higher Education*, Research Review University System of Georgia – Strategic Research and Analysis 2 n.6 (August 2005) (citing U.S. Census Bureau data from the March 2004 Current Population Survey (CPS) Supplement), available at <http://www.usg.edu/research/pubs/rreview/rev-aug05.pdf>.

<sup>48</sup> *Brookings Report*, *supra* note 13, at 15 (“In 2000, nearly twice as many less-skilled Maryland and Virginia residents worked in the District as did less-skilled District residents, roughly 92,600 suburban workers versus 54,200 District workers.”).

<sup>49</sup> Adult Literacy Education can include the following: Adult Basic Education or ABE (programs for learners with competency in reading, writing or math at the 7th or 8th grade level or below); English for Speakers of Other Languages or ESOL, Adult Secondary Education (programs for learners with 8th grade level competency in reading, writing and math); General Educational Development or GED (coursework toward a high-school equivalency credential, included under Adult Secondary Education); and, computer literacy.

<sup>50</sup> In this report, occupational training refers to non-degree training programs that prepare students for a specific career, whether in a post-secondary or proprietary educational environment.

<sup>51</sup> Judith M. Gueron & Gayle Hamilton, *The Role of Education and Training in Welfare Reform*, Welfare Reform and Beyond Policy Brief No. 20 (2002), available at <http://www.mdrc.org/publications/158/policybrief.html>. This policy brief recommends that welfare agencies focus on employment, but retain the flexibility to direct participants to short-term, work-focused education and training that is tied to local industry with growth opportunities. They point out that for some participants who are resistant to an academic environment, education and training may not be an appropriate or helpful option, especially if the available programs are not linked to job skills. Other studies, however, make clear that education leading to a credential — whether occupational certificate or degree — substantially increases earnings. See, e.g., Mathur et al., *From Jobs to Careers: How California Community College Credentials Pay Off for Welfare Recipients* (2004), available at [http://www.clasp.org/publications/Jobs\\_Careers.pdf](http://www.clasp.org/publications/Jobs_Careers.pdf); Berkeley Policy Assocs., *State of Louisiana TANF Evaluation: Year 3 Evaluation of TANF Initiatives Programs* (2004), available at [http://www.berkeleypolicyassociates.com/photo/20041115\\_102639/Final%20Report.OAD%20Substance%20Abuse%20Treatment.pdf](http://www.berkeleypolicyassociates.com/photo/20041115_102639/Final%20Report.OAD%20Substance%20Abuse%20Treatment.pdf).

<sup>52</sup> Interview with Patricia DeFerrari, Academy of Hope, by Ed Lazere, Executive Director, DCFPI by phone (Oct. 5, 2007).

<sup>53</sup> Christopher Mazzeo, Brandon Roberts, Christopher Spence, & Julie Strawn, *Working Together: Aligning State Systems and Policies for Individual and Regional Prosperity* 4 (2006), available at [http://www.asu.edu/president/media/pdf/WSC\\_workingtogether\\_12.1.06\\_3.pdf](http://www.asu.edu/president/media/pdf/WSC_workingtogether_12.1.06_3.pdf) (“Given the aging of the American workforce, finding sufficient numbers of skilled workers will require states to

look beyond traditional-age college students to explore new potential sources of skilled labor.”).

<sup>54</sup> Working Poor Families Project, *supra* note 2, Table II.A.1.

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *Id.* (showing that 43 percent of U.S. residents have an associate’s degree or greater).

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> Adam Kernan-Schloss & Bill Potapchuk, *Double the Numbers for College Success: A Call to Action for the District of Columbia*, 4 (2006), available at <http://newsroom.dc.gov/show.aspx?agency=s eo&section=2&release=9956&year=2006&file=file.aspx%2frelease%2f9956%2fDoublingNumberFINAL-REV.pdf> (noting that of every 100 students who enter 9th grade at a DC public school or public charter school, only 9 will attain a postsecondary degree within five years of enrolling in college).

<sup>62</sup> *State of Adult Literacy*, *supra* note 14, at 5.

<sup>63</sup> *Id.* at 4–5. A commonly used definition of literacy comes from the National Literacy Act of 1991: the “ability to read, write, and speak in English, and compute and solve problems at levels of proficiency necessary to function on the job and in society, to achieve one’s goals, and develop one’s knowledge and potential.” National Literacy Act of 1991, Pub. L. No. 102-73, § 3, 105 Stat. 333, 333. It is important to note that this definition can change according to contemporary cultural demands.

<sup>64</sup> *State of Adult Literacy*, *supra* note 14, at 13.

<sup>65</sup> Henry T. Kasper, *The Changing Role of Community Colleges*, Occupational Outlook Q. 14, 14–21 (Winter 2002-03), available at <http://www.bls.gov/opub/ooq/2002/winter/art02.pdf>.

<sup>66</sup> Am. Ass’n of Community Colleges, CC Stats, <http://www2.aacc.nche.edu/research/index.htm> (last visited Dec. 19, 2007).

<sup>67</sup> *Id.* There are nearly 2000 community colleges in the United States, with over 800 located in or on the fringes of medium or large urban areas.

<sup>68</sup> See *Brookings Report*, *supra* note 13, at 74 (noting that the District needs to examine whether its current financial aid programs adequately assist low-income, non-traditional students).

<sup>69</sup> Kasper, *supra* note 65.

<sup>70</sup> See *Brookings Report*, *supra* note 13, at 29 (stating that 35 percent of the degrees UDC awarded in 2004-2005 were associates’ degrees) (citing National Center for Education Statistics data); *Id.* at 30 (noting that UDC offers about 25 associate’s degrees in a number of fields compared to the over 100 certificate and associate degree programs offered by Montgomery College and Northern Virginia Community College each).



<sup>71</sup> *Id.* at 73.

<sup>72</sup> State Education Agency, *A Concept Paper in Support of a Community College Network for the District of Columbia* (2007).

<sup>73</sup> DC Jobs Council, *Response to Community College Network Concept Paper 1* (2007).

<sup>74</sup> Northern Virginia Community College has partnered with UDC to provide programming in nursing. The program, however, requires that students travel to Northern Virginia for their classes.

<sup>75</sup> See D.C. Code § 38-1310 (2007); D.C. Mun. Regs. tit. 16, Ch. 21 (setting forth the provisions for licensing of educational institutions in the District).

<sup>76</sup> Alliance for Excellent Educ., *Paying Double: Inadequate High Schools and Community College Remediation*, Issue Brief (August 2006), available at <http://www.all4ed.org/files/archive/publications/remediation.pdf>.

<sup>77</sup> Interview with Connie Spinner, Director, SEA, in Washington, D.C. (Sept. 26, 2007).

<sup>78</sup> See, e.g., State Office of Career & Tech. Educ., D.C. State Board of Educ., *Transitional State Plan for Career-Technical Education 17* (2007), available at [http://www.dc.gov/mayor/pdf/showpdf.asp?pdfName=DC\\_Transitional\\_CTE\\_State\\_Plan\\_Final.pdf](http://www.dc.gov/mayor/pdf/showpdf.asp?pdfName=DC_Transitional_CTE_State_Plan_Final.pdf) (calling for universal “dual enrollment and concurrent completion” of high school and a two-year post secondary degree).

<sup>79</sup> Univ. of D.C., Office of Institutional Research, Assessment & Planning, *Fall 2005 & Fall 2006 Enrollment Profile Report* (2007), available at [http://www.udc.edu/irap/docs/F05\\_F06\\_Enrollment\\_Profile.pdf](http://www.udc.edu/irap/docs/F05_F06_Enrollment_Profile.pdf).

<sup>80</sup> Alliance for Excellent Educ., *supra* note 76.

<sup>81</sup> Christopher Mazzeo et al., *Working Together: Aligning State Systems and Policies for Individual and Regional Prosperity* 13 (2006), available at [http://www.eric.ed.gov/ERICDocs/data/eric-docs2sql/content\\_storage\\_01/0000019b/80/29/8b/66.pdf](http://www.eric.ed.gov/ERICDocs/data/eric-docs2sql/content_storage_01/0000019b/80/29/8b/66.pdf).

<sup>82</sup> Marty Liebowitz & Judith Combes Taylor, *Breaking Through: Helping Low-Skilled Adults Enter and Succeed in College and Careers* 9 (2004), available at <http://www.jff.org/Documents/BreakingThrough.pdf>; Radha Roy Biswas, *Accelerating Remedial Math Education: How Institutional Innovation and State Policy Interact* 3 (2007), available at <http://www.jff.org/Documents/RemedialMath.pdf>.

<sup>83</sup> D.C. Code § 38-1802.04(c)(14)(E) (2007).

<sup>84</sup> The tuition grant program requires congressional reauthorization this year.

<sup>85</sup> D.C. State Superintendent of Educ., *Higher Education Financial Services: DC Tuition Assistance Grant Program (DCTAG)*, [http://www.seo.dc.gov/seo/cwp/view,a,1225,q,560318,seoNav\\_GID,1511,asp](http://www.seo.dc.gov/seo/cwp/view,a,1225,q,560318,seoNav_GID,1511,asp) (last visited Dec. 20, 2007).

<sup>86</sup> Financial Services and General Government Appropriations Act, H.R. 2829, 110th Cong. tit. IV (1st Sess. 2007). Increased funding

alone is not in itself sufficient to increase District residents’ educational status. OSSE reports that for the 2001-2002 freshman class receiving assistance through TAG, only 36 percent have since graduated, a rate that is 11 percentage points lower than the national graduation average for low-income, minority students.

<sup>87</sup> D.C. State Superintendent of Educ., *supra* note 85.

<sup>88</sup> *Id.* At the time of this writing, the Senate had passed a new version of the D.C. College Access Act that would cap income eligibility.

<sup>89</sup> *Id.*

<sup>90</sup> See DCLEAP Update – FY 2007 Final Presentation (2007) (on file with author).

<sup>91</sup> See D.C. State Superintendent of Educ., *DC Adult Scholarship Program (DCASP): Eligibility Criteria*, <http://www.seo.dc.gov/seo/cwp/view,a,1225,q,561011.asp> (last visited Dec. 20, 2007).

<sup>92</sup> See *Brookings Report*, *supra* note 13, at 19–35.

<sup>93</sup> *Id.* at 33; Interviews with Community Service Providers and Researchers (July 12, 2007).

<sup>94</sup> *Brookings Report*, *supra* note 13, at 33; Interviews with Community Service Providers and Researchers (July 12, 2007).

<sup>95</sup> See Working Poor Families Project Table II.B.13., *supra* note 2, using also U.S. Dep’t of Educ., FY2002-03 expenditure data from Adult Education FY 2004 Annual Statistical Report (2004-2005), on file with Working Poor Families Project ([www.workingpoorfamilies.org](http://www.workingpoorfamilies.org)).

<sup>96</sup> \$1.5m in such funding is currently available for providers for year beginning November 1, 2007. See State Educ. Agency, UDC, *Request for Applications, Grant Program Title: Adult Education and Family Literacy Services Grant 4* (2007), available at <http://literacydc.org/documents/RFA-July2007.pdf>.

<sup>97</sup> Working Poor Families Project, *supra* note 2, Table II.C.13; see also *State of Adult Literacy*, *supra* note 14, at 18.

<sup>98</sup> Working Poor Families Project, *supra* note 2, Table II.C.13.

<sup>99</sup> D.C. Learns, *Literacy Facts: Adult Literacy Programs in Washington, D.C.* (2006) (citing SEA, *The Mayor’s Adult Family Literacy Initiative: Second Year Report* (2005)), available at [http://www.dcleans.org/documents/factsheet\\_programs\\_1.3.pdf](http://www.dcleans.org/documents/factsheet_programs_1.3.pdf).

<sup>100</sup> Interview with D.C. Learns, in Washington, D.C. (Aug. 2, 2007).

<sup>101</sup> D.C. Code § 38-2608 (2007) (designating OSSE as “the state agency responsible for supervision of adult education and adult literacy”).

<sup>102</sup> Fiscal Year 2008 Budget Support Act of 2007, tit. IV.B, § 4012(b), available at <http://www.dccouncil.washington.dc.us/images/00001/20070618155222.pdf>.

<sup>103</sup> Interview with D.C. Learns, in Washington, D.C. (Aug. 2, 2007).



<sup>104</sup> Workforce Investment Act of 1998, Pub. L. No. 105–220, 112 Stat. 936.

<sup>105</sup> E-mail from Susan Gilbert, Associate Director, DOES, to Judy Berman, DC Appleseed, (May 9, 2007).

<sup>106</sup> In addition to training for adults, WIA funds are used for: Administration of WIC and One-Stop Career Center system; Performance Accountability System; Enhanced coordination and customer service within the workforce development system; establishment of comprehensive employment statistics program; and, training for displaced workers and youth.

<sup>107</sup> Email from Susan Gilbert, Associate Director, DOES, to Ed Lazere, Executive Director, DCFPI (Oct. 22, 2007).

<sup>108</sup> Gov't of D.C., *Workforce Investment Annual Report* (2005), available at <http://63.88.32.17/performance/results/AnnualReports/Py2005/DC%20PY2005%20WIA%20Annual%20Report.pdf>; Working Poor Families Project, *supra* note 2 (percent of “exiters” receiving training services relative to adults without HS/GED in the District is only 0.7 percent).

<sup>109</sup> *Brookings Report*, *supra* note 13, at 32; Interview with Summer Spencer, Director, DOES (Aug. 20, 2007).

<sup>110</sup> Program Outcomes as of August 31, 2007 (unpublished data) (on file with author); Email from Dr. Ricardo Estrada, Instituto de Progreso Latino, to Judy Berman, DC Appleseed (Oct. 3, 2007).

<sup>111</sup> *Id.*

<sup>112</sup> See, for example, the work of Instituto del Progreso Latino which has developed sectoral initiative partnerships in health care and manufacturing; the Wisconsin Regional Training Partnership which has developed sectoral initiatives in manufacturing, machining, health care and construction; and the Boston Private Industry Council which has developed sectoral initiatives in health and financial services.

<sup>113</sup> Nat'l Women's Law Center, *Tools of the Trade: Using the Law to Address Sex Segregation in High School Career and Technical Education 2* (2005) (“In fact, the highest median wage for a traditionally female category (\$14.63 for health professions) was lower than the lowest median wage in a traditionally male field (\$16.63 for agricultural management).” (using 2004 data)).

<sup>114</sup> The Workforce Investment Act of 1998 defines the term “nontraditional employment” as “occupations or fields of work for which individuals from one gender comprise less than 25 percent of the individuals employed in each such occupation or field of work.” Pub.L. 105-220 §101(26)

<sup>115</sup> Gov't of D.C., *Workforce Investment Annual Report*, *supra* note 108, at 23. States only have to meet 80 percent of each of the negotiated goals to be in compliance.

<sup>116</sup> For the purposes of this comparison, urban jurisdictions are considered comparable based on high school graduation and poverty rates from the US Census Bureau, 2006 American Community Survey, and proximity to the District.

<sup>117</sup> Gov't of D.C., *Workforce Investment Annual Report*, *supra* note 108; Md. Dept' of Labor, Licensing & Recreation, *Maryland Annual Report: Workforce Investment Act Title 1-B Program Year 2005*, Table O (2006) (City of Baltimore and Prince George's), available at <http://www.doleta.gov/performance/results/AnnualReports/Py2005/Maryland%20PY%202005%20WIA%20Annual%20Report.pdf>; Va. Employment Comm'n, *Virginia's Workforce Development System: Annual Report for Workforce Investment Act of 1998 Title I-B Activities Program Year 2005*, Table O (2006) (City of Richmond & Alexandria/ Arlington), available at [http://www.doleta.gov/performance/results/AnnualReports/Py2005/Virginia%20PY%202005%20WIA%20ANNUAL%20REPORT\\_.pdf](http://www.doleta.gov/performance/results/AnnualReports/Py2005/Virginia%20PY%202005%20WIA%20ANNUAL%20REPORT_.pdf); Pennsylvania Workforce Development, *Annual Report to the Secretary Program Year 2005*, Table O (2006) (Philadelphia) available at [http://www.paworkforce.state.pa.us/professionals/lib/professionals/pdf/05\\_annual\\_rpt-final.pdf](http://www.paworkforce.state.pa.us/professionals/lib/professionals/pdf/05_annual_rpt-final.pdf)

<sup>118</sup> Gov't of D.C., *Workforce Investment Annual Report*, *supra* note 108, at 23; Maryland *Workforce Report*, *supra* note 17; Pennsylvania *Workforce Report*, *supra* note 17; Virginia *Workforce Report*, *supra* note 17.

<sup>119</sup> *Id.*

<sup>120</sup> *Brookings Report*, *supra* note 13, at 33 (citing Neil Irwin, *Red Tape Ties Up DC's Unemployed*, Washington Post, Feb. 13, 2006, at A1).

<sup>121</sup> D.C. Workforce Inv. Council, *District of Columbia Two Year Strategic Plan for Title I of the Workforce Investment Act of 1998 and the Wagner Peyser Act 9* (2007), available at [http://www.does.dc.gov/does/lib/does/info/DC\\_FINAL\\_STATE\\_PLAN\\_\(Merged\).pdf](http://www.does.dc.gov/does/lib/does/info/DC_FINAL_STATE_PLAN_(Merged).pdf).

<sup>122</sup> See *Brookings Report*, *supra* note 13; *New Vision*, *supra* note 15; Kate Jesberg [former Director, DC Department of Human Services], White Paper on Steps to Improve the District's Workforce Development Systems so that Disadvantaged Residents May Also Participate in the District's Prosperity (n.d.) (on file with author.)

<sup>123</sup> *New Vision*, *supra* note 15, at 11. This study also recommended appointment of a workforce czar who should facilitate effective coordination among the various agencies engaged in the workforce system. *Id.* at 9. This recommendation seems to have been adopted by the District government. The District's 2007 Strategic Plan states an establishment of such position. D.C. Workforce Inv. Council, *supra* note 121, at 17 (“The key elements in the DCWIC's Comprehensive Workforce Strategic Plan will be partnerships and coordination. Under the direction of the Mayor, the DCWIC and DOES are working to establish an interagency liaison to integrate workforce development programs. This person will be responsible for working with other District agencies to ensure that we maximize all partnerships.”).

<sup>124</sup> *Brookings Report*, *supra* note 13, at vi-vii.

<sup>125</sup> Interview with Summer Spencer, Director, DOES, in Washington, DC (Aug. 20, 2007); see also D.C. Workforce Inv. Council, *supra* note 121, at 8 (“In the past, our workforce education and training programs were imperfectly aligned with the needs and job openings in our economy. Today, partnerships are underway to pilot

training and development programs for workers in the healthcare and hospitality fields — two of the highest growth industries in the District.”).

<sup>126</sup> Adair Crosley, Deborah Povich, & Brandon Roberts, *Promoting Economic Self-Sufficiency as a State TANF Outcome, The Working Poor Families Project Policy Brief* (Spring 2006), available at [http://www.aecf.org/upload/PublicationFiles/wpfp\\_policy\\_brief\\_spring06.pdf](http://www.aecf.org/upload/PublicationFiles/wpfp_policy_brief_spring06.pdf).

<sup>127</sup> *Id.* at 2.

<sup>128</sup> *Id.* at 3.

<sup>129</sup> The office of the Assistant Secretary for Planning and Evaluation (ASPE) of the United States Department of Health and Human Services (DHHS) awarded competitive grants to select states and large counties in September, 1998, to conduct studies of families that have left the welfare rolls within two years of the passage of the Personal Responsibility and Work Opportunity Reconciliation Act which created TANF. ASPE commissioned a synthesis report including key findings from fifteen of the ASPE-funded leavers studies. The report concluded: About three-quarters of all leavers work at some point in the year after exiting TANF, and slightly more than a third work in all four quarters. Average monthly family income for leavers generally hovers near the poverty line. In the four studies that explicitly examine poverty rates of leaver families, on average, over half of leavers are poor. Two studies find that the majority have incomes below 185 percent of the federal poverty line. Gregory Acs, Pamela Loprest, & Tracy Rogers, *Final Synthesis Report of Findings from ASPE “Leavers” Grants* (2001), available at <http://aspe.hhs.gov/hsp/leavers99/synthesis02/index.htm#Executive>.

<sup>130</sup> See Reauthorization of the Temporary Assistance for Needy Families Program, 71 Fed. Reg. 37454, 37455 (June 29, 2006) (codified at 45 C.F.R. pts. 261, 262, 263, 265).

<sup>131</sup> An individual seeking TANF benefits must engage in work activity for an average of thirty hours per week (twenty hours for a single custodial parent of a child under six). Of those twenty or thirty hours, twenty hours per week must come from participation in “core” activities, and the rest can be completed through participation in “non-core” activities. Five out of the twelve enumerated work activities by the U.S. Department of Health and Human Services relate to education and job training. Among those five, on-the-job training and vocational educational training are “core” activities and the remaining three — job skills training, education directly related to employment, and secondary school or GED programs — are “non-core” activities.

<sup>132</sup> Telephone Interview with Terri Thompson, D.C. Dept. of Human Servs., by Ed Lazere, Executive Director, DCFPI, in Washington D.C. (June 27, 2007).

<sup>133</sup> U.S. Dep’t of Health & Human Servs., Mem. No. TANF-ACF-IM-2006-1, Work Participation Rates for FY 2004, Table 6C (2006), available at <http://www.acf.hhs.gov/programs/ofa/particip/2004/WPR2004.pdf> [hereinafter HHS Mem.].

<sup>134</sup> Data provided by D.C. Dep’t of Human Servs. Income Maint. Admin. (unpublished data) (on file with author).

<sup>135</sup> HHS Mem., Table 6c, Performance Year 2004.

<sup>136</sup> See Univ. of D.C., *About PATHS*, [http://www.udc.edu/academics/school\\_business\\_public\\_admin/paths/about\\_paths.htm](http://www.udc.edu/academics/school_business_public_admin/paths/about_paths.htm) (last visited Dec. 20, 2007).

<sup>137</sup> Gueron & Hamilton, *supra* note 51, at 6.

<sup>138</sup> E-mail from Brian Campbell, Special Assistant, Income Maintenance Administration, DC Department of Human Services, to Ed Lazere, Executive Director, DCFPI (July 3, 2007, 4:18 P.M.) (on file with author).

<sup>139</sup> *Id.*

<sup>140</sup> Telephone Interview with Terri Thompson, D.C. Dep’t of Human Servs. in Washington D.C. (June 27, 2007).

<sup>141</sup> See D.C. Dep’t of Human Servs., *IMA Policy Manual* ch. 3.13, [http://www.dhs.dc.gov/dhs/cwp/view,a,1345,q,603872,dhsNav\\_GID,1728,.asp](http://www.dhs.dc.gov/dhs/cwp/view,a,1345,q,603872,dhsNav_GID,1728,.asp) (last visited July 2, 2007).

<sup>142</sup> See *Id.* To qualify, an applicant must: (i) be a D.C. resident; (ii) hold a high school diploma/GED; (iii) be TANF-eligible/receive TANF benefits; (iv) lack a postsecondary degree; (v) be accepted for at least half-time enrollment in an accredited program; and (vi) be approved for TAPIT funds *before* enrolling in classes. See *Id.*; see also Office of Work Opportunity, Tuition Assistance Program Initiative for TANF (TAPIT), available at <http://www.nvcc.edu/finance/PDF/TANFFACTSHEET.pdf>.

<sup>143</sup> See Univ. of D.C., *TAPIT Scholar Program*, [http://www.udc.edu/academics/school\\_business\\_public\\_admin/paths/tapit\\_scholar\\_program.htm](http://www.udc.edu/academics/school_business_public_admin/paths/tapit_scholar_program.htm) (last visited Dec. 20, 2007).

<sup>144</sup> Gayle Hamilton, *Moving People from Welfare to Work: Lessons from the National Evaluation of Welfare to Work Strategies* 23 (2002), available at <http://www.mdrc.org/publications/52/summary.pdf> (referring to TANF programs in Riverside, California, and Portland, Oregon).





# CHAPTER 3

## EMPLOYMENT OPPORTUNITY

### OVERVIEW

As noted, over the past decade the number of jobs in the District has grown, the real estate market has been robust, and the resident population has started to increase for the first time in decades.

At the same time, the benefits from this progress have been uneven, creating greater wealth and opportunity for some while leaving large portions of the population little better off than before. The unemployment rate in the District remains higher than in most major cities and this is especially troubling considering that unemployment in the Washington *region* is the lowest in the nation. Moreover,

there are significant disparities among different groups of residents. Black unemployment in DC is five times white unemployment, the widest gap in the District in the last 20 years.<sup>144</sup> Just one-third of adults without a high school diploma and only half of those with a high school diploma (but no college degree) are working, compared with eight in 10 residents with a college degree.<sup>145</sup> Sadly, the employment rate of DC adults with a high school credential has actually *fallen* during the recent economic recovery, hitting a record low in 2006.<sup>146</sup>

Significantly, the District's economic recovery has been bolstered in part by District efforts to promote eco-

nom ic development, through various financial subsidy programs and other steps. In addition to strengthening policies to help build literacy and job skills, as discussed in Chapter 2, one way to broaden prosperity in the District is to harness these economic development efforts in ways that directly benefit low-income families. This chapter addresses ways to do that.

Across the country, states and localities are increasingly re-thinking their economic development efforts, with a new focus on the quality of the jobs created by businesses getting economic development assistance. This focus is a strategic way of thinking about economic development investments and the returns received.



## GOAL:

To improve the quality of jobs available to low-income District families by:

- Aligning economic development and workforce development goals;
- Using existing economic development tools to create good jobs and career opportunities for District workers; and
- Collecting sufficient data to evaluate the impact of economic development investments on the creation of good jobs and career opportunities for low-income workers.

Steering incentives toward businesses that offer good job opportunities, with career ladders, and good wages and benefits, can help re-shape a local economy to give families and individuals greater opportunities for self-sufficiency. These jurisdictions are using economic development to promote their own hometown prosperity. The District can and should do more to adopt the approaches of these other jurisdictions so that it too can get better returns on its economic development investments and improve the economic security of working poor families and the District as a whole.

The District has a number of powerful economic development programs,

but, by and large, these programs have not been used effectively to create good jobs for low-income residents. To date, business incentive programs primarily have been used to encourage certain kinds of development — such as downtown retail — with insufficient focus on the types of jobs that will be created and efforts to connect District residents to those jobs. For example, the District has a “First Source” hiring program that requires businesses getting subsidies or city contracts to hire DC residents for a majority of new jobs.<sup>147</sup> But both the government and employers acknowledge that First Source has not achieved this purpose because it does nothing to address the preparedness of District residents for the jobs that are being created.

Similarly, DC recently created a living wage requirement, but that law’s scope is fairly narrow.<sup>148</sup> As addressed in this chapter, there are important steps the District could take to harness its economic development program in ways that share the benefit of that development with low-income families.

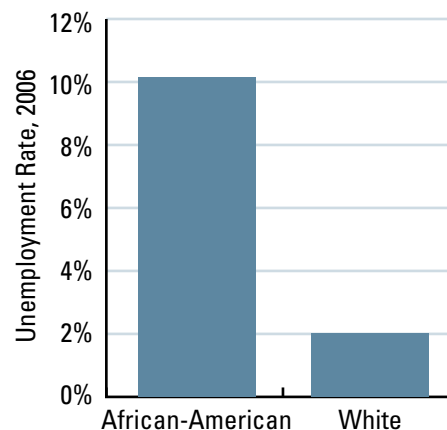
## EMPLOYMENT CONDITIONS IN THE DISTRICT OF COLUMBIA

After falling through much of the 1990s, the District of Columbia, since 1998, has seen significant growth. Between 1998 and 2006, the number of jobs in the District rose from 614,000 to 688,000; an impressive increase of more than 10 percent.<sup>149</sup>

These figures, however, include jobs held both by DC residents and by non-residents. Typically, only one of three jobs in the city is held by a DC resident, which means job growth in the District is not necessarily a sign of improved economic conditions for

**Figure 3.1**

**Black Unemployment is Five Times White Unemployment**



Source: Bureau of Labor Statistics

those who live here. (Of course, some DC residents work outside the city.)

An examination of the employment status of District residents shows that many are not benefiting from the growing number of new job opportunities in the city. In particular, African-American residents and those without education beyond high school face high rates of unemployment. This strongly suggests that much more needs to be done to give DC residents a fair opportunity to connect with the jobs that are being created here.

■ DC’s unemployment rate in 2006 — 6.0 percent — was 12th highest among the nation’s 50 largest cities. Yet unemployment for the Washington region as a whole was tied with Orlando for the lowest in the nation among large metropolitan areas.<sup>150</sup>

■ African-American residents are five times as likely as white residents to be unemployed. The black-white gap was greater in 2006 than in any year since 1985. The 2006 unemployment rate stood at 10.1 percent for African-Americans, 7.4 percent for Hispanic residents, and 2.0 percent for whites.<sup>151</sup>

■ Similarly, District adults with a high school degree or less have faced significant problems in the District's labor market. Just 37 percent of District adults without a high school degree, and 51 percent of adults with only a high school degree, were employed in 2006. Despite the city's economic growth, the employment rate among adults with only a high school degree has actually fallen in recent years, from 61 percent in 1999 to 51 percent in 2006. Meanwhile, the employment rate for workers with a college degree has remained stable since 1989.<sup>152</sup>

Another indication of the employment problems facing DC residents is the fact that more than half of unemployed District workers — 55 percent — fully exhaust their unemployment benefits without finding a job. This means they remain unemployed more than six months. This is well above rates in the nation as a whole and in Virginia and Maryland, where roughly only one-third of unemployed workers remain out of work for at least six months.<sup>153</sup>

## ECONOMIC DEVELOPMENT PROGRAMS IN DC FAIL TO LIVE UP TO THEIR POTENTIAL TO CREATE WELL PAYING JOBS FOR DC RESIDENTS

All states and localities engage in economic development efforts intended to expand business activity and create jobs. These efforts are also used to bring essential businesses and services to particular locations within a jurisdiction. These programs, if used well, can increase job opportunities for low-income residents. For example, economic development agencies can target incentives on businesses in growth industries that offer career

ladders for low-skilled workers; economic development agreements can require businesses to commit to creating a specified number of new jobs; and public training funds can be used to help prepare residents for the jobs that will be created.

Unfortunately, the District does not take full advantage of these opportunities. The District has a First Source hiring requirement and a Living Wage requirement intended to ensure that projects funded with public resources create good new jobs for DC residents, but both have significant shortcomings. Furthermore, the District has used economic development subsidies to bolster *certain industries* — such as retail sales — but *job creation* has not been a priority of these investments. As a result, applications for economic development assistance from businesses are not judged primarily on the number of jobs that will be created, or on the quality of those jobs. In addition, major economic development projects generally have not included job training, although one recent project with a training component — the Convention Center Hotel — holds promise for the future.

### First Source Hiring Requirement is Not Effective

The District's standard First Source Employment Agreement requires that District residents constitute at least 51 percent of new employees of businesses with contracts or subsidies of \$100,000 or more (excluding non-profits) and that these businesses use DOES as their source of recruitment and referrals of potential employees. First Source also applies to all DC-funded public works projects. While this program is intended to help DC residents benefit from economic development efforts, it has not succeeded in doing so largely because it is not linked to efforts that would increase job readiness of District residents. Both government officials and business representatives

generally agree that the First Source program has not been effective.

■ In 2004, for example, no more than 30 percent of jobs covered by First Source agreements went to DC residents. This is basically the same as the share of all jobs in the city (including jobs not covered by First Source) that are occupied by DC residents, suggesting that First Source has done little to improve job opportunities for District residents. According to DC's Department of Employment Services, less than one-third of the jobs at some economic development projects — such as the Mandarin Hotel and the Gallery Place retail development — are held by DC residents.<sup>154</sup>

■ More recently, efforts to target DC residents for construction work at the new baseball stadium have fallen well short of expectations developed under a project-labor agreement. For example, only 23 percent of work conducted by journey workers has gone to DC residents, less than half of the 50 percent goal.<sup>155</sup>

■ Many businesses report that they cannot find qualified DC residents and the District's Department of Employment Services cannot identify and refer enough qualified residents.<sup>156</sup>

The shortcomings of the First Source program in terms of its ability to promote hiring of District residents and to promote jobs for those residents most in need reflect significant design, funding, and implementation issues:

■ While First Source requires employers to hire DC residents, it is not connected to training efforts that might facilitate the preparation of District residents for available jobs and, more specifically, the hiring of low-skilled or low-wage workers. This means that even if it operated well, there would be no guarantee that First Source would benefit DC residents who most need work.

■ For projects that receive economic development subsidies, the First Source requirement applies to the construction phase — to the developers directly receiving city subsidies — but it has not always applied to tenants of the completed project when the project developer leases space (such as in a retail development).<sup>157</sup> In the Framework Plan for the Anacostia Waterfront Initiative, it is apparent that the District contemplated that a significant number of new jobs to be created will be post-construction jobs, i.e., retail, hospitality, and other jobs offered by the tenants of the constructed buildings. In our view, the District ought to aim for 51 percent of those jobs going to District residents the same way it aims for the construction jobs going to those residents.

■ The First Source program has only three staff members, including just one person to monitor roughly 3,500 First Source agreements. Moreover, monitoring and enforcement functions are split between different agencies — the Department of Employment Services monitors the agreements, but the agency overseeing a contract or project (such as Office of Contracting and Procurement) is charged with enforcement. Compliance with First Source, not surprisingly, is limited, with many businesses failing to list job openings with DOES or even to submit monthly compliance reports. Yet no business has been penalized for failing to comply.<sup>158</sup>

■ First Source Hiring Agreements do not provide comprehensive wage and benefit information for the positions employers create for workers. Instead, employers are required only to indicate a salary range for the affected jobs. Moreover, there is no requirement that employers include actual wages and benefits paid in their compliance reports. This makes it difficult to determine how and to what extent First Source agreements benefit DC workers.

For these reasons, First Source is not considered an effective policy, especially in terms of its ability to promote economic self-sufficiency for working poor families. New strategies are needed to effectively improve the rate at which District residents are hired for jobs created through District economic development dollars.

### **New Workforce Intermediary Has Potential to Improve Job Connections for DC Residents**

The District has recently codified the creation and implementation of a Workforce Intermediary as part of a major redevelopment project, the Anacostia Waterfront Development Zone (AWDZ).<sup>159</sup> Workforce intermediaries serve as a coordinator or broker to ensure that private industry, employment training programs, government, and others work together to prepare a trained workforce for specific areas of local economic growth. They are designed to serve dual customers — both employers and employees. The District's Workforce Intermediary will be tasked with drawing together and leveraging the resources of prospective employers, workforce development organizations, community organizations, educational institutions, organized labor, and other interested stakeholders to increase the likelihood that District residents are prepared to fill at least 51 percent of the jobs that are made available through the waterfront development (with 20 percent of the jobs going to Ward 8 residents).<sup>160</sup>

Most of the initial jobs in the AWDZ will be in the field of construction. Yet, as noted, a significant number of the post-construction jobs will be in other sectors. While workforce intermediaries often take this type of sectoral approach — focusing on creating career ladders within a particular economic sector like construction or the health care industry — the District's AWDZ Workforce Intermediary is focused on a geographical area and



initially targets the construction sector because it will be the predominant area of early job growth within that area. We hope the District's Workforce Intermediary will continue to serve the job sectors that will later emerge in that area, such as retail and hospitality.

A group of foundations led by the Community Foundation of the National Capital Region recently received a grant from the Annie E. Casey, Hitachi, and Ford Foundations to support the creation of a funder collaborative to strengthen and build upon the District's Workforce Intermediary, and to possibly support the creation of similar workforce partnerships that would serve residents of the DC metro region.

This model has been effective in other cities, such as Milwaukee, Seattle, and Philadelphia,<sup>161</sup> and holds promise for helping the District to align its workforce development strategy with the jobs that are being created through its economic development policies. By securing the support of the foundation community, and tying the funding to a set of goals that promote broad community involvement, this grant promises to deepen the District's commitment to and reliance on this “dual customer model” of workforce development and could positively affect the District's ability to continue its economic growth and



broaden the District's prosperity to include low-income working families.

### The District's Living Wage Requirement Is Limited in Scope

In 2006, the District adopted a living wage law. This law requires government contractors and some businesses receiving certain kinds of economic development assistance to pay their workers at least \$11.75 per hour.<sup>162</sup> This ensures that economic development programs result in good jobs for DC residents. Setting wage requirements also encourages the District's economic development officials to seek projects and businesses that will bring desirable jobs.

But the living wage requirement does not apply to all economic development programs. Tax Increment Financing (TIF) recipients must pay the living wage to construction workers and to all direct permanent employees of the project but the living wage requirement does not apply to businesses receiving tax incentives.<sup>163</sup> A new retail center at the Brentwood shopping center received a six-year property tax abatement, but this kind of assistance does not trigger DC's living wage requirement. Yet the financial benefit from tax incentives can be as substantial as under the TIF or PILOT programs that are covered by the living wage. For example, recent legislation would provide nearly \$10 million in tax reductions to the Constitution Square Development project, a housing and commercial development near the New York Avenue Metro station.

### Business Incentive Programs

The District of Columbia has a number of powerful tools to promote economic development. For example, the TIF and Payment in Lieu of Tax (PILOT) programs provide subsidies to commercial projects, such as hotels or retail malls, based on their potential for future revenues. Together,

these programs are authorized to fund \$1 billion in subsidies. Beyond these, the District offers a variety of tax incentives to encourage development.

There are many questions about the efficacy of such economic development subsidies. Many studies suggest that these subsidies are not the most critical element of business location decisions and that businesses consider other factors more seriously, especially the quality of the labor force, costs of land, and the regulatory environment.<sup>164</sup> Beyond that, economic development subsidies provide substantial benefits to a limited number of businesses, which can be perceived as giving them unfair advantages.

Nevertheless, most states and cities use economic development subsidy programs, including the District. Some jurisdictions attach requirements to these subsidies to ensure that they are targeted on businesses that will create new jobs with good wages and benefits for residents. Some communities require subsidy recipients to commit to creating a specified number of new jobs, and to pay specified wages and benefits for some or all of the new jobs created. Some communities also establish "clawback" mechanisms that require a portion of subsidies to be returned if the hiring and wage/benefit commitments are not met.<sup>165</sup> These kinds of provisions help align a jurisdiction's workforce development and economic development goals, by ensuring that financial incentives are used to bring the kinds of businesses that offer good job opportunities.

In cases where government subsidies are needed to encourage certain kinds of development, some argue that placing wage and benefit requirements may make it harder to attract the desired development. Yet this does not need to be the case. If the District offers incentives to spur development of a hotel, it could, for example, choose to offer subsidies only to

chains known for providing good wage and benefit packages and fair working conditions.

Unfortunately, the District's business subsidy programs are not coordinated with the District's workforce development efforts, and they often lack provisions that some other cities and states employ to increase the likelihood that subsidies result in the creation of family-supporting jobs for lower-skilled and less-educated workers.

For example, businesses entering subsidy agreements in the District report on the number of jobs their project is likely to create, but they typically do not include detailed information, such as the number of full-time vs. part time jobs, the wages expected for the various types of jobs that will be created, or the health and other fringe benefits that are likely to be included. Furthermore, as noted, some communities require subsidy recipients to commit to creating a specified number of new jobs, and to pay specified wages and benefits for some or all of the new jobs created. The District's economic development subsidy laws, however, do not set such requirements. Moreover, as discussed below, the District's Living Wage requirement does *not* effectively meet these goals either.

While businesses receiving subsidies are subject to First Source hiring requirements, they are not specifically required to hire entry-level or less-educated workers. While this could be addressed by including a job training component in each subsidy deal, this does not typically occur. A recent TIF project for the Convention Center Hotel, however, includes \$2 million to train neighborhood residents for the jobs that will be created. The training will be coordinated through ONE DC, a community-based group. This provides a good model for future subsidy deals, but needs to be established as firm District policy



in order to ensure that future TIF projects include such provisions.

## DISTRICT PROGRAMS TO CONNECT WORKERS WITH EMPLOYERS ARE LIMITED, BUT HAVE POTENTIAL FOR GROWTH

In recent years, the District has undertaken some efforts to coordinate training efforts with businesses in ways that help low-income workers move into the job market. These efforts are generally small and some are still in the development phase. Yet they are indications of the direction the District should be going to support better jobs for District residents.

### Transitional Employment Programs

In 2005, the District's Department of Employment Services established a small transitional employment program to place DC residents into supervised job settings, with wages paid by the District. The Transitional Employment Program (TEP) provides short-term, subsidized employment and related services to District residents living in persistent problem areas who face barriers to employment due to deficiencies in education, work experience, work training, or work skills, or have been previously incarcerated. The program — Project Empowerment — currently focuses on ex-offenders. The program had a budget of \$7.1 million in FY 2007 and served roughly 1,000 residents; it has a waiting list of over 2,000. In addition to this program, the Department of Human Services operates a small subsidized jobs program.

TEP participants receive pre-employment assessment, case management, job readiness instruction, and a comprehensive menu of supportive services such as childcare, health care, remedial education, and

substance abuse counseling. They also receive job placement assistance to help them transition to unsubsidized employment and job retention services so they can remain in the workforce.<sup>166</sup>

### Customized Training Programs

Programs that combine literacy education with vocational training that is planned and implemented in conjunction with specific employers can help ensure that training meets the precise needs of local employers and builds direct links between training and employment. Such customized training programs can be an important part of a workforce development strategy.

According to the DC Department of Employment Services, the District partnered with the Hotel Association of Washington, D.C. (HAW) in an effort to certify at-risk and/or low-income youth and adults through structured training programs that require a level of performance commensurate with existing industry standards. The "Expanded HAW" program provides intensive hotel vocational training, as well as basic literacy, basic computer training, life skills development, career counseling, and job placement services. The program serves 30 residents for each training cycle of roughly three months and has been in existence since 2005.

In addition, the District partnered with the Catholic University of America's Metropolitan College (CUA) program to pilot an incumbent worker program targeted to the hospitality and healthcare industries. In partnership with Marriott International's Renaissance Hotels and Providence Hospital, this is a two-pronged training effort aimed at meeting these industries' employment needs. A total of 50 individuals are slated to be trained for entry level and career ladder positions.

There are other examples of customized training programs in the District, including a partnership with Xerox and the Luke C. Moore Academy of the DC Public Schools, and a recent collaboration with Giant Food to prepare workers for the new store that opened in Ward 8. These are small-scale programs, but they offer an example of the kinds of partnerships between businesses and the District government that can create effective training opportunities. Further, as described in the previous chapter, community colleges often play an important role in these customized training partnerships and a District community college could be a key stakeholder in expanding these types of programs. As the District refines its workforce development goals and identifies targeted industry sectors for training efforts, customized workplace training programs can serve as an important component.

## RECOMMENDATIONS

In order to receive a better return on its economic development investments and better support economic security for low-income working families, the District should take assertive steps to align its economic development tools and strategies with its workforce development needs. The District's economic development strategies should focus specifically on creating jobs that will sustain DC families, increasing the effectiveness of these efforts by monitoring and evaluating the strategies and increasing recipient accountability, and increasing the likelihood that District residents are qualified to meet the needs of District-area employers through planning and training.

**To create jobs that will sustain District families, the District should:**

- **Evaluate economic development proposals based on job creation potential.** The District should require

businesses seeking subsidies to specify the number of new jobs that will be created — both construction jobs and permanent jobs once the project is completed — as well as the expected wages and benefits for those jobs. This information should be made public and included in DC Council hearings on proposed subsidies. Priority should be given to economic development proposals that stand to create jobs and career paths with good wage and benefit packages that benefit neighborhoods where economic development has been lacking, and where subsidies can be expected to make a genuine difference in a developer's decision-making process.

■ **Set wage and benefit standards for all economic development subsidy programs.** The District should be promoting the creation of good jobs in DC, not just any jobs. DC's living wage law, which sets the living wage at \$11.75 an hour, should be strengthened by applying it uniformly to all businesses receiving economic development subsidies above a determined size, including recipients of tax abatements.

**To increase the effectiveness of the District's economic development efforts at meeting workforce development goals, the District should:**

■ **Improve monitoring and evaluation of job creation efforts.** For all of these efforts, the District should establish procedures to track the number of DC residents that are hired and the hours, wages, and benefits of the jobs they receive. This data should be designed to be readily available to the public. Without methods of tracking success of the efforts, the city will not be able to evaluate the benefits of its economic development programs, and determine if they are being fairly shared among DC residents.

■ **Revamp the First Source Program to fully integrate workforce development.** The First Source program

should be re-considered or replaced to improve the District's effectiveness at promoting District residents for available jobs. A newly designed policy would include partnerships to promote worker preparedness, and include mechanisms for addressing common barriers to employment like criminal history and substance abuse. A task force of government, business, labor, and representatives from non-profit and ecumenical organizations should be established in 2008 to develop guidelines for a new District-resident priority hiring program and to make staffing and funding recommendations. The District also could consider creating an ongoing advisory board that would include large employers, residents, and District government officials. Once sufficient workforce training mechanisms are in place — which may take several years — enforcement should be strengthened through accountability measures and the monitoring and enforcement functions should be placed under a single authority.

**To increase the likelihood that District residents will be qualified to fill District jobs, the District should:**

■ **Support partnerships between private sector, government, training providers, unions, and other stakeholders to create pathways for DC residents to good jobs.** The Workforce Intermediary planned for the Anacostia Waterfront area should receive the full commitment of city officials and, if successful, this model should be extended to developments in other parts of the city, as well as to the city's overall workforce development strategy.

■ **Include a training component for all major projects.** All major development projects should be required to include a plan for training a certain number of DC residents for careers within the development. These required plans could use the Convention Center Hotel training requirement as a model, which includes a community-

based organization as a resource to recruit residents for the training program. Many options and potential partnerships could be used to fulfill such a requirement, but the important element would be enlisting the subsidy recipient as a partner in planning and participating in workforce development.

■ **Expand successful transitional employment programs.** Transitional employment programs, like Project Empowerment, can be used to increase the work-readiness of residents with the most substantial barriers to employment. They also can be used to help low-skill workers transfer from one field of work to another. Either way, they are an important investment in upgrading the District's workforce, and helping low-skill workers move closer to economic self-sufficiency.

**The following are outstanding questions that deserve further attention beyond the scope of what could be accomplished in this report:**

■ Has the application of subsidy-recipient requirements to "post-construction" or "tenant" businesses been implemented elsewhere, and if so, how effective has it been as an economic development/workforce development strategy — does it attract better employers and/or result in fewer jobs?

■ What kind of reporting system would be most meaningful, accessible, and useful to evaluate the effectiveness of economic development strategies in creating good jobs?

■ The pros, cons, and necessity of using subsidies to attract businesses to the District.

## CHAPTER 3 ENDNOTES

<sup>145</sup> *DC's Two Economies*, *supra* note 17, at 7.

<sup>146</sup> *Id.* at 9.

<sup>147</sup> *Id.*

<sup>148</sup> First Source Employment Agreement Act of 1984, 31 D.C. Reg. 2545, D.C. Code § 2-219.01 to .05.

<sup>149</sup> Living Wage Act of 2006, D.C. Code § 2-220.01 to .11.

<sup>150</sup> These data reflect annual averages for 1998 and 2006. Bureau of Labor Statistics, U.S. Dep't of Labor, Current Employment Statistics data series as of January 2008.

<sup>151</sup> Bureau of Labor Statistics, U.S. Dep't of Labor, *Local Area Unemployment Statistics*, <http://www.bls.gov/lau/home.htm> (last visited Dec. 20, 2007).

<sup>152</sup> *DC's Two Economies*, *supra* note 17, at 6.

<sup>153</sup> *Id.* at 8.

<sup>154</sup> The UI Data is produced quarterly from state-reported data contained in the Unemployment Insurance Data Base (UIDB) as well as UI-related data from outside sources (e.g., Bureau of Labor Statistics data on employment and unemployment and U.S. Department of Treasury data on state UI trust fund activities). This database is maintained by the Division of Actuarial Services, Office of Income Support (OIS), U.S. Department of Labor. See Employment & Training Admin., U.S. Dep't of Labor, *Unemployment Insurance Data Summary* (4th quarter 2006), available at [http://atlas.doleta.gov/unemploy/content/data\\_stats/datasum06/4thqtr/DataSum\\_2006\\_4.pdf](http://atlas.doleta.gov/unemploy/content/data_stats/datasum06/4thqtr/DataSum_2006_4.pdf).

<sup>155</sup> D.C. Dep't of Employment Servs., *Initiatives to Fight Chronic Unemployment in the District of Columbia: The Way-to-Work Amendment Act of 2005* (2006).

<sup>156</sup> Baseball Stadium Project Labor Agreement Task Force, *May 2007 Report* (2007).

<sup>157</sup> See, e.g., Charles K. Barber, *Taking a Fresh Look*, 32 Pipeline 4 (2005), available at <http://www.dcbia.org/pipeline/pipelineoctober05.pdf>.

<sup>158</sup> The Target Department store in the DC USA development in Columbia Heights is an example of a tenant that has signed a First Source agreement, but this is not required on all subsidized projects. Email from Susan Gilbert, Associate Director, DC Dep't of Employment Servs. to Ed Lazere, Executive Director, DC Fiscal Policy Institute, January 8, 2008.

<sup>159</sup> D.C. Dep't of Employment Servs., *Initiatives to Fight Chronic Unemployment in the District of Columbia: The Way to Work Amendment Act of 2005* (Binder prepared for the Way to Work Task Force) at Section IV, Page 6.

<sup>160</sup> National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Clarification Temporary Act of 2007, Bill 17-316 § 404.

<sup>161</sup> *Id.* § 403(a)(2).

<sup>162</sup> David Jason Fischer, *Workforce Intermediaries: Powering Regional Economies in the New Century* (2005), available at <http://www.aecf.org/upload/PublicationFiles/FES3622H336.pdf>.

<sup>163</sup> D.C. Code § 2-220.02(4), 2-220.03 (2007).

<sup>164</sup> See *Id.* § 2-220.05.

<sup>165</sup> See, e.g., Robert G. Lynch, *Rethinking Growth Strategies: How State and Local Taxes and Services Affect Economic Development* ch. 3 (2004), available at [http://www.epinet.org/books/rethinking\\_growth\\_\(full\).pdf](http://www.epinet.org/books/rethinking_growth_(full).pdf) (a survey of the empirical literature on effects of tax incentives on location decisions).

<sup>166</sup> Email from Sylvia Lane, Chief of Staff, DC Department of Employment Servs., to Ed Lazere, Executive Director, DC Fiscal Policy Institute, September 21, 2007.





# CHAPTER 4

## CONDITIONS OF EMPLOYMENT

### OVERVIEW

Even with a solid educational and workforce development structure in place, low-income working families will be unable to take advantage of that structure unless conditions of their current employment provide a minimum level of support and stability. There are a variety of policies that can help provide that necessary support and stability. These policies include efforts to boost wages, such as strong minimum wage and Earned Income Tax Credit (EITC) policies, as well as assistance with work-related expenses such as child care, and job and income security policies such as unemployment insurance, health insurance, and paid leave.

These policies can help workers retain jobs (and employers retain employees) and help low-income families avoid crushing debt when, for example, serious illness strikes the uninsured. Such work support policies are especially important in the District, where two-thirds of working families are headed by a single parent.

In many ways, the District has built an impressive set of work support policies, including a large EITC, and health insurance coverage for children up to 300 percent of poverty. These policies contribute to conditions that make prosperity possible for low-income working families. Nonetheless, there are substantial gaps in District policies that negatively affect low-income families and single parent families in

particular. The District needs additional supports in place in order to provide greater security for low-income working families, which in turn can create greater access to education and training opportunities. The following measures have all been proven in other jurisdictions to have a substantial impact on economic conditions for the working poor.

Because some of these supports are costly, it may not be possible to implement them all at once. Overall, though, while some of the proposals would require additional government as well as private sector resources, we believe that investment in support for low-income working families is essential to reducing poverty in the District, and producing the benefits which come



## GOAL:

To address gaps in the District's work support policies so that employed residents can take adequate care of themselves and their families, and take advantage of opportunities to increase their economic security.

from such reductions — increases in the tax base, reductions in crime, increased family stability, and improved academic performance of children,<sup>167</sup> all of which will improve the District's long-term social and economic outlook.

## DISTRICT POLICIES INFLUENCING CONDITIONS OF EMPLOYMENT

### Income

#### *Minimum Wage*

While the District has taken proactive steps to increase the income of some

low-income workers, it has not enacted policies to promote income and job security for those same workers. As noted earlier, the District has a living wage with a relatively high wage level. The Way to Work Amendment Act of 2006, DC Law 16-118 created a living wage of \$11.75/hour that is adjusted each year for inflation. The living wage applies to businesses performing services under contract with the city and to some businesses receiving economic development subsidies. While this is a positive step, the scope of DC's living wage is somewhat limited, as discussed in the previous chapter.

The District's minimum wage is \$7/hour. It is required to be \$1 above the federal minimum wage.<sup>168</sup> With the recent increase in the federal minimum wage, the DC minimum will rise to \$8.25 in 2009 when the federal minimum wage increases to \$7.25. Even at this level, it will be basically the same as the inflation-adjusted value of the DC minimum wage in 1997. So, in practical terms, the increase only makes up for lost ground over the past decade.

Ten states have adjusted their minimum wage for inflation, namely Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont, and Washington.<sup>169</sup> The District should also adjust its minimum wage for inflation. Without a regular cost-of-living increase, DC's minimum wage will start to lose ground to inflation again as soon as it reaches \$8.25 in 2009. Further, minimum wage practices have a disproportionate impact on women who, nationwide, constitute two-thirds of minimum wage workers,<sup>170</sup> as well as black and Hispanic workers.<sup>171</sup> Instituting a cost-of-living-adjustment (COLA) to the minimum wage, therefore, stands to have particular benefits for the District's working poor families, nearly all of which are minority and two-thirds of which are headed by single women.

Opponents of raising the minimum wage often argue that such policy would have a negative impact not only on businesses but on working poor families because increased wages would result in low-skill job losses. Research suggests, however, that such losses are unlikely to occur:

1. There were no noticeable or systemic job losses resulting from the 1996–1997 federal minimum wage increase.<sup>172</sup>
2. A report on state minimum wages showed that small businesses in states that raised their minimum wage above the federal rate have outperformed small businesses in states that did not.<sup>173</sup>
3. Economic models suggest that employers can absorb some of the increased costs of higher wages through higher productivity, lower recruiting and training costs, decreased absenteeism, and increased worker morale.<sup>174</sup>

These findings from significant studies make it reasonable for the District to undertake a COLA increase, especially if the increase is accompanied by periodic examination of the effects on job-creation. Overall, we believe a COLA for the minimum wage is sound policy that in other states has not caused inflation, significant job losses, or other negative effects, and should be a high priority for District policy makers.

#### ***Tax Relief for Low-Income Working Families***

The District is one of 17 jurisdictions nationwide to supplement the federal EITC with a state EITC. DC's EITC is 35 percent of the federal, making it the nation's largest state-level EITC. About 48,000 District households — about one in five — claim the federal EITC. According to the DC Office of Tax and Revenue,



about 46,000 households claim the DC EITC, which means nearly all who claim the federal credit claim the DC credit, too. The District has recently enacted legislation that provides EITC eligibility to low-income non-custodial parents who make their child support payments. This is an important policy change that should be maintained.

At the same time, the District should consider further tax relief for the working poor because taxes on some working families remain high. A DC family of three with an annual income of \$40,000, for example, pays nearly \$1,700 in income tax. This is higher than all but seven states, namely Alabama, Iowa, Kentucky, Maryland, Michigan, Ohio, and Oregon. In many states, income taxes on working families are much lower than this. In 13 states, for example, a family of three that earns \$40,000 pays less than \$1,000 in state income taxes.<sup>175</sup> It seems particularly important to consider tax relief for working families at the \$40,000 level given that, as discussed before, the cost of living in the District is among the highest in the nation and \$40,000 is insufficient to provide for the needs of the average working family here.

One targeted way to reduce taxes for working poor families is to increase the standard deduction. The District

has increased both its standard deduction and personal exemption in recent years, but they remain far lower than the same deductions in the federal income tax. DC's standard deduction is \$4,000, compared with \$10,500 in the federal income tax, and the DC personal exemption of \$1,675 is far below the federal personal exemption of \$3,300. Raising DC's standard deduction to match the federal, as some states have done, would provide substantial benefits to low- and moderate-income working families since 90 percent of DC households that claim the standard deduction have incomes of \$50,000 or less.<sup>176</sup> During the last budget cycle, the District considered tax relief proposals that would have benefited higher income families. While the District may not always be in a sound enough fiscal position to consider tax relief, we strongly encourage District policy makers to focus on the kind of tax policy, like the increased deduction, that will target relief to low-income families.

### ***Child Support***

The performance of the child support system in the District is significantly lagging. More than 65 percent of District children are involved in the system and only 23 percent of children in the system received any payment in 2006.<sup>177</sup> The implications

of this are significant because most of the families involved in the District's child support system are low-income and because low-income families can benefit significantly from child support. For low-income families that receive child support, it constitutes on average 30 percent of monthly income. A recent DC Appleseed study shows that many non-custodial parents in DC are not stably attached to the legitimate workforce, and that there are particular challenges facing non-custodial parents who are currently or formerly incarcerated.<sup>178</sup> As described in that report, the District needs to do a much better job of linking unemployed and underemployed non-custodial parents to job training and employment services in order to increase income to custodial households.

### ***Debt/Consumer Protection***

As the Office of the Attorney General reported in April 2007,<sup>179</sup> low-income families in the District pay more for basic necessities than wealthier families, including financial services. This is a problem not only because the combination of low wages and higher expenses creates debt, but also because those with substantial debt have fewer resources available for such things as training and education. It is also a problem because there has been a rise in the use of credit reports by employers when making hiring decisions. As District post-secondary educators are learning, high levels of debt and/or poor credit can bar otherwise qualified students from good internships, apprenticeships, and job opportunities. The District needs to recognize the impact of poor credit on workforce development and employment opportunity, and promote policies that can both help individuals prevent and repair bad credit, and reduce the long-term impact of bad credit on low-income workers.

The District's economic development policy and consumer protection policy can work together to reduce the likelihood and degree that working poor families can be exploited. DC policy does limit the fees that check-cashing establishments can charge, and the DC Council recently passed legislation to limit annual interest rates on all short term loans that will eliminate high-cost payday lending in the city.<sup>180</sup> The District should also encourage banks to reduce excessive fees imposed on low-deposit customers and offer free savings accounts to encourage regular saving. Policies that could help low-income families increase their savings and reduce consumer debt would include offering low-income tax credits to encourage saving for education and job training; linking financial education and credit counseling to cash assistance and other public benefits programs; and providing matching funds for Individual Development Accounts (IDAs)<sup>181</sup> or education savings accounts for income-eligible families. A combination of consumer protection, financial education, and incentives to encourage long-term saving over unnecessary spending could work hand-in-hand with workforce development initiatives to put low-income households on a path to greater financial security.

### **Income Support and Work Protection**

#### ***Paid Leave for Illness, Disability, and Family Care***

The District lacks job and income protection for workers who are sick, temporarily disabled, or need to care for family members. Like most states, the District does not currently provide wage replacement for parental leave; nor does it provide Temporary Disability Insurance (TDI), paid family leave, or paid sick leave. Given the large number of single-parent families in the District (64 percent of low-income households with children),<sup>182</sup>

and the large number of workers who currently lack any form of paid sick leave (nearly three-fourths of those in the lowest paying jobs),<sup>183</sup> this gap is exceptionally burdensome.

Minimum mandatory paid sick days are currently on the agenda of the DC Council. While some employers are concerned about the cost of providing paid leave, a review by the DC Fiscal Policy Institute suggests the actual costs would be modest (\$0.26 per worker per hour) and would likely be offset by gains in the form of job retention and productivity.<sup>184</sup> Moreover, guaranteeing access to paid sick days would result in overwhelming public health benefits; savings to the city in lower health costs; and greater productivity and lower turnover for businesses. Implementing paid sick leave would also go a long way toward recognizing that low-income working families in the District, and especially single parent families, should be able to provide routine care for themselves and their children without jeopardizing their employment and income, and destabilizing their lives.

While minimum paid sick days are important for routine health matters, the District should also consider developing a Temporary Disability Insurance policy or program to allow low-income families to survive more sustained illnesses without economic devastation. Five states (California, Hawaii, New Jersey, New York, and Rhode Island) and Puerto Rico have state-administered TDI systems or require employers to offer TDI. California has extended its TDI program to include family and medical leave (FML) and other states (New York and New Jersey, for example) are considering doing the same. Some states provide temporary disability coverage through their Unemployment Insurance programs, allowing workers who quit because of their own or a family member's illness or disability to be covered by Unemployment

Insurance (UI).<sup>185</sup> These programs are typically funded through employee and/or employer contributions, which, under the District's current taxation structure, would be challenging to implement.

TDI/FML programs offer essential income security to low-income families, and especially to single parent families (two-thirds of the District's low-income working families), where the temporary loss of the sole household income can mean economic devastation with long-lasting consequences. The District should explore potential models for providing this benefit to determine its feasibility for the District's low-income workforce.

#### ***Unemployment Insurance (UI)***

The District has a number of policies intended to help workers qualify for unemployment insurance, including provisions that support part-time employees and victims of domestic violence. Yet the utilization rate of UI in the District is low, with only one-third of unemployed workers getting benefits. In addition, compensation is extremely low relative to the cost of living. The District provides benefits at roughly the rate of 50 percent of wages, but to earn the maximum benefit of \$359 per week (which is just above poverty for a family of three), a worker needs to have earned a full-time wage of \$17.95/hour prior to his or her unemployment.<sup>186</sup> If a worker earns \$16.50 an hour or less, UI benefits are below poverty for a family of three. Given how many workers live on UI benefits for as long as six months, UI should pay more substantial support in order to be fair and effective.

One option for helping low-income families with children through a period of unemployment is to include a dependent benefit, as 13 states currently do. These states supplement weekly unemployment benefits by as little as \$6 and as much as \$125 for



each dependent.<sup>187</sup> Adding a dependent benefit in the District would target additional assistance to address the higher financial needs of families, and this targeting would have a more limited impact on total program costs than a broad benefit increase. Because families who are living for extended periods on UI may require additional public benefits, there may be little cost involved in redirecting funds to a UI dependent benefit and there may, in fact, be administrative cost savings.

One possible cause for low utilization of UI benefits in the District is the cumbersome administrative process. While DOES reports that 94 percent of those whose applications are approved receive payment within the federally mandated 14-day time-frame,<sup>188</sup> our investigation suggests a sizeable backlog of workers awaiting initial decisions from the Department of Employment Services as well as hearing dates and administrative appeal decisions from the Office of Administrative Hearings for issuance of UI.<sup>189</sup> Some workers wait for as long as six months to a year for a final administrative decision on their UI support application. Furthermore, many workers are not provided with clear, detailed information explaining the denial of benefits.<sup>190</sup> To alleviate the economic and personal insecurity experienced by residents searching for employment and awaiting a UI decision, the District should mandate that at each step of the process, all decisions for UI applications, including those following an initial denial, be made within a two-to-three-week time-frame and reasons for denial of benefits be fully and clearly disclosed to applicants.

### Work Supports

As in other areas affecting conditions of employment, the District has some very strong policies and some dramatic shortcomings. In the area of public health insurance coverage, for example, the District has fairly

broad eligibility. DC Medicaid covers adults in families with children up to 200 percent of poverty and children up to 300 percent. Overall, public insurance in the District covers 160,000 residents or almost 30 percent of the population, which is higher than the US average.<sup>191</sup> In 2006, the Health Care Coverage Advisory Panel to the DC Department of Health found an estimated 22,000 of D.C.'s non-elderly uninsured are eligible for existing publicly financed coverage programs and made recommendations to further improve the take-up rates.<sup>192</sup> The expansion of coverage to these thresholds has been associated with a significant drop in "potentially avoidable hospitalizations" among low income District residents.<sup>193</sup> Unfortunately, comparable policy successes are not found in other essential areas such as child care and housing.

### Child Care

Child care has similarly generous eligibility levels as Medicaid, and serves a substantial portion of the low-income working community. DC's Child Care Subsidy Program allows families to start receiving assistance if their income falls below 250 percent of poverty, and families who are receiving subsidies can continue to receive them until their income is 300 percent of poverty. But, while subsidy vouchers are available to many of those who need them (there is currently no waiting list to receive a voucher) the supply of slots at child care facilities is inadequate. Therefore, many families with vouchers cannot find facilities where the voucher can be used. According to the Department of Human Services Early Care and Education Administration's Child Care Profiles, 7,752 District children are on waiting lists for a place in a child care program, approximately half of whom are under age 2.<sup>194</sup> Further, the number of child care provider slots is shrinking, with a reduction of more than 500 slots

between 2004 and 2006, a quarter of which were for infants.<sup>195</sup>

Building an effective child care system is critical to the District, both because availability of child care strongly influences the ability of low-income parents (mostly mothers) to participate in the workforce and because the quality of child care strongly influences children's readiness for school.<sup>196</sup> Further, parents who are not secure in the quality of their children's care may not perform optimally on the job.<sup>197</sup> Child care workers are among the lowest paid workers in the District. This latter factor influences the quality of the child care workforce itself, the ability of those workers to access the education and skills training that would improve their individual economic conditions, and the care they are able to provide.

The District's child care system is also marked by low reimbursement rates to child care providers. Without adequate reimbursement, child care providers cannot pay sufficient wages to hire and retain quality staff and cannot provide training and professional development for existing staff. Low reimbursements also make it hard for providers to improve the educational quality of their services. As a result, many of the District's providers are considered "bronze" or "silver," and only a small share reach the city's "gold standard" certification.<sup>198</sup> At the same time, providers that improve their status qualify for higher reimbursements that help them maintain a high level of quality. The issue is therefore one of quality for the consumers and, in turn, working conditions and advancement opportunities for staff.

DC's reimbursement system is based on a percentage of market rates, a study of which is required to occur every two years.<sup>199</sup> Because the District is behind in its market studies, top tier providers are currently



being paid at the 75th percentile of rates from 2004, while lower tier providers receive payments based on the previous study from 2002. UDC conducts the market rate surveys for the District, and it should be adequately funded and staffed as well as held accountable for producing the studies on a timely basis.

In addition, for pre-school aged children, the child care system is bifurcated. Pre-kindergarten and preschool programs that are affiliated with the public schools are funded at higher rates, with higher paid teachers, better access to professional development, and better equipped classrooms than pre-K and preschool programs funded through the child care subsidy program. Because the public school programs have no income eligibility tests, low-income families must compete with higher-income families for places in the better funded programs. These inequities need to be rectified so that high quality child care is available to all children, and all District child care providers are given equal opportunity to benefit from professional development. Subsidy rates should be increased so that child care providers can pay staff a living wage, and increased wages should be strategically linked to professional development and education, as is done in other jurisdictions with a great deal of success.<sup>200</sup>

### **Housing**

The scarcity of affordable housing in the District is one of the largest impediments to economic security for the area's low-income working families. The crisis of affordable housing is obviously a much larger problem than we can do justice to in this brief report.

However, our analysis would be incomplete if we did not acknowledge the enormous impact that housing

affordability and location have on low-income working families.

Almost three-fifths (57 percent) of low-income working families spend more than one-third of their income on housing,<sup>201</sup> the level generally considered "affordable." That leaves little to pay for other household expenses, including healthcare, child care, food, utilities, and transportation, let alone the costs of continuing education. DC is also a city with few low-income working families owning their own home. Among low-income families, the national homeownership average is 44 percent while DC's average is only 18 percent. High priced housing and low homeownership rates signify less economic stability among working families and increased risk of homelessness.

Housing pressures have increased for District residents as the average rent has increased, resulting in a sharp decline in the supply of affordable rental housing. Between 2000 and 2004, the number of affordable rental units under \$500 fell from 34,400 to 26,900, a decline of 7,500. Moreover, the number of units with gross rent between \$500 and \$1000 — which would be affordable to low- and moderate-income households — also declined.

The District has taken steps in recent years to develop affordable housing policies and invest substantial public resources, including a Housing Production Trust Fund, a rent subsidy program, Inclusionary Zoning (under which private housing developers are allowed to build more densely than allowed under normal zoning laws in return for setting aside some units as affordable), and an emergency assistance program for families behind on rent bills. Recent legislation affecting development along the Anacostia Waterfront requires that 30 percent of housing built on land owned, controlled, or disposed of by the District be affordable — 15 percent being affordable to low-income residents (30 percent of AMI or less) and 15 percent being affordable to moderate-income residents (60 percent of AMI or less). Meeting this requirement is important, and considerable commitment from the city will be needed to ensure that the requirement is met.

Notwithstanding these important initiatives, they are not enough to meet the need. Over 56,000 applicants are on the combined waiting list for public housing and housing choice vouchers as of January 2007.<sup>202</sup> There is a pressing need for the District to use whatever resources and leverage it has available to cre-





ate more affordable housing options for low-income District residents.

Location of housing is equally important. Families physically isolated from work and educational programs are less able to take advantage of educational opportunities that would in turn increase their housing options. This means that the District should promote the creation of affordable housing in locations where low-income families can find work and have easy access to public transportation. Achieving all this will take time, commitment, and resources from both the public and private sector, but until it is achieved the District's low-income working families will not have benefited from DC's economic recovery.

## RECOMMENDATIONS

In order to support income and job security for low-income working families and increase the availability of the benefits of the District's economic revitalization to all District residents, the District should commit to improving employment conditions for the working poor. While these policies will require initial investment of resources, the burden can be shared among the public and private sectors, and the improved stability and self-sufficiency of low-income working families that will result

merit this investment. And while these policies may need to be addressed over time, they should remain on the District's agenda as essential to improving outcomes for low-income working families.

**To increase income and job security for low-income working families, the District should:**

■ **Institute an annual cost-of-living-adjustment (COLA) for the local minimum wage subject to a periodic review of impact on job creation.** It should be noted that a COLA for the minimum wage has been instituted in ten other states and there has been no indication of significant job losses or other negative consequences that would mitigate against the benefits to the District's lowest paid workers. However, a periodic review would provide assurance that local conditions were not being adversely affected.

■ **When tax relief is under consideration, target relief to low-income working families, such as increasing the standard deduction in the DC income tax, and, in all cases, promote the use of the EITC among low-income non-custodial working parents who are paying their child support obligation.** While the District may not always be in a position to consider tax relief, when it is,

the District should consider ways to use tax relief to increase the likelihood that low-income families will be able to further invest in their education and increase their taxable income over time.

■ **Provide systemic linkages between the child support and workforce development systems to help non-custodial parents achieve economic stability and provide regular, reliable support for their children.** Parental support for children reduces the need for social services and public benefits for custodial families, as well as producing academic and other benefits for children.

■ **Implement paid sick leave for all District workers. In addition, consider the potential for developing a paid disability/family leave program so that low-income working adults can care for themselves and their dependents with a minimum of financial and job insecurity.** While some employers — particularly small business owners and large employers like universities, which rely on a wide variety of employment structures — are concerned that implementing a paid sick leave standard will cause hardship, research has suggested that the burden is modest and will be offset by the benefits of greater employee retention and productivity. Raising the employment standard in the District to reduce the likelihood that sick workers will be forced to choose between working while ill or losing their jobs will produce a wide range of benefits for employers, employees, and consumers of District goods and services.

■ **Improve the administration of the Unemployment Insurance Program so that cases are resolved more quickly and with more clarity, and consider adopting a dependent benefit so that more families with children are not reduced to poverty while unemployed.** An effective Unemployment Insurance Program

encourages workers to remain in the labor force. Because many low-wage workers live on unemployment benefits for as long as six months, the District should consider targeted assistance that will help prevent families with children from being reduced to poverty.

■ **Work with banks, credit unions, and other private businesses to find ways to reduce the premiums that low-income families pay for financial services, provide financial education, and promote asset development.** Helping low-income working families reduce their debt and increase their assets will help prevent the kinds of financial crises that force families to seek public benefits, and will provide more stable economic futures for those families and for the city. The District's support for asset building — including publicizing the availability of programs and services, providing matching funds for Individual Development Accounts, and/or encouraging private investment in these activities — can be strategically tied to larger District goals around increasing education among the working poor through support for college savings programs, and/or homeownership and home repair to increase family stability.

**To increase the likelihood that the benefits of the District's economic revitalization reach all District residents, the District should:**

■ **Increase child care reimbursement rates and keep them up-to-date, as well as consider strategies to increase wages for child care workers and quality of care for children through links to professional development.** Given the number of single parent families, and dual working couples with children, the District's economy, like the rest of the nation's economy, depends upon the availability of quality, affordable child care. Investing in this system is essential, and finding innovative

ways to increase and improve the child care that is available needs to go hand in hand with the District's economic development and workforce development goals.

■ **Continue to address the affordable housing crisis in the city, and promote housing for low-income families that takes into account access to transportation, jobs, and educational resources.**

**The following issues require further analysis that was beyond the scope of this report:**

■ Financing and structure of temporary disability insurance programs;

■ How to monitor the actual impact of changed employment conditions including raising the minimum wage, and providing paid sick leave for all workers;

■ Use of credit reports in employment applications — is there a role for government in helping to limit the negative impact on low-income families?

■ Strategies for increasing the education levels of child care workers and improving care;

■ Evaluation of the implementation of the Opportunity Accounts Act, and the optimal role of government and private financial institutions in asset development for low-income families; and

■ The appropriateness and effectiveness of regional strategies to address regulatory issues like payday lending.



## CHAPTER 4 ENDNOTES

<sup>167</sup> See Holzer, *supra* note 9; Rolland, *supra* note 11.

<sup>168</sup> DC Code 32-1003

<sup>169</sup> Peter Dreier, *Growing the Minimum Wage*, TomPaine.com, Nov. 27, 2006, [http://www.tompaine.com/articles/2006/11/27/growing\\_the\\_minimum\\_wage.php](http://www.tompaine.com/articles/2006/11/27/growing_the_minimum_wage.php).

<sup>170</sup> National Women's Law Center, *Working Women Need an Increase in the Minimum Wage – NOW!* (2005), available at <http://nwlc.org/pdf/minimum%20wage%20and%20women%2012-06.pdf>.

<sup>171</sup> Econ. Policy Inst., *EPI Issue Guide: Minimum Wage* (2007), available at [http://www.epinet.org/issueguides/minwage/epi\\_minimum\\_wage\\_issue\\_guide.pdf](http://www.epinet.org/issueguides/minwage/epi_minimum_wage_issue_guide.pdf).

<sup>172</sup> *Id.*

<sup>173</sup> Fiscal Policy Institute, *States with Minimum Wages above the Federal Level Have Had Faster Small Business and Retail Growth* (2006), available at <http://www.fiscalspolicy.org/FPISmallBusinessMinWage.pdf>.

<sup>174</sup> *Id.*

<sup>175</sup> Ed Lazere, *No Relief For Working Families: Tax Cut Proposals Do Little for Low- and Moderate-Income DC Families* (2007).

<sup>176</sup> Ed Lazere, *Finance Committee Tax Cut Proposals Would Mainly Benefit High-Income Residents: More Progressive Alternatives Are Not Being Considered* (2007), available at <http://dcfpi.org/5907tax3.pdf>.

<sup>177</sup> DC Appleseed Center for Law and Justice, et al., *Taking Care of the District's Children: The Need to Reform DC's Child Support System* (August 2007), available at <http://www.dcappleseed.org/projects/publications/DC%20Appleseed%20Report-Rev6-1.pdf>.

<sup>178</sup> *Id.*

<sup>179</sup> Att'y Gen. for D.C., *The High Cost of Being Poor in the District of Columbia: Financial Products and Services* (2007), available at [http://occ.dc.gov/occ/frames.asp?doc=/occ/lib/occ/news/04-26-07\\_high\\_cost\\_press\\_packet.pdf](http://occ.dc.gov/occ/frames.asp?doc=/occ/lib/occ/news/04-26-07_high_cost_press_packet.pdf).

<sup>180</sup> Maryland also limits interest rates which effectively prevents high cost payday lending, and Virginia is considering restrictions in part to prevent DC businesses from relocating to Northern Virginia. Anita Kumar, *Pressure Mounts on VA Payday Lenders*, Washington Post, Dec. 3, 2007, at B1. Some credit unions in DC will continue to offer payday loans at 16-18% APR.

<sup>181</sup> Capital Area Asset Builders, a program that provides IDAs and was developed through a collaborative of DC agencies dedicated to serving low-income families, has over \$1 million in Federal funds that can only be accessed through matching funds. Capital Area Asset Builders, Opportunity Accounts Program Overview, February 9, 2007, received by Judy Berman, DC Appleseed, via email from Colleen Dailey, Executive Director Capital Area Asset Builders, November 14, 2007 (on file with author). The Opportunity Accounts Act which provides for the creation and funding of IDAs in the

District, (L13-266) has not been consistently funded since its enactment in 2001. Letter from DC Councilmembers Mary Cheh, Jack Evans and Jim Graham, to DC Mayor Adrian Fenty, July 2, 2007.

<sup>182</sup> Working Poor Families Project, *supra* note 2, Supplemental Data. This number refers to single mothers. Kids Count DC estimates that single fathers account for 5 percent of District households with children, but does not indicate how many would constitute "low-income working families" according to the measures used by Population Reference Bureau for the Working Poor Families Project. D.C. KidsCount Collaborative, *Every Kid Counts in the District of Columbia: 13th Annual Fact Book 2006* 42–43 (2006).

<sup>183</sup> Karen Minatelli, Testimony on DC B17-197 before the *DC Council Comm. on Workforce Development and Government*; DC Fiscal Policy Institute, *Giving Workers in DC the Right to Paid Sickdays: Benefits to Business are Likely to Outweigh the Costs* (2005).

<sup>184</sup> *Paid Sick and Safe Days Act of 2007: Hearing on DC B17-197 Before the D.C. Council Comm. on Workforce Development and Government* (D.C. 2007) (written testimony of Ed Lazere, Executive Director, DCFPI).

<sup>185</sup> Rebecca Smith, Rick McHugh & Andrew Stettner, *Between a Rock and a Hard Place: Confronting the Failure of State UI Systems to Serve Women and Working Families*, Executive Summary (2003), available at <http://www.nelp.org/document.cfm?documentID=287>.

<sup>186</sup> DC unemployment benefits are calculated as 1/26 of the employee's highest earnings in a recent three-month period.

<sup>187</sup> Employment & Training Admin., U.S. Dep't of Labor, *Comparison of State Unemployment Laws* ch. 3 (2007), available at <http://workforcesecurity.doleta.gov/unemploy/uilawcompar/2007/monetary.pdf>.

<sup>188</sup> Department of Employment Services (DOES) Response to "Creating 'Homegrown Prosperity': Sharing the Benefits of DC's Economic Recovery with Low-Income Working Families," received via email to Judy Berman, DC Appleseed, from Sylvia Lane, Chief of Staff, October 23, 2007 (on file with author).

<sup>189</sup> Interview with Tonya Love, Esq., Metro. Wash. Council AFL-CIO, Claimant Advocacy Program.

<sup>190</sup> *Id.*

<sup>191</sup> Nicole Lurie & Martha Ross, *Health Status and Access to Care Among Low-Income Washington, D.C. Residents: A Research Brief for the DC Primary Care Medical Homes Project* (2006), available at [http://www.brookings.edu/~media/Files/rc/reports/2006/10cities\\_lurie/20061020\\_HealthStatus.pdf](http://www.brookings.edu/~media/Files/rc/reports/2006/10cities_lurie/20061020_HealthStatus.pdf).

<sup>192</sup> Health Care Coverage Advisory Panel to the DC Dep't of Health, *Improving Health Care Coverage in the District of Columbia* (2006), available at [http://www.urban.org/UploadedPDF/411312\\_DC\\_health\\_insurance.pdf](http://www.urban.org/UploadedPDF/411312_DC_health_insurance.pdf).

<sup>193</sup> *Id.* at 12.



<sup>194</sup> D.C. Early Care & Educ. Admin., *Child Care Profiles*, (2007). Available at [http://www.dhs.dc.gov/dhs/frames.asp?doc=/dhs/lib/dhs/pdfs/ecea/child\\_care\\_profiles\\_\\_2006.pdf](http://www.dhs.dc.gov/dhs/frames.asp?doc=/dhs/lib/dhs/pdfs/ecea/child_care_profiles__2006.pdf).

<sup>195</sup> *Id.*

<sup>196</sup> See, e.g., Charles Bruner, *Village Building and School Readiness: Closing Opportunity Gaps in a Diverse Society*, (2007), available at <http://www.finebynine.org/pdf/VBSR.pdf>.

<sup>197</sup> See, e.g., Karen Shellenback, *Child Care and Parent Productivity: Making the Business Case* (2004), available at <http://government.cce.cornell.edu/doc/pdf/ChildCareParentProductivity.pdf>.

<sup>198</sup> The District employs a tiered reimbursement system based on levels of quality beyond basic licensing requirements. Gold tier programs receive the highest reimbursement rates, followed by silver, then bronze.

<sup>199</sup> Child Care and Development Fund Final Rule, 63 Fed. Reg. 142 (July 24, 1998) (codified at 45 C.F.R. pts. 98, 99 (1998)).

<sup>200</sup> See, for example, the Washington State Early Childhood Education Career and Wage Ladder, a pilot project run by the Economic Opportunity Institute. Laura Paskin, et al., *Achieving High-Quality Early Learning and care in Washington State* (2005), available at <http://econop.org/ELC/EarlyLearning/Toolkit2005.pdf>.

<sup>201</sup> Working Poor Families Project, *supra* note 2, Table I.4.

<sup>202</sup> *Brookings Report*, *supra* note 13, at 113.



## CONCLUSION

DC residents and government officials can be proud of the dramatic turnaround that our city has made from an era of near-bankruptcy. But we must be concerned that this turnaround has not improved lives at all for thousands of DC residents — many of them residents who suffered through the bad times and held out hope for the good times. The fact that one of three working families remains poor — and that the working poor are more common in DC than in the rest of the nation and the region — is a stark reminder of how far the city has yet to go.

All low-income working families in the District deserve the chance to improve their economic security and

all District residents will benefit from more citizens being able to adequately support themselves and their children. Yet the District currently lacks the infrastructure to adequately support low-income working families as they take steps toward self sufficiency. There are gaps, some huge, all along the continuum of skill-building services for adults, from basic education to short-term job training to career-oriented degree programs. The lack for District residents of the types of vocational and career-oriented courses offered by community colleges stands as the most serious sign of the District's shortcomings, and the large number of adults with limited literacy skills suggests that much needs to be done

to prepare residents for the kind of training a community college can provide. Moreover, the District lacks a broad workforce development strategy, and its economic development efforts are not geared toward creating good jobs for low-skilled residents.

The striking problems of the working poor are a call to action. While the contributing factors are complex and challenging, they should not be viewed as intractable. Just as the Mayor and Council aggressively work to rebuild the public school system, our leaders also need to start re-building education and training services for adults, many of whom are parents of students in the public schools. Indeed, improving the stability and economic self-sufficiency of District families through improved workforce development efforts is a necessary component of helping children succeed in an improved D.C. public schools system.

In many ways, the District already aspires to provide a supportive environment for poor and low-income working residents, including through broad access to health care and child care and a generous Earned Income Tax Credit. While there are gaps in this system of work supports as well — such as limited income and job security policies — they offer a hopeful sign of popular support for effective policies that invest in DC's low-income working families.

It is time for the city to increase its investment in these families. Spreading prosperity more broadly across income levels will benefit us all as we reap the benefits of a stronger workforce, stronger families, and a stronger economic future.

## GLOSSARY OF TERMS

*Definitions of some terms and acronyms are provided here in the context of this report. Phrases or acronyms found in **bold** within definitions are also defined in the glossary.*

**Adult Basic Education (ABE):** Aims to provide the basic skills of reading, writing, and mathematics to adult learners who currently perform at the 7th grade level or below to prepare them for transitioning into the labor market, or higher academic or vocational training. ABE is followed by Adult Secondary Education, which addresses the needs of adults performing at 8th grade levels or higher who do not have a high school credential (diploma or **GED**).

**Adult Literacy:** The general term encompassing a range of adult education programs that focus mainly on improving core skills (i.e., reading, writing, communication, mathematics) including those for non-English speakers. These include programs such as **ABE**, Adult Secondary which includes **GED** preparation, all levels of **English for Speakers of Other Languages (ESOL)**, and computer literacy and family literacy.

**Cost of Living Adjustment (COLA):** Regular increases in financial benefits, wages, and other financial benchmarks to reflect increases in the costs of living. The increased costs of living often are based on a measure of inflation, such as the Consumer Price Index. Cost-of-living adjustments are provided so that the affected wages and benefits will maintain their purchasing power. Social Security benefits, for example, are adjusted annually using a COLA.

**DC Adult Scholarship Program (DCASP):** Administered by **OSSE**, this program offers financial aid to assist eligible students 25 years of age or older who demonstrate a financial need in attending eligible postsecondary education institutions in the District. Eligible candidates must have their high school diploma or **GED**, and be enrolled in, or working toward, a first-time undergraduate degree on, at a minimum, a half-time basis.

**DC Leveraging Educational Assistance Program (DCLEAP):** This program, funded through matching funds by the District and the federal government, is offered to District residents for education or training beyond the high school level, granted through need-based eligibility after a review of financial information and is restricted to half-time or more students who are aged 24 or younger at the time of application.

**DC Tuition Assistance Grant Program (DCTAG):** A federally funded program that provides up to \$10,000 per



year for five years for public college tuition to fund the financial difference between in-state and out-of-state tuition at participating public colleges, or will provide up to \$2,500 per year for up to five years towards the tuition costs at DC-area private college. In addition, it can provide up to \$2,500 per year for all private historically black colleges and universities in the United States.

**Earned Income Tax Credit (EITC):** A refundable income tax credit that reduces or eliminates the taxes that low-income working people pay and also operates as a wage subsidy for some low-income workers.

**English as a Second Language (ESL)** (Also called **English for Speakers of Other Languages (ESOL)** or **English Language Literacy (ELL)**): This program provides English listening, speaking, reading, and writing classes for foreign-born students at a variety of skill levels. Some programs may also include citizenship preparation.

**Family:** Primary married-couple or single parent with at least one child under the age 18.

**Family Income:** Defined by the federal government as the **income** of all **family** members age 15 and over.

**Family In Poverty:** A **family** with an **income** below the threshold for **poverty** as defined by the U.S. Census Bureau.

**First Source Agreement Program:** A program run through the DC Department of Employment Services aimed at giving city residents priority for new jobs created by municipal financing and development programs. It mandates that all projects funded in whole or in part with DC funds, or any funds that DC administers, shall provide employment opportunities for District residents. It mandates that at least 51 percent of new jobs created



under these projects shall go to DC residents unless good cause can be shown for not meeting this level.

**General Educational Development (GED):** Also known as the high school equivalency program, students take a series of tests that, when passed, certify that the test taker possesses high-school level academic skills. Only individuals who have not earned a high school diploma may take the GED tests.

**Illiteracy:** Generally accepted as possessing reading and writing skills at lower than a fifth grade level,<sup>203</sup> but can also be defined as lacking **literacy** skills, which typically has a much broader definition.

**Income:** For the purposes of this report, money income only, non-cash benefits not included.

**Income Maintenance Administration (IMA):** IMA is located within the DC Department of Human Services and is the local administrator of **TANF**. IMA also oversees eligibility determination for a variety of health and social service programs.

**Individual Development Account (IDA):** Matched savings account that enables low-income American families to save and build assets, most commonly directed toward home ownership, post-secondary education, or starting a business. Matches are provided through a variety of public and private mechanisms.

**Labor Force:** Persons with a job or without a job, but actively seeking one.

**Literacy:** An individual's ability to read, write, and speak in English, and compute and solve problems at levels of proficiency necessary to function on the job and in society, to achieve one's goals, and to develop one's knowledge and potential.<sup>204</sup>

**Low-Income Family:** A **family** with an **income** below 200 percent or double the threshold for **poverty** as defined by U.S. Census Bureau. In this report, this term is used interchangeably with **poor family**.

**Low-Wage:** A wage below the full-time, full-year wage required to keep a **family** of four out of **poverty**. To determine this wage range, the hourly wage needed to exceed the U.S. standard poverty level is calculated. In 2006, the U.S. poverty level for a family of four was \$20,615, making the wage-level cutoff for low-wage \$9.91 an hour (on a full-time, full-year basis).<sup>205</sup> For the Percent of Workers in Low Wage Jobs measure, the national low wage figure is adjusted by the state's cost of living index.

**Marginally Attached to the Labor Force:** Persons who are not in the **labor force**, have looked for work in the past 12 months, want a job, and are available for work.

**Minority:** A person who does not classify himself or herself as a white, non-Hispanic.

**Office of the State Superintendent of Education (OSSE):** A newly formed agency in the District government charged with advising the State Superintendent of Education on educational matters, including: state policies for special education, academic standards, vocational, charter, and other schools, state objectives, and state regulations mandated by the Mayor or State Superintendent of Education.

**Paving Access Trails for Higher Security (PATHS):** This program provides a 16-week job training and literacy program jointly through the DC Department of Human Services **IMA** and the UDC School of Business and Public Administration, focusing on workplace-oriented math and English and offering career-specific internship opportunities.

**Payment in Lieu of Tax (PILOT):** In the District, this is an economic development program tied to projects being developed on land that previously had been exempt from real property tax. Under PILOT, the District continues to maintain the property tax exemption but requires the property owner to make a specified annual payment in lieu of the property tax. Often that payment is equal to the amount of property tax that otherwise would be paid. The PILOT payments then are used to back issuance of bonds, and the proceeds of the bond are used to support infrastructure and other investments on or near the project site.

**Poor Family:** See **Low Income Family**.

**Poverty:** Poverty is a federal indicator of a **family's** economic status and ability to obtain resources for basic needs of living. According to the US Census Bureau, the 2005 poverty threshold for a family of three, with one child under 18, was \$15,577.<sup>206</sup> Eligibility for means-tested programs is often expressed as a percentage of poverty.

**Self-Sufficiency:** The resources a **family** requires to cover basic needs, including housing, food, clothing, health care, transportation, and child care. This report uses the WOW Self-Sufficiency standard, which takes into account all of those factors in the local context and subtracts out tax credits to calculate the income a family needs for long-term economic self-sufficiency, assuming no public or private subsidies.



**State Education Agency (SEA):** Formerly under DC Public Schools and UDC, this agency is now housed under the supervision of **OSSE** and charged with protecting the integrity of supplemental programs aimed at enhancing the education of the students in the District while providing essential education services. Under the No Child Left Behind Act,<sup>207</sup> this agency must provide technical assistance to schools, ensure assessment results are provided to a school district before the school year begins and provide notification of major factors affecting student achievement, and identify districts for improvement or corrective action.

**Tax Increment Financing (TIF):** A tool used for redevelopment and community improvement projects by using future gains in taxes to finance current improvements that will help create those gains. In other words, when new developments or improvements take place, there is an increase in the value of the land or real estate and/or an increase in taxable retail sales. This increased site value/retail sales results in increased tax revenues. This increase, called ‘tax increment,’ is used by the TIF to finance the debt needed to pay for the project.

**Temporary Assistance for Needy Families (TANF):** TANF is the federal block-grant program administered on the state level by **IMA** that offers time-limited assistance and work opportunities to needy families (welfare). On a federal level, TANF is overseen by the Office of Family Assistance (OFA) which is part of the Administration for Children and Families, US Department of Health and Human Services.

**Temporary Disability Insurance (TDI):** Entitles workers to payments when they can medically certify that they cannot work due to sickness or injury not caused by their job.

**Tuition Assistance Program Initiative for TANF (TAPIT):** A District managed and funded program, which covers tuition up to \$4,000 per academic year for **TANF** recipients who have been accepted in accredited two- and four-year colleges.

**University of the District of Columbia (UDC):** The only public higher education institution in the District. It provides undergraduate, graduate, and continuing education opportunities with an open admissions policy.

**Workforce Development:** Refers to a relatively wide array of learning-for-work activities and programs, like vocational education, work readiness, and job training programs. Programs that provide career and technical education are included in workforce development.

**Workforce Investment Act (WIA):** This federal act replaced the Job Training Partnership Act as the federal government’s primary workforce development program, designed to connect individuals to employment and training so jobseekers could increase their incomes. A local workforce board, **WIC**, ensures that WIA activities are consistent with the purpose of the federal law.

**Workforce Investment Council (WIC):** Created by Mayoral order in 1999, the WIC serves as a public-private partnership group that advises the Mayor and the District Government on issues of development, implementation, and improvements of an integrated and effective workforce investment system, enrichment of accountability and performance measure systems, promotion of private sector participation, and encouragement of public input and support.

**Working Family:** A **family** where all members age 15 and over have a combined work effort of 39 or more weeks in the last 12 months, or all members age 15 and over have a combined work effort of 26 or more weeks in the last 12 months and one currently unemployed parent looked for work in the previous four weeks.

## GLOSSARY ENDNOTES

<sup>203</sup> National Literacy Act of 1991, Pub. L. No. 102-73, 105 Stat. 333 (codified in scattered sections of 20 U.S.C.).

<sup>204</sup> *Id.*

<sup>205</sup> Jared Bernstein & Heidi Hartmann, The Low-Wage Labor Market: Challenges and Opportunities for Economic Self-Sufficiency: Defining and Characterizing the Low-Wage Labor Market (1999), available at <http://aspe.hhs.gov/HSP/lwlm99/bernhart.htm#Defining>.

<sup>206</sup> Press Release, U.S. Census Bureau, Income Climbs, Poverty Stabilizes, Uninsured Rate Increases (Aug. 29, 2006), available at [http://www.census.gov/Press-Release/www/releases/archives/income\\_wealth/007419.html](http://www.census.gov/Press-Release/www/releases/archives/income_wealth/007419.html).

<sup>207</sup> Pub. L. No. 107-110, 115 Stat. 1425 (2002).



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