

# The Brookings Institution

Greater Washington Research Program

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## Reducing Poverty in Washington, DC and Rebuilding the Middle Class From Within

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The District's future as a vibrant and inclusive city depends upon its commitment to rebuilding the middle class from within

## Goals:

1. Increase the skills, employment, and earnings of at least 10,500 low-income, less-skilled residents over seven years. Connect residents to local and regional economic growth.
2. Create sustainable programs and systems for growing the District's middle class from within.

## Strategy:

Improve Washington, DC's workforce development systems and expand the city's education and training capacity. Reinforce this employment-focused approach with work supports and housing policy for low-income residents.



# Over 50,000 low-income, working-age DC residents could benefit from workforce development programs

**Data:** 2005 American Community Survey (ACS) Public Use Microdata Sample (PUMS) for the District of Columbia

**Universe:** Individuals with one or more of the following characteristics:

- Below 200 percent of the federal poverty line
- Between the ages of 16 and 64
- Educational attainment below a Bachelor's degree
- Not enrolled in school or the armed forces
- Not self-employed
- Not collecting SSI or retirement income

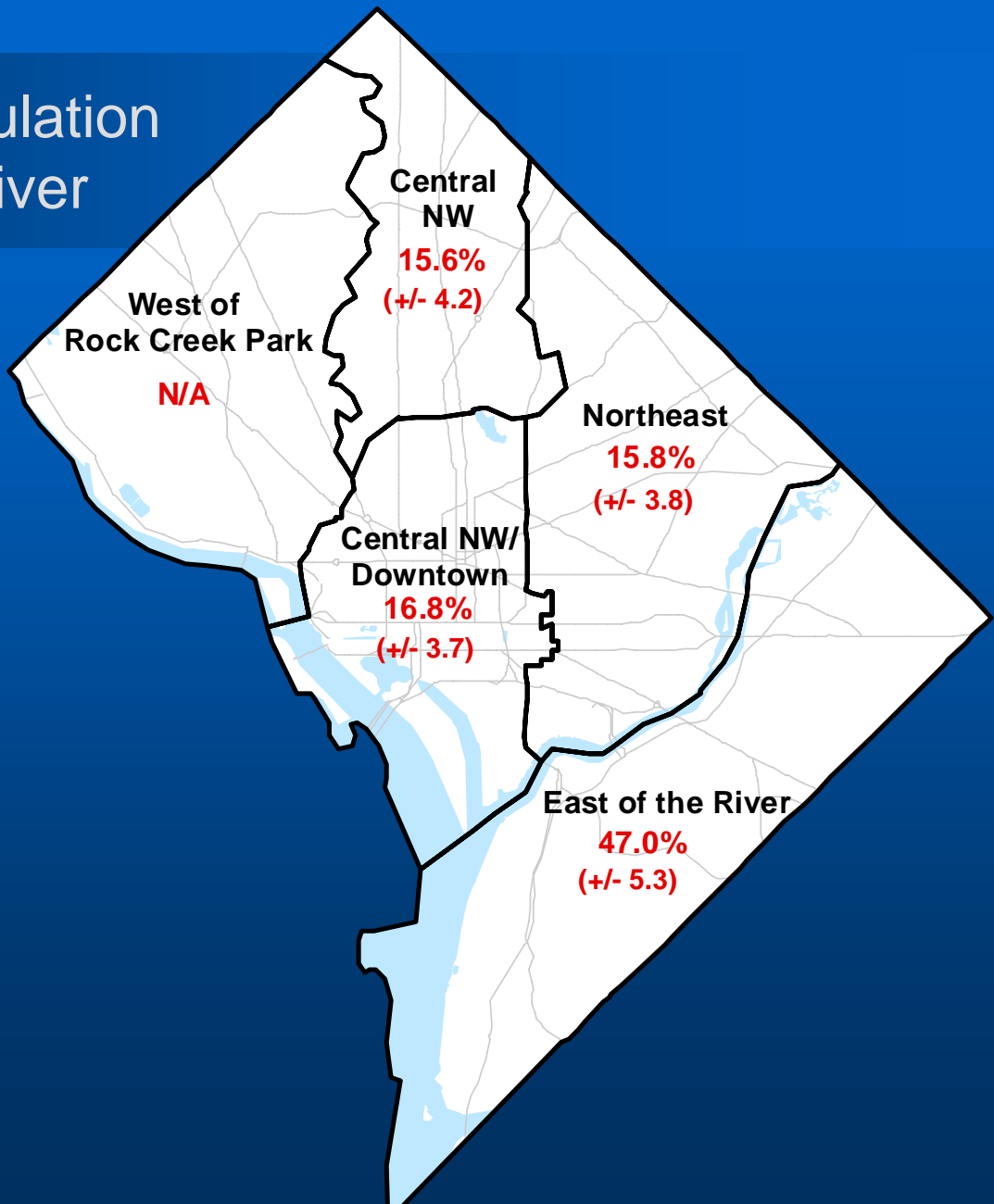
Based on these criteria, 51,000- 61,000 District residents are appropriate for workforce development programs

Note: 2005 ACS only includes individuals living in households



# Almost half of the target population lives east of the Anacostia River

Target Population by Public Use Microdata Area (PUMA) of residence, 2005

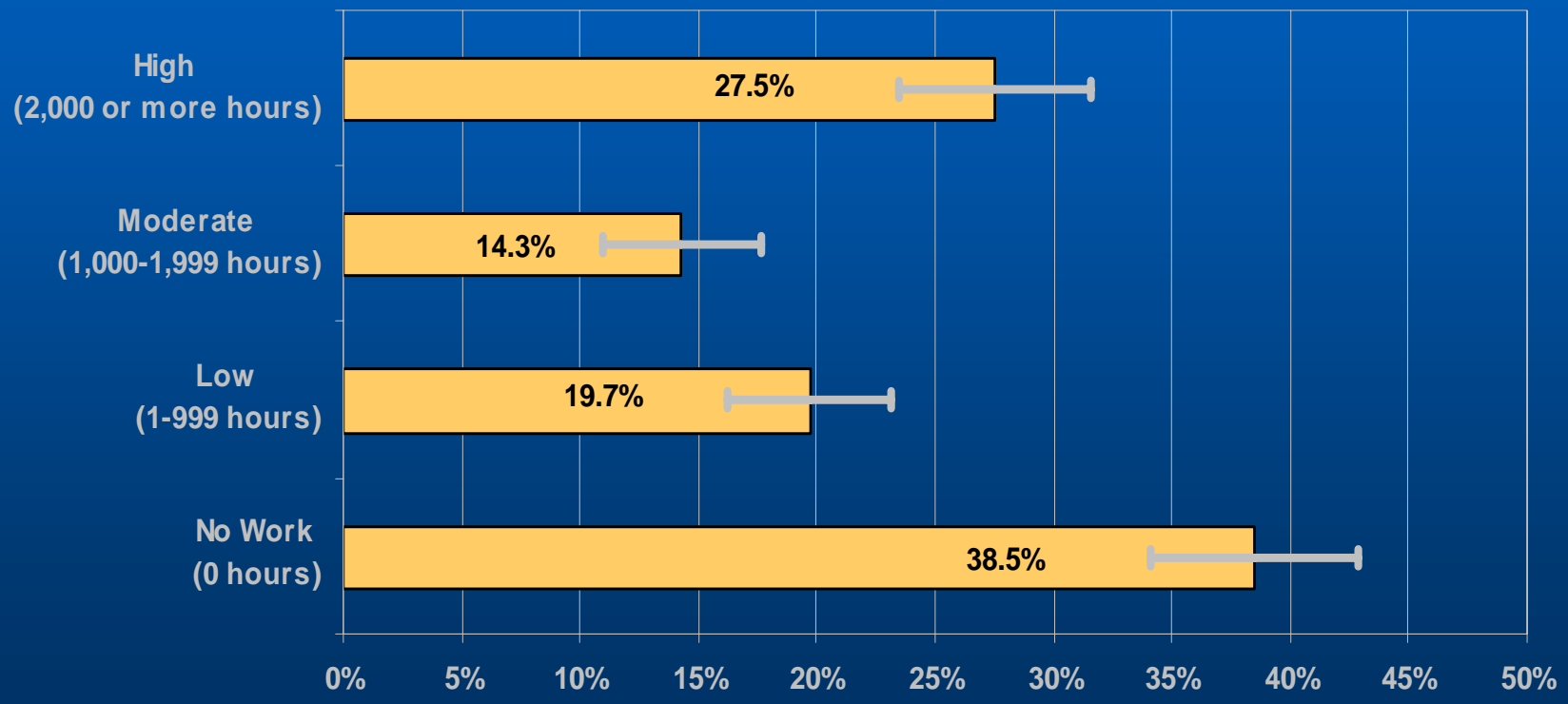


Source: Tabulation of 2005 ACS PUMS data  
Note: Margin of error at 90 percent confidence level



# The majority of the target population worked at some point during the year; still, no work and under-employment were serious problems

Estimated Work Status of Target Population  
Over 12 Months, 2004-2005

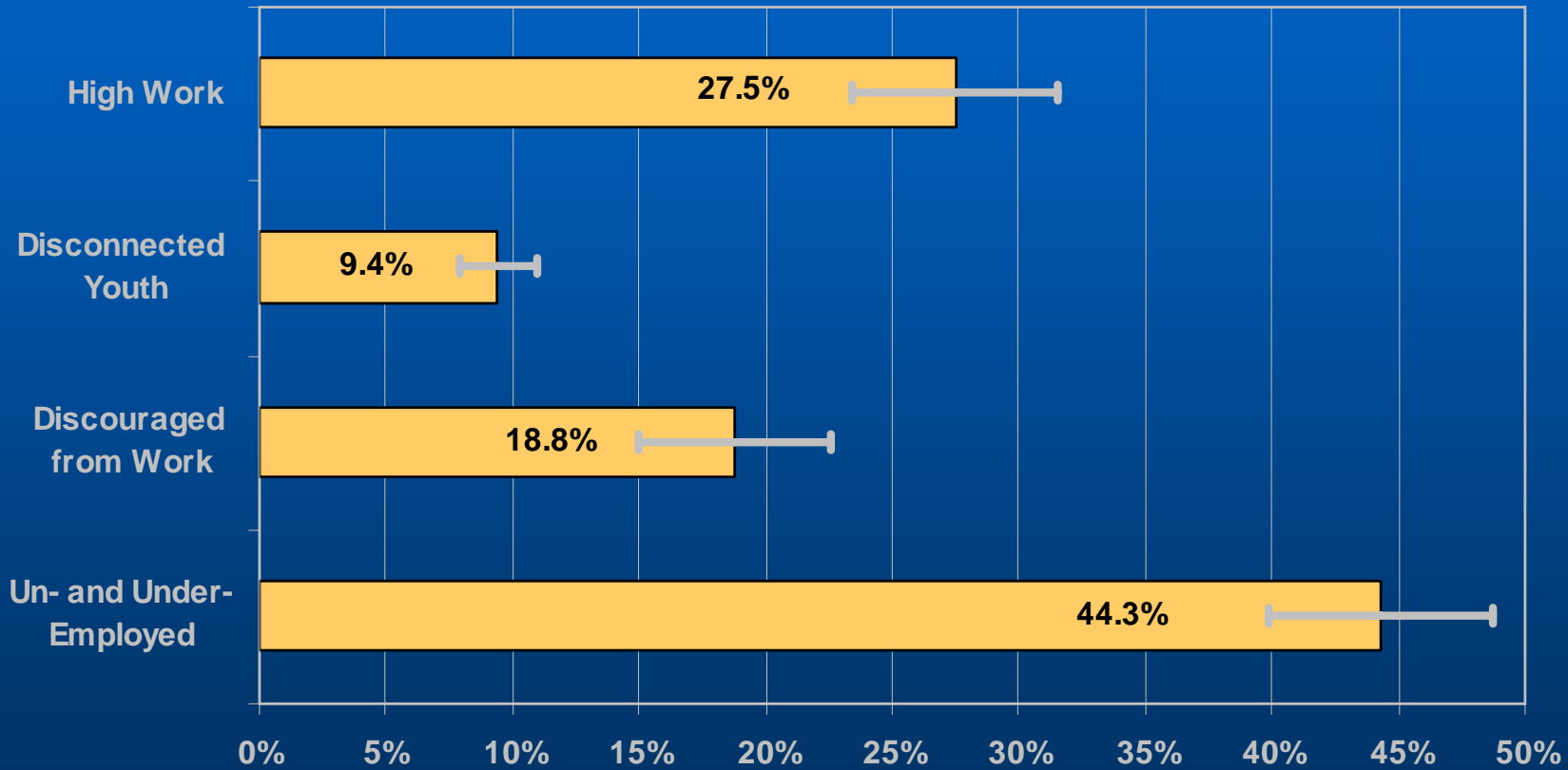


Source: Tabulation of 2005 American Community PUMS  
Note: 90% Confidence Intervals



# There are four subpopulations within the target population, with different characteristics and potentially different needs

Distribution of subpopulations within the target population

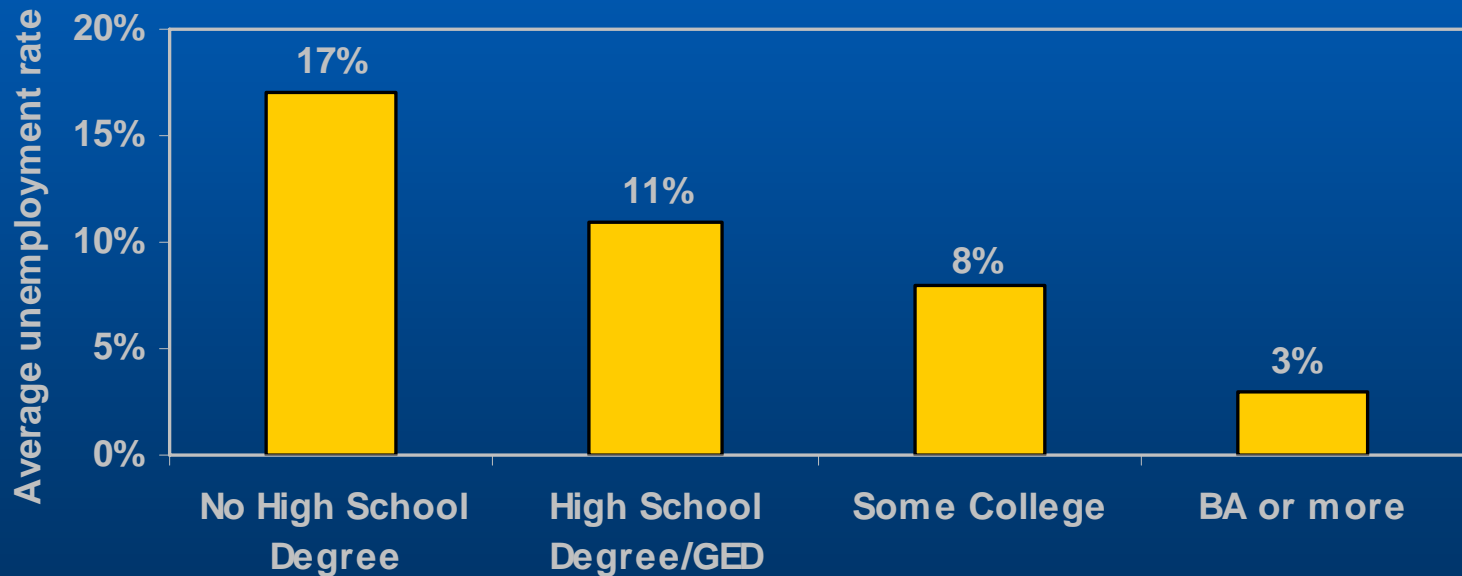


Source: Tabulation of 2005 American Community PUMS  
Note: 90% Confidence Intervals



# Among DC residents, the average unemployment rate of high school dropouts is five times that of college graduates

Unemployment rates of District residents by skill level, three-year average, 2003-2005



Source: Tabulation of CPS Data



# The wages and quality of less-skilled jobs in the District vary

Occupational categories providing the largest shares of less-skilled District jobs (high school degree or less), 2000

<b>Occupational Category</b>	<b>Share of All Less-Skilled Jobs in DC, 2000</b>	<b>Approximate % of jobs that pay above the low-income threshold for a family of three, 2005</b>
<b>Office and administrative support</b>	<b>22.6%</b>	<b>About 64 percent</b>
<b>Building and grounds cleaning and maintenance</b>	<b>9.7%</b>	<b>Less than 10 percent</b>
<b>Construction and extraction</b>	<b>9.3%</b>	<b>About 68 percent</b>
<b>Food preparation and services</b>	<b>9.0%</b>	<b>Less than 10 percent</b>

Source: Census 2000 Equal Employment Opportunity Tabulation; May 2005 Occupational Employment Statistics Survey for Washington, DC





We need to improve and expand the city's education, training, work-readiness, and job placement services

- **Fragmented Services, No Overall Citywide Strategy**
- **Limited Education and Training Capacity**
- **Little Information on Quality of Existing Programs**



# We need stronger leadership and policy guidance. . .

## **Mayor and City Council**

- Set workforce development as a major policy priority and hold agencies accountable

## **Workforce Investment Council**

- Develop a cross-agency strategy to help residents improve their skills, earnings, and employment. Priority: clear transitions between programs and pathways to further education and employment
- Vigorously engage employers
- Oversee performance of WIA-funded programs



... and increased focus and engagement from multiple stakeholders, working towards common goals

## **WIC and city government**

- Assess publicly-funded workforce programs: performance, capacity and alignment with the city's strategic workforce plan
- Enhance nonprofit service provider network

## **Public, Private, and Philanthropic Sectors**

- Create a funding collaborative to make strategic, flexible investments



## We need to expand education and training opportunities available to residents

1. Sector-specific programs in construction, hospitality, health care and administrative/computer support
2. Career Academies in DCPS and chartered public high schools
3. More robust community college programs
4. Enhanced programs for residents with low reading and math skills, focused on employment and preparing students for further education
5. Supported work for ex-offenders and out-of-school youth



## How do we pay for it?

- Use existing funds more effectively in the service of a citywide strategy. Focus on program performance, program goals, and connections between programs
- Apply for discretionary federal grants
- Raise more private sector and philanthropic funds

Still, we will need more local dollars. Excluding start-up costs, we estimate that enacting our recommendations would cost **\$92 million over 7 years**, in order to serve or place into employment **10,500 residents**.



## Additional work supports would reduce barriers and help District residents cover expenses and continue working

- Increase EITC claims by continuing to support free tax preparation programs
- Strengthen amnesty program for non-custodial parents to reduce disincentives to employment caused by large arrearages
- Redevelop a low-cost car ownership program
- Improve the medical safety net: increase reimbursement for Medicaid and DC Healthcare Alliance providers



## Enacting the recommendations would be a smart investment in the human capital of the city

- DC is at the center of one of the best performing regional economies in the country. The challenge is to manage economic growth, not decline, and do it in a way that benefits low-income residents.
- There are program and policy models the city and its partners can look to.
- The suggestions for the number of people to be served are modest compared to the need, reflecting the time and effort involved in developing strong programs. They should be seen as a first step.
- If the city and its partners don't take decisive steps to increase the skills, earnings, and employment of its residents, the city will continue to experience serious social, economic, and fiscal consequences.



## **For more information:**

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