
**REDUCING POVERTY IN WASHINGTON, DC AND
REBUILDING THE MIDDLE CLASS FROM WITHIN**

Martha Ross and Brooke DeRenzis
The Brookings Greater Washington Research Program

Housing Analysis in Collaboration with
Peter Tatian and Beata Bajaj
The Urban Institute

A Discussion Paper Prepared by
The Brookings Institution Greater Washington Research Program

March 2007

ACKNOWLEDGEMENTS

The authors gratefully acknowledge the generous support of Freddie Mac, the Annie E. Casey Foundation, and the Community Foundation for the National Capital Region.

Alice M. Rivlin, the director of the Brookings Greater Washington Research Program, provided the guidance and leadership to take this project from an idea to completion. Christopher Lyddy ably carried out the first stages of research and analysis.

We are very thankful to the many people and organizations who shared their insights on workforce development, both nationally and locally, and provided feedback to our early drafts. Their assistance was invaluable. Specifically, we would like to thank (in no particular order) the following organizations and individuals: the Fair Budget Coalition, the DC Jobs Council, the Hotel Association of Washington, DC, UNITE/HERE Local 25, DC LEARNS, the DC Fiscal Policy Institute, the Metropolitan Washington Council, AFL-CIO, DC Appleseed, Center on Law and Social Policy, Northern Virginia Family Services/Training Futures, DC Action for Children, the Department of Employment Services, the Court Services and Offender Supervision Agency, the University of the District of Columbia, the State Education Office, the State Education Agency, the Workforce Investment Council, the Office of Career and Technical Education within DC Public Schools, the Philadelphia Diversity Apprenticeship Program, and Year Up Washington, D.C. We'd also like to thank Norman Aynbinder, Elaine Baker, Alan Berube, Patricia Bravo, Susie Cambria, Matthew Fellowes, Richard Flintrop, Shawn Fremstad, David Garrison, Kate Jesberg, Harry Holzer, Beatriz Otero, Emily Phillips, Andy Reamer, Brandon Roberts, Gwen Rubinstein, Steve Savner, Marni Schultz, Terri Thompson, Marge Turner, and Margy Waller.

ABOUT THE AUTHORS

Martha Ross is a senior research manager with the Brookings Greater Washington Research Program. She focuses on a range of issues affecting low-income families, including access to health care and workforce development. She previously worked on welfare policy in the office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services.

Brooke DeRenzis is a senior research assistant with the Brookings Greater Washington Research Program. She has worked on urban development policy for the Mayor's Office of the City of Detroit and conducted research on state economic development policies for the University of Michigan's Center on Local, State, and Urban Policy.

Peter A. Tatian is a senior research associate in the Urban Institute's Metropolitan Housing and Communities Policy Center. Mr. Tatian is currently leading the Institute's NeighborhoodInfo DC partnership, a neighborhood data system and civic engagement tool for the District of Columbia, and has done research for HUD on the impacts of public and supportive housing on neighborhoods.

Beata Bajaj is a research consultant with the Urban Institute's Metropolitan Housing and Communities Policy Center. Over the last seven years, her research on public policy issues has focused on neighborhood conditions and trends, racial and ethnic discrimination in housing markets, public and subsidized housing, community building and economic development.

Comments on this paper can be sent directly to mross@brookings.edu or bderenzis@brookings.edu.

The views expressed in this discussion paper are those of the authors and not necessarily those of the trustees, officers, or staff members of The Brookings Institution.

EXECUTIVE SUMMARY

Washington’s future as a vibrant, inclusive city depends on its commitment to rebuilding the middle class from within. The District has experienced job growth, big increases in city revenues, and remarkable commercial and residential development over the past several years. Still, one out of every three DC residents is low-income, and many residents live in areas of concentrated poverty. More than most cities, Washington is a city of high and low incomes, with a small and declining middle class.

This report recommends a focused effort to help the city’s low-income residents move into the middle class over the next few years. The strategy’s primary emphasis is on increasing the skills, employment, and earnings of at least 10,500 low-income, less-skilled individuals over seven years— an ambitious goal given the capacity of the city’s current workforce development system. Work supports and housing assistance bolster this work-focused strategy.

The study defines “low-income” as twice the federal poverty line or \$31,470 a year for an adult with two children (see the table below). By this definition about 180,000 District residents had low incomes in 2005.

Two Hundred Percent of the Poverty Line by Family Size and Number of Related Children, 2005

Size of family unit	Related children under 18 years old				
	<i>None</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
One person *	20,320				
Two persons *	26,156	26,922			
Three persons	30,554	31,440	31,470		
Four persons	40,288	40,948	39,612	39,748	
Five persons	48,586	49,292	47,782	46,614	45,902

Source: U.S. Census Bureau

Notes: *For persons or householders under 65 years of age.

There are additional thresholds for larger families not shown here.

Overall, the authors find that:

- **An estimated 51,000 to 61,000 low-income working-age District residents could benefit from workforce development services to increase their skills, employment, and earnings.**¹ The vast majority of the population is “less-skilled,” with no education beyond a high school degree. Although a quarter of these individuals work a full-time, year-round job, no work and underemployment are serious problems for the rest of the population.² In fact,

¹ The figure includes individuals below 200 percent of the poverty line with the following characteristics: between the ages of 16-64; educational attainment below a four-year college degree; not enrolled in school or in the armed forces; not self-employed, and not collecting supplemental security income (SSI) or retirement income. Data are from the 2005 American Community Survey Public Use Microdata Sample.

² For married persons, annual hours are the sum of both spouses’ hours.

roughly one out of five individuals in this population is seriously disconnected from the labor market, reporting that they have not worked in the last five years.³ About 9 percent are out-of-school youth who do not work at a full-time, year-round job. Almost half of these individuals live east of the Anacostia River, reflecting the city's geographic divide. Moreover, households containing at least one member of this population are more likely to have housing affordability problems than the city's average household.

- **Less-skilled workers face serious barriers to work and limited earnings opportunities in Washington's highly-skilled labor market.** In a high-skill labor market, demand for less-skilled workers may lag demand for higher-skilled workers, even during periods of economic growth. The average unemployment rate of Washington residents without a high school degree is five times greater than that of college graduates. In addition, factors like employer preferences, competition with suburban workers, racial discrimination, and weak ties to the labor market may make it difficult for less-skilled District residents to find a job. Moreover, employment alone does not guarantee that less-skilled workers will move into the middle class. Less than 10 percent of DC jobs in occupations that are most accessible to the least skilled (food preparation and building and grounds cleaning and maintenance) pay wages sufficient to put a single mother with two children above the low-income threshold.
- **The District lacks a citywide strategy to increase the skills, job readiness, employment, and earnings of less-skilled unemployed and under-employed residents.** The city's education and training programs are scattered across a number of agencies with little consensus on how to work together. There are highly regarded individual programs, but there is not a strong system of programs able to provide appropriate services along the skills and work readiness continuum, from adult basic education or English as a Second Language to community college. The system does not strategically target leading industries in order to identify employer needs and train and place residents accordingly.
- **The District has limited education and training capacity.** Although the city has recently invested more local dollars into workforce development, relatively few residents are participating in education and training programs funded by either federal or local funds. The city's limited workforce capacity is the natural result of federal programs' work-first orientation coupled with the absence of a strong local commitment to education and training over time. The District's workforce development capacity is hindered by the dearth of career and technical education offerings within DC public schools, the absence of a full-fledged community college, the small number of employment-oriented programs for adults with low reading and math skills, and few specialized workforce development programs for "hard to serve" residents, such as out-of-school youth and ex-offenders. Most nonprofit programs are relatively small, and there is little information on the quality and performance of workforce programs, either public or nonprofit.

³ This figure refers to individuals aged 25-64 who do not have a spouse working a full-time, year-round job and have themselves not worked in five years.

- **A combination of workforce development, work supports, and good housing policies can help low-income District residents move into the middle class.** Take, for example, a single mother of two children who earned close to \$24,000 annually working as a full-time nursing aide in 2005 (a salary at 150 percent of the federal poverty line). Through a health care career ladder program, this mother could keep her job while becoming certified as a licensed practical nurse (LPN). Work supports like the earned income tax credit, the additional child tax credit, and subsidized child care would boost her nursing aide income as she works towards her LPN certification. With these supports, she would have a take-home income of \$24,500 (after accounting for taxes and subsidized child care costs), an amount higher than her actual earnings. After receiving her certification, she would earn \$41,000 as an LPN, bringing her and her children to well above the low-income threshold. Increased earnings do expand affordable housing options as individuals move up career ladders. However, there is a severe shortage of affordable units for low-wage earners like nursing aides. In addition, middle-income residents face a shortage of affordable units.

Based on these findings, this paper recommends that the city: (1) improve the overall functioning of the workforce development system; (2) work with area service providers, employers, and foundations to create or expand workforce development programs; (3) expand local work supports; and (4) increase housing assistance.

Improving the Workforce Development System

- **The Mayor and the City Council need to set workforce development as a major policy priority for the city and improve the overall functioning of the workforce development system.**
 - Appoint a Workforce Coordinator in the Executive Office of the Mayor charged with ensuring that the city's workforce programs form an integrated whole. The coordinator, who could report to the City Administrator or the Deputy Mayor for Planning and Economic Development, should make sure that District residents are able to progress up a series of steps to greater skills and self-sufficiency.
 - Strengthen the capacity of the local Workforce Investment Council (WIC), an entity mandated by the federal Workforce Investment Act, and charge it to work with the city, service providers, and the private sector to develop and oversee an effective workforce development strategy to increase District residents' skills, work readiness, and access to the labor market.
 - Charge the workforce coordinator, the WIC, and city agencies with aligning publicly-funded programs towards the goals outlined in the citywide strategic workforce plan. Develop a strategy to assist and incentivize programs to work collaboratively towards shared goals.

- **The Workforce Investment Council should take a leadership role in developing and overseeing workforce development policy and vigorously engage employers.**
 - Develop a strategic plan to connect less-skilled District residents to training and employment opportunities. The goal is to develop a comprehensive menu of services available to residents according to their skills and circumstances, with clear transitions from one program or service to another.
 - Develop an inventory of the various federally and locally funded programs, including funding restrictions and required performance measures, in order to set a baseline of service capacity and identify service gaps.
 - Continue to engage employers to identify in-demand occupations and training needs and to obtain input on workforce development policies and programs.

- **The WIC, in close collaboration with the city, should review and assess all publicly-funded workforce programs, including the Department of Employment Services, the State Education Agency, the Income Maintenance Administration, District of Columbia Public Schools and chartered public schools, and the University of the District of Columbia.**
 - The WIC should increase its supervision of the Department of Employment Services' (DOES) use and allocation of federal WIA funds and local funds. It should also monitor the services and performances of the One-Stop employment centers, other WIA-funded programs, and DOES-operated locally-funded programs like the Summer Youth Employment Program and the Transitional Employment Program. In addition, the WIC should evaluate mechanisms for collecting and analyzing performance data, and consider the use of locally-established performance measures.
 - The WIC and the city should review the current goals, strategies, and performances of other publicly-funded workforce programs to assess their compatibility with each other and the citywide strategic workforce plan.

- **The WIC and the city should assess the organizational capacity of the nonprofit service provider network that delivers publicly-funded services, and consider a strategy to enhance providers' ability to provide high-quality services.**

- **The public sector, foundations, and employers should create a funding collaborative to make strategic investments in workforce programs.** The Boston SkillWorks organization provides a strong model.
 - Make flexible, long-term investments to develop and support workforce programs, such as occupational training that integrates adult basic education into the curriculum and workforce intermediaries that meet employers' and low-income residents' needs.
 - Increase the number of stakeholders and investors in the workforce system.

Providing Workforce Development Programs

- **Establish sector-specific job training and placement programs in construction, hospitality, health care and administrative/computer support.** Programs should work closely with employers to build career ladders in leading industries and occupations that provide opportunities for less-skilled workers. Programs should have a “dual customer” focus and meet the needs both of employers and less-skilled residents.
- **Strengthen career and technical education in the public schools.** The District of Columbia Public Schools should carry out its plan to implement Career Academies in high schools, which give graduates strong options for employment, continued education, or apprenticeships. Chartered public schools should also be included in the plan.
- **Create a strong community college.** If the University of the District of Columbia commits to expanding and prioritizing its community college programs, the District should provide UDC with high-level political support and resources to do so. If UDC continues to emphasize its four-year and graduate programs, the city should find an alternative sponsor or found a free-standing community college with strong city support.
- **Develop programs for residents with low basic skills.** Bridge programs should prepare people with reading and math skills at about the ninth grade level or higher for career-focused postsecondary education or vocational programs. For students with lower skill levels, contextual skills programs should integrate basic reading and math skills with occupational skills.
- **Expand supported work programs for ex-offenders and out-of-school youth.** For ex-offenders and out-of-school youth who are likely to have difficulty finding employment on their own, supported work programs provide wage-paying short-term transitional jobs, supportive services, and assistance finding an unsubsidized job.

Estimated Costs of Workforce Development Programs

The city can fund a stronger, more robust workforce development system by using existing federal and local dollars more strategically and effectively; increasing local funding; and drawing more philanthropic support. Excluding start-up costs, we estimate that it would cost \$87 million over the next seven years to operate programs that would serve or place into employment 10,500 residents. Averaged across all the programs over the seven year time period, the sum comes to about \$8,200 per program completer. Accounting for more staff on the WIC and an executive branch workforce coordinator, the total cost comes to \$92 million over seven years. Given the city's recent increases in local funding for workforce development, these costs should not be a shock to the city's budget.

Expanding Local Work Supports

The District's commitment to providing work supports for its low-wage residents is impressive. For instance, the District offers a local Earned Income Tax Credit (EITC), health insurance that covers individuals and families earning up to twice the federal poverty line and in some cases up to 300 percent of the poverty line, and subsidized child care programs for working parents earning less than 300 percent of the federal poverty line. Still, expansion of existing programs and the creation of new ones would provide more incentives to work and further help low-wage workers make ends meet.

- **Increase EITC claims** by continuing to provide financial support for EITC outreach and free tax preparation for low-income residents.
- **Increase support for low-income, noncustodial parents** by forgiving portions of large child support arrearages and linking noncustodial parents to workforce programs.
- **Improve the medical safety net** by continuing to support Medical Homes DC and increasing DC Healthcare Alliance and Medicaid reimbursement rates to providers.
- **Reinstate a low-cost car ownership program** to help low-income residents buy used cars for transportation to and from work.

Increasing Housing Assistance and Developing Workforce Rental Housing

- **Implement the Comprehensive Housing Strategy Task Force's recommendations most relevant to low-income residents.** Build 55,000 new housing units, including 19,000 units affordable to low-income households; preserve at least 30,000 existing affordable housing units; provide local rent subsidies; and develop supportive housing for residents with special needs. Finance these programs by increasing revenues dedicated to the Housing Production Trust Fund and through annual allocations from the city's general operating budget.

- **Develop place-based employment strategies in the New Communities neighborhoods** by providing rent disregards and employment assistance to public housing residents participating in on-site workforce development programs.
- **Create a housing choice resource center** to help District residents learn about and access affordable housing options in the city.

Enacting the recommendations made in this paper would be a smart investment in the human capital of the city. In fact, if the city does not take decisive steps—accompanied by funding commitments—to increase the skills, earnings, and employment of its residents, it will suffer serious social and economic consequences: a significant minority of District residents will remain isolated from the economic mainstream and disconnected from the labor market; the city's tax base will suffer; and programs for low-income residents will continue to face budget pressures.

By helping more residents enter the workforce and by improving the skills of new and incumbent workers, the city can begin to rebuild its middle class from within. Doing so will steady the District's fiscal base while blurring economic, racial, and geographic divides.

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	CHARACTERISTICS OF LESS-SKILLED, LOW-INCOME RESIDENTS.....	5
III.	LESS-SKILLED WORKERS AND THE LABOR MARKET	13
IV.	THE DISTRICT’S CURRENT WORKFORCE DEVELOPMENT SYSTEM.....	19
V.	IMPROVING THE WORKFORCE DEVELOPMENT SYSTEM.....	37
VI.	SECTOR-SPECIFIC WORKFORCE DEVELOPMENT PROGRAMS.....	45
VII.	CAREER AND TECHNICAL EDUCATION IN DC PUBLIC SCHOOLS.....	71
VIII.	A COMMUNITY COLLEGE IN THE DISTRICT	73
IX.	PROGRAMS FOR RESIDENTS WITH LOW BASIC SKILLS	75
X.	SUPPORTED WORK PROGRAMS FOR HARD-TO-SERVE POPULATIONS.....	83
XI.	COSTS OF WORKFORCE DEVELOPMENT RECOMMENDATIONS	89
XII.	WORK SUPPORTS	95
XIII.	HOUSING	103
XIV.	CONCLUSION	119
	APPENDIX.....	121

REDUCING POVERTY IN WASHINGTON, DC AND REBUILDING THE MIDDLE CLASS FROM WITHIN

I. INTRODUCTION

Washington, DC's fortunes have radically improved over the past five to ten years. The city is at the center of one of the best performing regional economies in the country, and has posted job growth during the last five years. Once almost bankrupt, the city has now balanced its budget for eight consecutive years and is experiencing tremendous development, both residential and commercial. New building permits, housing starts, and construction activities have surged since the late 1990s. For the first time since 1950, the District's population is increasing, from 572,000 in 2000 to more than 582,000 in 2005.⁴

Despite this resurgence, the District's poverty and unemployment rates remain stubbornly high. The city's poverty rate has remained at 19 percent since 2000, a rate that is two to four times higher than those of bordering jurisdictions in Maryland and northern Virginia.⁵ Although the District has more jobs than any other jurisdiction in the region, it also has the highest unemployment rate (6.5 percent in 2005).⁶ More than one-third of the city's residents were low-income in 2005, defined in this paper as earning less than twice the federal poverty line.⁷ Even as Washington's economic situation improves, these 180,000 individuals belong to families struggling to make ends meet in an increasingly high-cost city.⁸

The District's neighborhoods do not equally share the burdens of poverty and unemployment. In 2000, poverty rates were especially high in areas east of the Anacostia River (25 percent in Ward 7 and 36 percent in Ward 8), where the vast majority of the population is black.⁹ By contrast, the poverty rates in predominately white neighborhoods west of Rock Creek Park (7.5 percent in Ward 3) were much lower than the Districtwide rate.¹⁰ Washington's poorest wards also have the highest levels of unemployment, which have increased even as the city's job base has grown.¹¹

Although some development has occurred on the east side of the city and many plans have been discussed, revitalization has moved far more rapidly and visibly in the city's western half. Many low-income residents feel left out of the city's revitalization. Other low-income residents of once affordable neighborhoods such as Mt. Pleasant, Columbia Heights, and Logan Circle worry about being pushed out of the city by rising rents and a rapid acceleration in home prices.

⁴ U.S. Census Bureau, Census 2000; U.S. Census Bureau, Accepted Challenges to Vintage 2005 Population Estimates.

⁵ U.S. Census Bureau, 2005 American Community Survey; U.S. Census Bureau, Census 2000.

⁶ Bureau of Labor Statistics.

⁷ U.S. Census Bureau, 2005 American Community Survey.

⁸ Ibid.

⁹ Neighborhood Info DC Ward Profiles at www.neighborhoodinfodc.org/wards/html (February 6, 2007).

¹⁰ Ibid.

¹¹ Margery Austin Turner and others. "Housing in the Nation's Capital 2005" (Washington: Fannie Mae Foundation and Urban Institute, 2005).

Washington's income distribution also reflects striking economic disparities among residents. A recent study of income distributions among the nation's 100 largest cities classified the District as one of seven "divided cities."¹² These cities have a U-shaped income distribution, in which both low and high-income households outnumber middle-income households. Moreover, the gap between low-income and high-income families has grown. In the early 2000s, the average income of District families in the top one-fifth of the income distribution was 12 times greater than that of families in the bottom one-fifth, compared with seven times greater in the early 1980s.¹³

The persistence of poverty, unemployment, and income inequality during a period of economic growth signals that District leaders cannot count on economic development and market forces to reduce the city's inequalities by themselves. To extend the District's prosperity to all residents, the city's leaders must develop an explicit strategy to reduce poverty and provide low-income residents with opportunities to move into the middle class.

Building the middle class from within will produce a host of social and fiscal benefits. By increasing the incomes of residents living in high-poverty neighborhoods, the District can mitigate some of the negative consequences of concentrated poverty, such as crime, underperforming schools, poor health outcomes, and social isolation, and eventually reduce expenditures associated with these problems. Moreover, once low-income residents enter the middle class, they can contribute revenue to the city's fiscal base. Expanding the residential tax base is critical to the city's fiscal health, since the District cannot raise revenues from nearly one-half of the properties within city limits or collect taxes from the commuters who fill more than two-thirds of DC jobs.¹⁴ Expanding the middle class from within will help more residents contribute to the District's fiscal success while bridging the long-standing income, race, and geographic gulfs that currently divide the city.

Anti-poverty approaches can use short-run or long-run strategies. Long-run strategies often focus on early childhood education and the K-12 system, with the goal of alleviating poverty in the future. The city government has set public education as a major policy priority and is currently focused on improving the public school system to better prepare students for employment and postsecondary education. Short-run approaches aim to reduce poverty more immediately by focusing on adults who are currently low-income. Such strategies are also likely to benefit children and families. Rigorous evaluations provide evidence that young children from low-income families experience improvements in school achievements when their parents participate in employment programs that increase family income.¹⁵ More anecdotally, a local official noted that she has seen

¹² Alan Berube and Thatcher Tiffany, "The Shape of the Curve: Household Income Distributions in U.S. cities, 1979-1990" (Washington: Brookings Institution, 2004).

¹³ Ed Lazere, "Income Inequality Grew Dramatically in DC Over the Past Two Decades" (Washington: DC Fiscal Policy Institute, 2006).

¹⁴ Carol O'Cléireacain and Alice M. Rivlin, "A Sound Fiscal Footing for the Nation's Capital: A Federal Responsibility" (Washington: Brookings Institution, 2002).

¹⁵ MDRC's Next Generation Project included an analysis of seven random assignment studies of programs for welfare recipients that provided either earnings supplements to incentivize work or mandatory employment services and time limits. The analysis found that programs that tie generous earnings supplements to work had small, positive impacts on school achievement for children aged 2-5 at the start of the program. For more information, see Pamela A. Morris, Lisa A. Gennetian, and Greg J. Duncan, "Effects of Welfare and Employment Policies on Young Children: New Findings on Policy Experiments Conducted in the Early 1990s," *Social Policy Report*. 19 (2) (2005) (3-18).

welfare mothers become more supportive of their children's education when the mother is participating in an educational or workforce program.¹⁶ Therefore, employment programs focusing on adults may have a positive cascading effect on children.

The purpose of this paper is to set forth practical measures to increase the incomes of low-income adults and out-of-school youth over the next seven years. This short-run strategy will complement and reinforce other activities with a more long-term focus.

Work has become a central component of antipoverty programs for adults. Recent federal legislation, including the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (welfare reform) and the Workforce Investment Act (WIA) of 1998, reflect this focus. Both programs have a "work-first" orientation, which emphasizes finding a job immediately over education and training. However, low-income residents often face a number of challenges when they try to find and keep a job. Many do not have the credentials, skills, or work experience needed to find a job or command a family-supporting wage in Washington's highly skilled labor market. Low-income residents' access to the labor market may be further restricted by employer preferences, competition with suburban workers, racial discrimination, weak ties to the working world, or other barriers like child care problems, transportation complications, or health problems.

Therefore, the strategies discussed in this paper primarily focus on workforce development with the goal of increasing low-income residents' employment, skills, and earnings. "Workforce development" refers to a variety of services and programs intended to improve low-income individuals' skills and prospects in the labor market. Programs invest in human capital by providing education and training, including occupational skills development, work readiness, post-secondary certificates and degrees, and adult basic education or English as a Second Language (ESL) courses. Programs also provide services relating to job searches, resume writing, and job placement. Finally, workforce development programs can increase low-income individuals' access to the labor market by acting as an intermediary between employers and job seekers.

This report first identifies and describes a target population of District residents who could benefit from workforce development services and then analyzes the local labor market as it pertains to less-skilled workers. The paper also assesses the District's current workforce development system. Based on these analyses, the report sets out recommendations for improving the current workforce development system. It also provides recommendations for creating or expanding specific workforce development programs.

MDRC conducted a random assignment study of the Minnesota Family Investment Program (MFIP), which provided earnings supplements and mandatory work or employment services to welfare recipients. The study found that MFIP had positive effects on children's school performance according to maternal reports for children aged 2–9 in long-term welfare recipient families. MFIP also had large positive effects on the school achievement of a small sample of children aged 2–5 at the time of program entry. For more information, see Lisa A. Gennetian, Cynthia Miller, and Jared Smith, "Turning Welfare into Work Support: Six-Year Impacts on Parents and Children from the Minnesota Family Investment Program" (New York: MDRC, July 2005).

¹⁶ Personal communication with Kate Jesberg, former director of the Income Maintenance Administration, November 1, 2006.

Workforce development is crucial to increasing low-income residents' employment and earnings. Nevertheless, not all residents will be able to find jobs with earnings that place them above the low-income threshold, even with education, training, and placement services. In 2005, a single mother of two children needed to earn more than \$31,000 to make it over the "low-income" threshold of twice the poverty level. Thus, the paper provides recommendations for programs that support employment and provide financial incentives for work like an Earned Income Tax Credit outreach program and a low-cost used car ownership program to ease commuting costs.

Increasing affordable housing in the District is also critical if the city plans to build the middle class from within. About 40 percent of the District's renters lived in unaffordable units in 2004, devoting more than 30 percent of their income to housing.¹⁷ Nearly a quarter had a severe housing cost burden, spending more than half of their incomes on housing. Therefore, this paper also makes recommendations for increasing housing assistance and developing workforce rental housing for middle-income families.

We recognize that our recommendations do not constitute a complete strategy for reducing poverty. They do not address issues of homelessness, substance abuse, and mental health problems—issues that are common in the District and that prevent many residents from participating in workforce development programs or working steadily. Though these issues are extremely important, they are beyond the scope of this paper. Our goal is to provide an in-depth blueprint for using workforce development, work supports, and housing—complicated and diverse fields in themselves—to connect low-income, working-age residents to the regional prosperity that has thus far largely passed them by.

¹⁷ Author's analysis of the 2005 American Community Survey Public Use Microdata Sample.

II. CHARACTERISTICS OF LESS-SKILLED, LOW-INCOME RESIDENTS

District residents have a better chance of finding employment with decent wages and opportunities for advancement if they gain education beyond high school and meet basic skills requirements. Researchers have identified a set of minimum skills and credentials necessary to obtain and retain a job that pays middle-class wages in the contemporary labor market:¹⁸

- Read and use math at the ninth grade level or higher;
- Hold a high school diploma or GED;
- Complete two years of postsecondary education or its equivalent in vocational training;
- Work in groups with coworkers from different backgrounds;
- Communicate effectively, both orally and in writing; and
- Use personal computers to carry out simple tasks, such as word processing.

How many District residents do not have these skills or credentials? What are the characteristics of those residents?

Unfortunately there is no one data source that can fully answer these questions. The Census Bureau's American Community Survey (ACS) provides the most detailed and recent demographic data available on District residents, although it does not measure reading, writing and math ability, interpersonal skills, or computer skills. Nonetheless, it is one of the best sources available to estimate the size of the target population for workforce development services in the District. Therefore, we use the Public Use Microdata Sample (PUMS) from the 2005 ACS to identify and describe the personal characteristics of individuals living in the District of Columbia who could benefit from workforce development.¹⁹ A detailed description of the ACS 2005 PUMS and our methodology appears in the appendix.

Since our focus, by definition, is on low-income District residents who are not yet in the middle class, we must define what we mean by "low-income." We first looked to the federal poverty line. Although it is a standard measure of economic status, the poverty measure has been criticized for not providing an accurate picture of economic need. The poverty measure was developed 50 years ago by estimating the cost of a minimally adequate food diet and then multiplying the food budget by three to cover other basic expenses. A 1996 report by the National Academy of Sciences noted a number of flaws in the measure. It is based on consumption patterns from 1955 and does not reflect the true costs of large items in the modern family's essential budget like housing, child

¹⁸ Richard Murnane and Frank Levy, *Teaching the New Basic Skills: Principles for Educating Children to Thrive in a Changing Economy* (New York: The Free Press, 1996); John Comings, National Center for the Study of Adult Learning and Literacy, Harvard Graduate School of Education, presentation to the Mayor's Adult Literacy Council, Washington, DC, September 22, 2006; John Comings, Stephen Reder, and Andrew Sum, "Building a Level Playing Field (Cambridge: National Center for the Study of Adult Learning and Literacy, 2001); Personal communication with John Comings, November 8, 2006.

¹⁹ Since we are interested in the characteristics of workers or potential workers, we base our analysis on individuals, not on families or households. The individuals in our analysis could fill any number of roles within a family or household: single parent, married parent, a single person with no custodial children living with relatives, a single person living alone, a single parent living with an extended family, and so on.

care, and health care. The poverty measure also ignores geographic variation in the cost of living, as well as variables that affect income, like taxes and government transfers.²⁰

According to the 2005 federal poverty thresholds, a single mother with two children earning \$16,000 a year before taxes would officially be above the poverty line, even if she lived in a high-cost city like Washington. It is no surprise that many District residents with incomes above the federal poverty threshold struggle to meet their basic needs. Therefore, we focus on individuals with earnings under twice the federal poverty level—a benchmark that is commonly used by means-tested programs in the District and seen as more realistic by national experts (Table 1).^{21,22}

Table 1. Two Hundred Percent of the Federal Poverty Line, 2005

Size of family unit	Related children under 18 years old				
	<i>None</i>	<i>One</i>	<i>Two</i>	<i>Three</i>	<i>Four</i>
One person *	20,320				
Two persons *	26,156	26,922			
Three persons	30,554	31,440	31,470		
Four persons	40,288	40,948	39,612	39,748	
Five persons	48,586	49,292	47,782	46,614	45,902

Source: U.S. Census Bureau

Notes: *For persons or householders under 65 years of age.

There are additional thresholds for larger families not shown here.

Not all low-income residents may be interested in or appropriate for workforce development programs. Individuals with a bachelor’s (BA) degree have educations that are higher than those typically provided through workforce development programs. Low-income individuals enrolled in school or the armed forces are likely to have temporarily low earnings as they gain skills for later employment. The self-employed may have lower incomes due to the expenses associated with starting and maintaining a business, and the business development services that would be useful for a self-employed person are quite different than services typically provided by workforce development organizations. Although disabled individuals receiving Supplemental Security Income (SSI) may be interested in training opportunities or working, workforce development programs for people with disabilities typically provide a specific set of services, and are beyond the scope of those addressed

²⁰Panel on Poverty and Family Assistance, *Measuring Poverty: A New Approach* (Washington: National Academy Press 1996).

²¹Census determines a person’s poverty status by comparing that person’s total family income with the poverty threshold that matches that person’s family size and composition. If the person does not live with any family members, then his/her own income is compared to the poverty threshold for a one-person unit. According to the Working Poor Families Project, experts see 200 percent of the federal poverty threshold as a realistic gauge for measuring self-sufficiency. For more information, see Tom Waldron, Brandon Roberts, and Andrew Reamer, “Working Hard, Falling Short: America’s Working Families and the Pursuit of Economic Self-Sufficiency” (Annie E. Casey Foundation, 2004).

²²We do not seriously attempt to define the term “middle class,” a nebulous concept that combines earnings, assets, education and cultural interests. By default, we assume that a working person with earnings near 200 percent of the poverty line is in the middle class. Those with earnings below 200 percent of the poverty line may have income supports other than earnings, such as the Earned Income Tax Credit or child care subsidies, that improve their economic resources and bring them closer to the “middle class.”

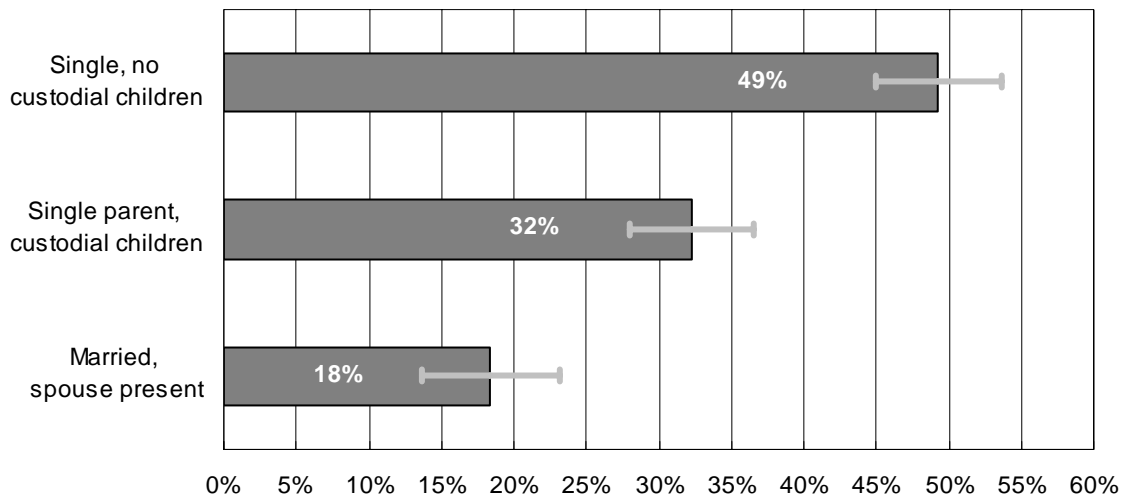
in this report.²³ To target individuals who are most suitable for workforce development, we limit our target population to those with the following characteristics:

- Aged 16 to 64;
- Education below a BA;
- Not enrolled in school or the armed forces;
- Not self-employed; and
- Not collecting SSI or retirement income.

With these adjustments, the target population of low-income District residents likely to be appropriate candidates for workforce development totals between 51,000 and 61,000 individuals. This target population accounts for about one-sixth of the District’s total working-age population.

Roughly two-thirds of the target population is female. About one-half of the members of the target population are single individuals without custodial children, and approximately one-half of these individuals are women (Figure 1).²⁴ The majority (roughly 65 percent) of single adults without custodial children do not live by themselves, but share a home with a roommate or a family member, such as a mother or sister. Approximately one-third of the population is made up of single parents, the vast majority of whom are women. A relatively small portion is married and living with his or her spouse, with or without children.

Figure 1. Estimated Marital and Parental Status of Individuals in the Target Population, 2005



Source: Tabulation of 2005 American Community Survey PUMS

Notes: Margin of error at the 90% confidence level

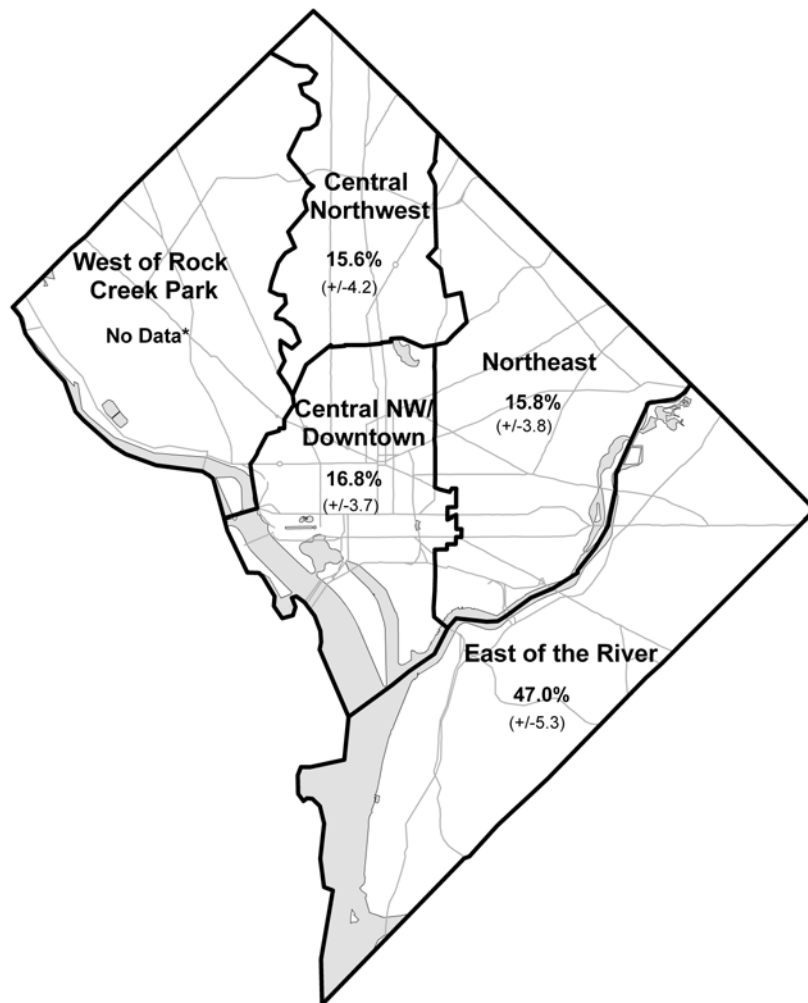
Marital and parental status are for the individual and do not reflect household type

²³On the basis of SSI eligibility criteria, most recipients seem more likely to participate in vocational rehabilitation programs specifically targeted to people with disabilities rather than general workforce development programs. In addition, both local and national participation have been very low in the federal “Ticket to Work” program, which is designed to provide people with disabilities more incentives and choices for vocational and other services to help them become employed.

²⁴ Marital and parental status is for the individual person, not the household type.

The target population’s racial, ethnic, and geographic distributions follow the District’s broader demographic trends. Racially, the target population is overwhelmingly minority: more than three-quarters is black while 9 to 16 percent is Latino.²⁵ The majority is also native-born, with immigrants making up less than 25 percent of the target population. Nearly one-half of the target population lives east of the Anacostia River and a negligible amount (too small to measure with statistical confidence) lives west of Rock Creek Park, echoing the District’s broader trends of geographically concentrated poverty (Figure 2).

Figure 2. Target Population by Public Use Microdata Area (PUMA) of Residence, 2005



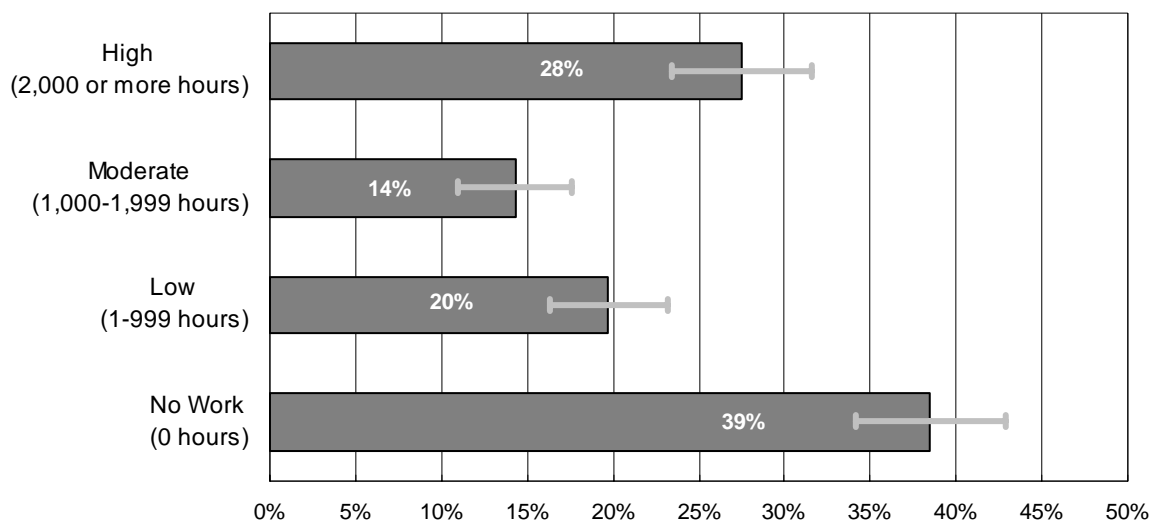
Source: Tabulation of 2005 American Community Survey PUMS
 Note: Margin of error at the 90 percent confidence level

²⁵ We provide a range instead of a specific numerical percentage for Latinos to reflect the margin of error associated with calculations based on a relatively small sample size.

Because individuals with college degrees are excluded from the target population, its members, by definition, have lower levels of education. Nevertheless, the low levels of education among this population are striking. Approximately one-third have less than a high school degree, about 45 percent received their high school diploma but did no further study, and only about 20 percent completed some college or an associate’s degree.

To assess work effort among the target population, we review the number of hours that members worked over a 12-month period in 2004-2005 (either by themselves or together with a spouse if married). The majority of the target population worked or had a spouse who worked at some point in 2004–2005, but no work and underemployment were serious problems.²⁶ Less than one-third worked the equivalent of a year-round, full-time job, and about 40 percent did not work at all in the prior 12 months (Figure 3).

Figure 3. Estimated Work Status of Target Population Over 12 Months, 2004–2005



Source: Tabulation of 2005 American Community Survey PUMS

Notes: Margin of error at 90 percent confidence level

For married persons, annual hours are the sum of both spouses’ hours

²⁶ To examine the target population’s attachment to the labor force, we review total hours worked over the 12 months prior to their 2005 ACS survey. Since the ACS is conducted on a rolling basis during 2005, these 12 months can span some months in 2004 and 2005. We combine the annual hours of married couples with a spouse present under the premise that one of the spouses may not work in order to attend to domestic responsibilities whereas single individuals’ work effort reflects their annual hours alone.

In an effort to recognize the different needs of individuals within the target population, we identify four key subpopulations on the basis of residents' age and work effort (Table 2).

Table 2. Description and Distribution of Subpopulations within the Target Population

Subpopulation	Description	Estimated % of Target Population	Margin of Error
High work effort	Individuals aged 16–64 working 2,000 or more hours per year (either by themselves or in combination with a spouse)	27.5%	(+/-) 4.1
Disconnected youth	Individuals aged 16–24 not enrolled in school and working fewer than 2,000 hours per year	9.4%	(+/-) 1.5
Discouraged from work	Individuals aged 25–64 who are not married to a person with high work effort and have themselves not worked in at least five years	18.8%	(+/-) 3.8
Un/underemployed	Individuals aged 25–64 who have worked in the past five years, but worked fewer than 2,000 hours per year	44.3%	(+/-) 4.4

Source: Tabulation of 2005 American Community Survey PUMS

Notes: Margin of error at 90 percent confidence level

For married persons, annual hours are the sum of both spouses' hours

Almost 30 percent of the target population is in the high work effort group, working at a full-time job for at least a 12-month period in 2004-2005. By contrast, approximately 19 percent is discouraged from work; these individuals were older than age 24 and have not worked since at least the year 2000. Disconnected youth, defined as out-of-school individuals aged 16–24 who worked less than the equivalent of a full-time job, account for 9 percent of the target population. The remainder of the target population consists of workers aged 25–64 who were unemployed or underemployed in 2004-2005, but who had worked at some point since 2000. The 2004-2005 work effort of this last subpopulation was split relatively evenly between the no (0 annual hours), low (1-999 annual hours), and moderate (1,000-1,999) work effort categories. In sum, the target population is not a homogenous group. The city will need to develop a comprehensive workforce development strategy offering a variety of services and programs to meet residents' diverse needs, from transitional jobs for those not yet able to find work on their own to work supports, training, and career ladders for incumbent workers.

The target population also faces problems with housing affordability. To review housing cost burdens, we examine the characteristics of the households in which members of the target population live (Table 3). Only about one-third of households with a target population member have affordable housing, compared with about 60 percent of all District households. Meanwhile, approximately 45 percent of target population households have severe housing cost burdens, compared with 20 percent of all households in the city. Moreover, although almost one-half of all District households were homeowners, the majority (roughly 84 percent) of households with a target population member were renters. These affordability problems highlight the importance of developing housing assistance policies in conjunction with workforce development strategies.

Table 3. Target Population Households and All Households by Housing Cost Burden, 2005

Housing Cost Burden	Percentage of Target Population Households		Percentage of All DC Households	
	Estimate	Margin of Error (+/-)	Estimate	Margin of Error (+/-)
Affordable (Up to 30% of income spent on rent)	29.8%	4.7	59.5%	1.9
Moderate (31-50% of income spent on rent)	24.4%	3.9	18.7%	1.5
Severe (50% or more of income spent on rent)	45.8%	4.7	21.9%	1.5

Source: Tabulation of 2005 American Community Survey PUMS

Note: Differences between the percentage of households containing a target population member and the percentage of households in DC for each of the housing cost burden categories are statistically significant at the 90 percent confidence level

Although Census data provide us with a basic description of the target population, they do not detail the many personal circumstances that may obstruct one's ability to find and keep a job. In addition to the low education levels and weak employment histories among target population members, other barriers to work may include low literacy, physical or mental health problems, substance abuse, domestic violence, various kinds of physical or learning disabilities, child-rearing responsibilities, transportation problems, and criminal records.²⁷ For instance, at any given time, the District is home to about 15,000 previously incarcerated people under the supervision of the Court Services and Offender Supervision Agency (CSOSA). Most have a history of substance abuse and low literacy levels.²⁸ The city is also home to about 16,000 to 17,000 families receiving Temporary Assistance for Needy Families (TANF) (welfare).²⁹ A 2003 study of approximately 12,000 single-

²⁷ Gregory Acs and Pamela Loprest, "A Study of the District of Columbia's TANF Caseload" (Washington: Urban Institute, October 2003); Sandra K. Danziger and Kristen S. Seefeldt, "Barriers to Employment and the 'Hard to Serve': Implications for Services, Sanctions, and Time Limits" *Focus* 22 (1) (2002).

²⁸ Court Services and Offender Supervision Agency for the District of Columbia, "Offender Population Profile" (Summer 2005); Court Services and Offender Supervision Agency for the District of Columbia and others, "Comprehensive Reentry Strategy for Adults in the District of Columbia" (June 12, 2003).

²⁹ Administration for Children and Families, U.S. Department of Health and Human Services, "Total Number of Families and Recipients, Percent Change from March 2003 to June 2003" available at

parent TANF households in the District identified multiple barriers to employment: low levels of education, physical or mental health problems, caring for children with health or behavioral problems, and finding child care.³⁰ A national study of adult literacy in the 1990s estimated that 37 percent of District adults aged 16 and over were at the lowest level of literacy.³¹ To address the multiple barriers to employment among many District residents, workforce development programs must coordinate their efforts with other programs providing social and supportive services.

www.acf.hhs.gov/news/press/2003/mar03_jun03.htm (February 2007); Personal communication with the Income Maintenance Administration, February 2, 2007.

³⁰ Acs and Loprest, "A Study of the District of Columbia's TANF Caseload."

³¹ National Institute for Literacy, "The State of Literacy in America: Estimates at the Local, State, and National Levels" (1998).

III. Less-Skilled Workers and the Labor Market

Directly linked to the city's role as the nation's capital, the District's key industries include government, professional and business services, educational and health services, other services (which consists mainly of nonprofits and lobbying organizations), and leisure and hospitality (Table 4). The regional labor market is also dominated by government and professional and business services. However, it also has high proportions of population-serving industries that have developed in response to suburban growth, such as construction and trade, transportation, and utilities.

Table 4. Employment by Industry, DC and the Washington Metro Area, August 2006

Industry	District of Columbia		Washington Metro Area	
	<i>Number (in thousands)</i>	<i>Percentage</i>	<i>Number (in thousands)</i>	<i>Percentage</i>
Government	234.4	34%	626.7	21%
Professional and Business Services	151.5	22%	680.8	23%
Educational & Health Services	88.1	13%	311.0	10%
Other Services	59.8	9%	172.0	6%
Leisure and Hospitality	55.6	8%	266.4	9%
Financial Activities	30.9	4%	165.6	6%
Trade, Transportation, & Utilities	27.9	4%	416.1	14%
Information	24.3	4%	101.0	3%
Construction & Mining	12.9	2%	197.0	7%
Manufacturing	2.2	0.3%	65.2	2%
All Nonfarm Wage and Salary Employment	691.2	100%	3001.8	100%

Source: Bureau of Labor Statistics

The past performances of the District and region's key industries evidence their strength. From 1996 to 2004, employment in industries linked to key national functions—professional and business services, other services, and leisure and hospitality—grew in the District while education and health services remained stable.³² Employment in all these industries increased regionally.³³

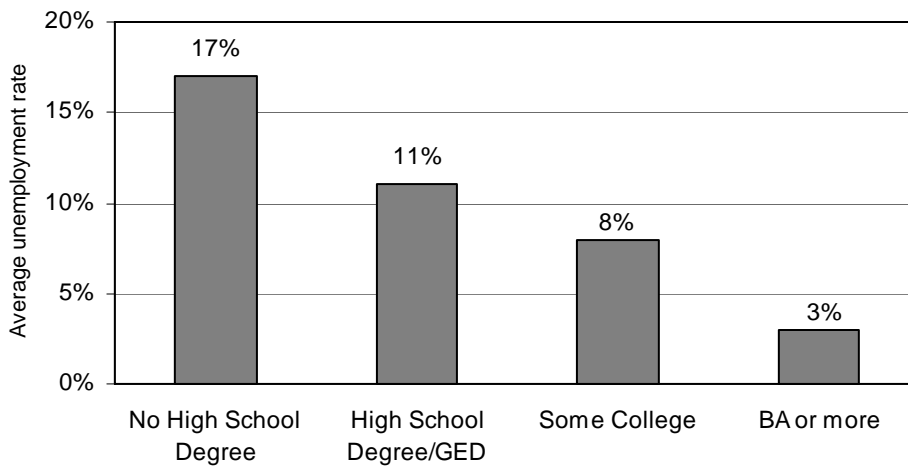
Washington's office economy produces an extremely skilled labor market. In 2000, employees with a BA or higher held 54 percent of District jobs compared with only 28 percent nationally.³⁴ In a high-skill labor market, demand for less-skilled workers may lag demand for higher-skilled workers, even during periods of economic growth. Unemployment serves as a measure of job availability since it only counts people actively seeking but not finding work. The unemployment rates of District residents vary starkly by education, indicating that jobs are less available to workers with lower skills. District residents without a high school degree had a three-year (2003–2005) average unemployment rate of 17 percent, compared with 3 percent among those with a BA or higher (Figure 4).

³² Author's analysis of the Current Employment Statistics.

³³ Ibid.

³⁴ Author's analysis of the Census 2000 Special Equal Employment Opportunity Tabulation.

Figure 4. Three-Year Average Unemployment Rate of District Residents by Education, 2003–2005



Source: *Tabulation of the Current Population Survey*

Several factors can limit less-skilled workers' access to the labor market. Less-skilled District residents face competition from their suburban counterparts for District jobs. 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).³⁵ Major District employers of workers with high school degrees or less, such as hotels and hospitals, have stated that the majority of their employees come from the suburbs.³⁶ Meanwhile, only about 30 percent of less-skilled District residents who were working held jobs outside the city, potentially due to transportation problems and weak social ties to suburban labor markets.^{37,38}

Employer preferences may also constrain the opportunities available to those with limited or spotty work experience. In a survey of employers, nearly one-third claimed they would not hire an applicant with a year or more of recent unemployment, and more than one-half reported they would not hire applicants with only short-term or part-time experience.³⁹ Racial discrimination by employers is another likely contributor to the high unemployment rates among low-income residents. Employers sometimes make negative assumptions about urban blacks, especially young men, and

³⁵ Author's analysis of the Census 2000 Five Percent Public Use Microdata Sample.

³⁶ Robert A. Malson, President, DC Hospital Association, "Testimony Submitted to the Council of the District of Columbia, Special Committee on Vocational Education and Jobs for District Residents" (June 22, 2006); Personal communication with Emily Durso, president, and Liz DeBarros, Director of Public Relations and Government Affairs, Hotel Association of Washington, DC, January 26, 2007 and February 2, 2007.

³⁷ Author's analysis of the Census 2000 Five Percent Public Use Microdata Sample.

³⁸ Individuals living in high-poverty urban neighborhoods may lack social ties that would provide access to the suburban labor market. See Roberto M. Fernandez and Celina Su, "Space in the Study of Labor Markets" *Annual Review of Sociology* 30 (August 2004) 545-569.

³⁹ Harry Holzer, *What Employers Want: Job Prospects for Less-Educated Workers* (New York: Russell Sage, 1996).

base their hiring decisions on these assumptions, rather than systematically reviewing the qualifications of an individual applicant.⁴⁰

In addition, residents of high-poverty, high-unemployment neighborhoods face circumstances less conducive to employment than do residents in other areas of the city: troubled public schools; weak informational networks about job prospects; the option of the drug trade as a better-paying alternative to the legal job market; high violence and crime; and the lack of role models who convey that employment, with its requirements for discipline and regularity, is one of the primary experiences of adult life.⁴¹

The District has the unfortunate distinction of being one of a handful of cities in which concentrated poverty (neighborhood poverty rates of more than 40 percent) increased between 1990 and 2000, and these same areas consistently have much higher unemployment rates than the city average.⁴² Although the city's overall unemployment rate was 7 percent in May 2005, it was 13.0 percent in Ward 7 and 21.1 percent in Ward 8.⁴³

Even though residents can travel outside of their neighborhoods to find employment, the combination of high poverty rates, high unemployment, and relatively few jobs and businesses located in Wards 7 and 8 indicate that neighborhood characteristics may further restrict low-income residents' access to the labor market. Not only are there relatively fewer working adults in such neighborhoods, there are often relatively fewer places *to work* in such neighborhoods. Neighborhoods with few resources have difficulty attracting dry cleaners, bakeries, sit-down restaurants, hardware stores, and other neighborhood retail that provide employment opportunities and role models for neighborhood residents. As seen in Figure 5, comparatively few jobs are located in the high-poverty ZIP codes east of the Anacostia River. Correspondingly, relatively few establishments are located in these ZIP codes. ("Establishments" refers to any organization, private or nonprofit, that submits quarterly unemployment insurance tax reports to the government.) The three main ZIP codes east of the river are roughly equivalent to Wards 7 and 8 and account for about one-quarter of the city's population. Yet the area has only about 800 establishments—approximately 3 percent of the city's total—indicating a weak level of economic activity.

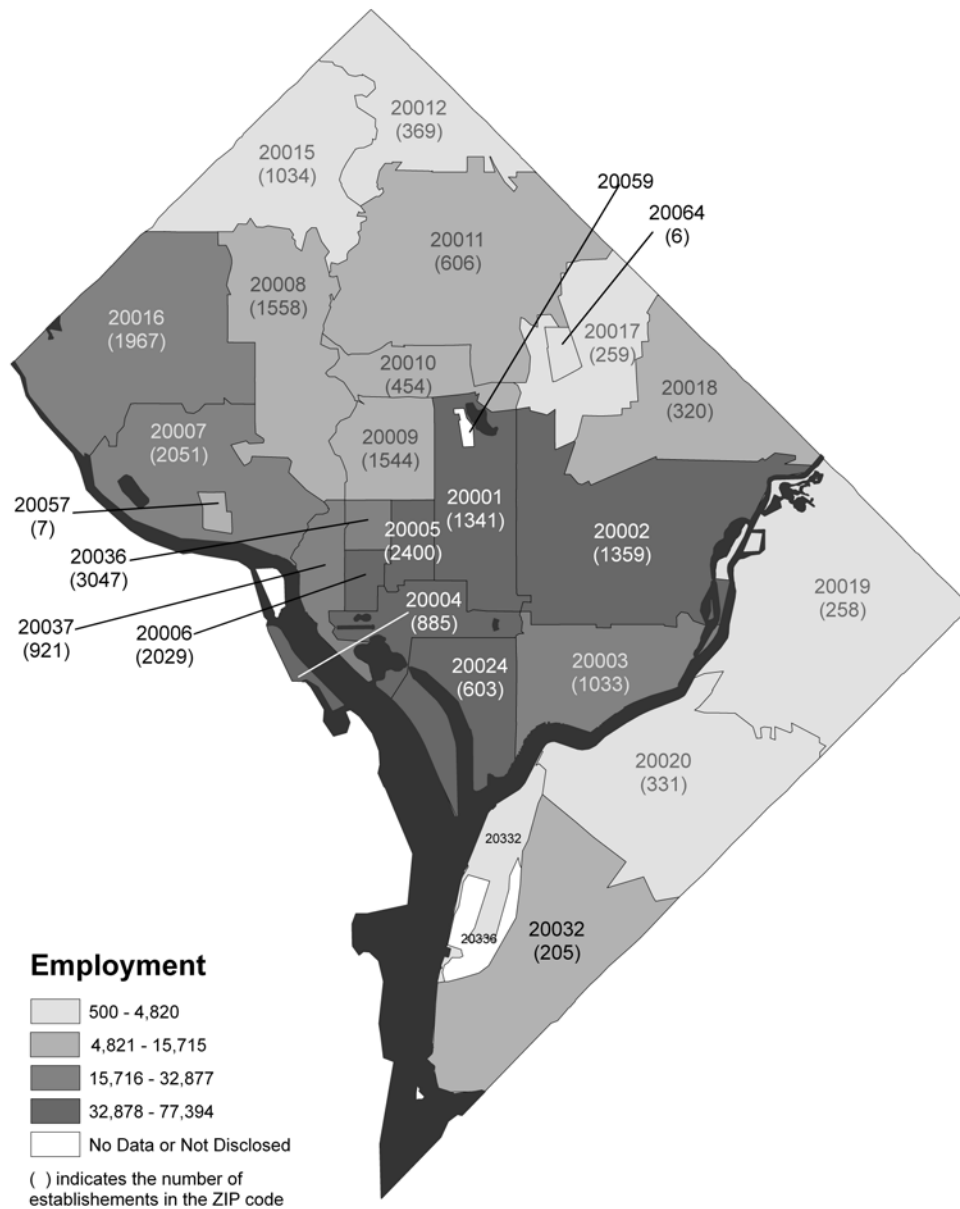
⁴⁰ Ibid.; Margery Austin Turner, Mark Rubin, and G. Thomas Kingsley, "Workforce Development Challenges for Washington DC" (Washington: Urban Institute, December 1998).

⁴¹ William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987); William Julius Wilson, *When Work Disappears: The World of the New Urban Poor* (New York: Vintage Books, 1996).

⁴² Margery Austin Turner and others, "Housing in the Nation's Capital 2003" (Washington: Fannie Mae Foundation and Urban Institute, 2003); Paul Jargowsky, "Stunning Progress, Hidden Problems" (Washington: Brookings Institution, 2003).

⁴³ Margery Austin Turner and others, "Housing in the Nation's Capital 2005.," District of Columbia Department of Employment Services, "Employment Status for the Civilian Population District of Columbia, Washington Metropolitan Division and the Statistical Area 2005 a/b," available at www.does.dc.gov/does/frames.asp?doc=/does/lib/does/info/LMI/Labor_Force_Data_2005.pdf&doesNav_GID=1543 (January 2007).

Figure 5. Average Employment and Number of Establishments by ZIP Code, Second Quarter of 2004



Source: Department of Employment Services, Covered employment and wages by industry, April–June, 2004
 Note: “Establishments” refer to organizations/employers (both for-profit and nonprofit) that submit quarterly unemployment insurance tax reports to the city.

The quality of jobs available to less-skilled residents is also a concern. Nationally, less-skilled workers have faced stagnating wages and narrowing career opportunities over the past 30 years, stemming from changes in the labor market, including globalization, technological innovation, and the decline of manufacturing.⁴⁴ Less-skilled workers' wages have decreased relative to those of college graduates. In 2002, the national college premium, or the percentage difference between wages of workers with college and high school educations, was 49 percent for women and 44 percent for men.⁴⁵ Because many high-level jobs require some form of postsecondary education, job ladders within a firm or industry, which once allowed less-skilled workers in entry-level positions to advance to management jobs, have also deteriorated.⁴⁶

To assess the quality of local jobs held by workers with a high school degree or less, we review the occupational categories that provide the largest shares (9 percent or more) of the District's less-skilled jobs. In 2000, jobs in office and administrative support, building and grounds cleaning and maintenance, construction, and food preparation occupations provided one-half of the 146,540 District jobs held by workers with a high school degree or less (Table 5).

There are decent wages and opportunities for advancement in many construction and administrative support occupations. Approximately 68 percent of DC jobs in construction occupations and 64 percent of DC jobs in office and administrative support occupations provide wages above the low-income threshold for a single parent with two children (Table 5). However, the District's most disadvantaged residents are least likely to have these jobs because of skills barriers and restricted access.

For instance, the specific occupations within the office and administrative support category vary greatly, with stock clerks and bank tellers at the low end of the wage spectrum (earning \$10-\$12 hourly) and executive assistants and legal secretaries at the high end (earning \$20-\$30 hourly).⁴⁷ Although many office and administrative support jobs do not technically require a college degree, the high number of District residents with a BA may crowd out those without such degrees when competing for administrative positions (particularly on the higher end of the wage spectrum). Though only 15 percent of administrative workers had a bachelor's degree nationally in the year 2000, almost 30 percent of administrative workers in the District were college graduates.⁴⁸ In addition, administrative jobs require computer, communication, and teamwork skills, which can be unfamiliar to those not accustomed to a white-collar environment.

While the building trades require strong technical skills, those enrolling in apprenticeship programs need no more than a high school degree, which would seemingly make them an excellent fit for many District residents. Relatively few District residents, however, are enrolled in

⁴⁴ Sheldon Danziger and Peter Gottschalk, "Diverging Fortunes: Trends in Poverty and Inequality" (Washington: Russell Sage Foundation and Population Reference Bureau, 2004); Rebecca Blank, *It Takes a Nation: A New Agenda for Fighting Poverty* (New York: Russell Sage Foundation, 1997).

⁴⁵ Danziger and Gottschalk, "Diverging Fortunes."

⁴⁶ Blank, *It Takes a Nation*.

⁴⁷ Bureau of Labor Statistics, May 2005 Occupational Employment Statistics for Washington, DC.

⁴⁸ Author's analysis of the Census 2000 Special Equal Employment Opportunity Tabulation.

apprenticeship programs: 902 in 2002 and 705 in 2003.⁴⁹ Most apprenticeship programs are headquartered in the suburbs, and many construction jobs are located throughout the region, making participation difficult for people without a car. Math tests and other required aptitude tests screen many District residents out, even if they have a General Educational Degree (GED) or high school diploma. Other problems reported by apprenticeship programs are that people who express interest in enrolling do not submit the required documentation or fail the drug test.

Meanwhile, the positions in food preparation and building services that are most available to the District's least skilled offer relatively low wages. Less than 10 percent of jobs in each of these occupational categories provided wages above the low-income threshold for a family of three (Table 5). The quality of jobs in food preparation and building services is further compromised by high turnover rates and limited opportunities for advancement.

Table 5. Occupational Categories Providing the Largest Shares of Less-Skilled District Jobs in 2000 and Corresponding Hourly Wage Distribution for 2005

Occupational Category	Share of All Less-Skilled Jobs in DC, 2000 ¹	Estimated Hourly Wage Distribution, May 2005				Approximate % of jobs that pay above the low-income threshold for a family of three ²
		25 th Percentile	Median (50 th Percentile)	75 th Percentile	90 th Percentile	
Office and administrative support	22.6%	\$13.73	\$18.41	\$25.13	\$35.54	About 64 percent
Building and grounds cleaning and maintenance	9.7%	\$9.44	\$11.25	\$13.12	\$15.61	< 10 percent
Construction and extraction	9.3%	\$14.19	\$19.53	\$25.19	\$31.17	About 68 percent
Food preparation and services	9.0%	\$7.37	\$9.50	\$12.20	\$15.66	< 10 percent

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

Notes:

¹. "Less-Skilled Jobs in DC" are jobs located in the District of Columbia that are filled by employees with a high school degree or less. There were a total of 146,540 less-skilled jobs in the District in 2000.

². Based on the 2005 poverty threshold for a single parent with two children. A single parent working full time (2000 annual hours) must have earned an hourly wage of \$15.74 to reach 200 percent of the poverty line in 2005. Percent of job figures are interpolations between the published percentile numbers.

⁴⁹ District of Columbia Department of Employment Services, Office of Apprenticeship, "2002 Annual Report" (2003); District of Columbia Department of Employment Services, Office of Apprenticeship, "Fiscal Year 2003 Apprenticeship Activity Report" (2004).

IV. THE DISTRICT'S CURRENT WORKFORCE DEVELOPMENT SYSTEM

To develop an agenda around workforce development, we first assess the existing system. This section of the paper reviews the major federal and local programs that shape the District's workforce development system and identifies challenges faced by the local system. The District's workforce development system includes a multitude of services designed to help people improve their basic or technical skills, get a job, or get a better job. Workforce programs can serve new entrants to the labor force as well as incumbent workers. These programs often, though not exclusively, serve as second-chance programs for older youth and adults who did not succeed in or complete their course of study in the traditional K-12 education system or postsecondary institutions. Programs include adult literacy and GED preparation, English as a Second Language (ESL), short-term occupational skills training, community college certificate and degree programs, general work readiness and soft skills training, and job search assistance.

The District's workforce development system consists of public institutions or agencies, nonprofit organizations, and private entities that operate workforce development programs. Multiple federal programs and funding streams provide the framework for the workforce development system at the local level, making coordination among local agencies challenging but necessary. Although much of the funding for workforce development comes from the public sector, nonprofit programs are a key part of the system. Public agencies often contract or grant much of their funding to nonprofit organizations, who then provide direct services. Nonprofit organizations also offer services supported by other sources, such as foundations and corporate donors.

A. Major Programs

1. Federal Programs

Title I of the federal Workforce Investment Act of 1998 (WIA) reorganized and substantially changed how federally funded education and job training and placement services are offered. Most significantly, WIA mandated the creation of One-Stop career centers, which provide information about and access to multiple federal employment and training programs. One-Stop services are designed to be universal, open to the general public, and are not restricted to low-income and disadvantaged populations. The most basic services at One-Stops include self-service access to job listings and information about careers and the local labor market. Other services include career counseling, assessments of skills and service needs, referrals to other services such as child care and adult literacy programs, workshops on various employment-related topics, and referrals to occupational training. States and localities use WIA Title I funds to pay for occupational training, but the legislation does not allocate funds specifically for that purpose, and federal guidelines place a greater priority on job placement.

Locally, the Department of Employment Services administers WIA Title I funds and operates the One-Stops. Within the city, there are two full-service One-Stops, several smaller satellite centers, and a mobile One-Stop. The city also made a major investment in the Virtual One-Stop

(VOS), a web-based system that allows users to search and apply for jobs, learn about education and training opportunities, obtain labor market information, and carry out other employment-related activities.

Title I of WIA also mandated the creation of state-level Workforce Investment Boards and local-level Workforce Investment Councils, charged with developing strategic plans for the workforce development system, allocating funds, developing performance measures, and monitoring the performance of the system. Reflecting WIA's intent for the workforce system to be responsive to and driven by employer needs, the chairs of both local and state boards are required to be representatives of the private sector, and at least one-half of the boards' total membership must represent business. Other required members include elected officials, government agency officials, unions, community-based organizations, and educational agencies. As a jurisdiction with both state and local functions, the District has one board—the Workforce Investment Council—with dual responsibilities.

In addition to Title I of WIA, several other federally funded programs provide education or employment services as a core part of their mission. These programs originate from several different federal agencies and are managed by a variety of different local agencies. See Table 6 for a brief summary of the major federal programs.

Workforce development is one component of a broader mission in several other federal programs as well. For example, the Court Services and Offender Supervision Agency provides workforce development services (and other supportive services) for some of the previously incarcerated people under its supervision. Programs receiving discretionary federal grants to promote responsible fatherhood assist low-income fathers with basic education skills, substance abuse treatment, parenting skills, and job training and placement. The DC Housing Authority offers a number of social service and employment-related programs for residents using Housing Choice vouchers or living in public housing. States can also use funds from the Social Services Block Grant, Community Services Block Grant, and the Community Development Block Grant to support various forms of education and training.

Table 6. Major Federal Programs that Support Workforce Development in the District of Columbia

Federal Program	Federal Department with Oversight	Purpose of Funds	Fiscal Year (FY) 2005 Award	Local Agency Receiving Funds
Workforce Investment Act Title I	Department of Labor	One-Stop system and associated workforce development services for dislocated workers, adults, and youth	\$10 million ¹	Department of Employment Services
Workforce Investment Act Title II	Department of Education	Adult literacy, GED preparation, and English as a Second Language instruction	\$1.3 million ²	State Education Agency
Workforce Investment Act Title IIIA/Wagner Peyser Act	Department of Labor	Labor exchange (matching job seekers with employers), supporting the One-Stop system	\$2.9 million ³	Department of Employment Services
Workforce Investment Act Title IV: Rehabilitation Act Amendment of 1998	Department of Education	Employment and vocational services to people with disabilities	\$11.9 million ⁴	Rehabilitation Services Administration
Temporary Assistance for Needy Families (TANF)	Department of Health and Human Services	Workforce development, cash assistance, and supports to low-income families (commonly known as welfare)	\$93 million ^{5,6}	Income Maintenance Administration
Carl D Perkins Vocational & Technical Education Act	Department of Education	Career and technical education in public schools and postsecondary institutions	\$4.2 million ⁷	DC Public Schools & the University of the District of Columbia (primarily DCPS)
Food Stamp Employment and Training Program	Department of Agriculture	Job search and other work preparation activities for able-bodied adults without dependents	\$988,989 ⁸	Income Maintenance Administration

Notes and Sources:

¹ "State Statutory Formula Funding," U.S. Department of Labor, Employment and Training Administration, available at <http://www.doleta.gov/budget/statfund.cfm> (accessed January 2007)

² "Funds for State Formula-Allocated and Selected Student Aid Programs," U.S. Department of Education, available at <http://www.ed.gov/about/overview/budget/statetables/07stbystate.pdf> (accessed January 2007)

³ "State Statutory Formula Funding," U.S. Department of Labor

⁴ "Funds for State Formula-Allocated and Selected Student Aid Programs," U.S. Department of Education

⁵ Committee on Ways and Means, U.S. House of Representatives, 2004. *Green Book (Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means)*: Government Printing Office.

⁶ A relatively small portion of federal TANF funds are used to support activities directly related to workforce development: \$3.8 million are used for education and training, and \$15 million is used for other work activities, primarily short-term job readiness and job placement services. The remainder of the funds are used for other services, such as cash assistance and child care. See Administration for Children and Families, Office of Family Assistance, TANF Financial Data, Table A, Combined Federal Funds Spent in FY 2005, Expenditures on Non-Assistance: Detailed Breakdown of Lines 6A and 6C in FY 2005 through the Fourth Quarter, at www.acf.hhs.gov/programs/ofs/data/2005/tableA_exp_detail_2005.htm

⁷ "Funds for State Formula-Allocated and Selected Student Aid Programs," U.S. Department of Education

⁸ Food and Nutrition Service, U.S. Department of Agriculture

2. Programs Funded by Discretionary Local Dollars

In recent years, the District has increased its discretionary local funding for education and training programs.⁵⁰ As seen in Table 7, budgets have included local funds for adult education and literacy, summer youth employment programs, and other work-readiness and education programs. While the city has consistently funded summer youth employment and the youth leadership institute over the years, the other programs shown in Table 7 have only been funded for about the past three years.

Table 7. Local Funding Increases for Workforce Development in the Proposed Fiscal Year 2006 and 2007 Budgets

Program	Fiscal Year 2007 ¹	Fiscal Year 2006 ²
Summer Youth Employment Program	\$7.7 million	\$6.4 million
Youth Leadership Institute	\$1.8 million	\$2.0 million
Year-Round Out-of-School Youth Program	\$3.1 million	\$2.9 million
Transitional Employment Program/Pre-Apprenticeship Initiative	\$8.9 million	\$8.9 million
Expanded Workforce Programs at UDC	\$3.7 million	\$3.6 million
Adult Literacy Services	\$1.6 million	\$3.3 million
Total	\$26.8 million	\$27.2 million

Notes and Sources:

¹ For all of the programs except UDC and adult literacy, the source is DC Fiscal Policy Institute, "What's in the FY 2007 Budget for Employment and Training?" (2006). The UDC information is from The University of the District of Columbia, "Pilot Satellite Programs in Workforce Development" (draft, undated). The adult literacy information is from a personal communication with the State Education Agency, February 23, 2007.

² Government of the District of Columbia, FY 2006 Proposed Budget and Financial Plan, Volume 2: Agency Budget Chapters (2005).

The Department of Employment administers the following programs for DC youth:

- The Summer Youth Employment Program: Provides subsidized and unsubsidized job opportunities to District youth aged 14-21.⁵¹
- The Mayor's Youth Leadership Institute: Offers a variety of leadership and self-development activities, including career exploration and work readiness.⁵²
- The Year-Round Out-of-School Youth Program: Provides a mix of career counseling, case management, academic enrichment, occupational skills training, and job placement services to youth aged 16 to 24.⁵³

⁵⁰ Discretionary funding excludes required matches for federal programs. For purposes of this paper, it also excludes the regular budgets of the University of the District of Columbia and the District of Columbia Public Schools, although the budgets of these organizations do merit further analysis regarding career and technical education.

⁵¹ Government of the District of Columbia, "Workforce Investment Annual Report, Program Year 2005" (2006).

⁵² Ibid.

In addition, the Department of Employment Services administers the Transitional Employment Program (TEP), a new program established by the Fiscal Year 2006 Budget Support Act of 2005. TEP was launched on October 1, 2005. The program targets residents living in neighborhoods with high poverty and unemployment rates, and provides a variety of services, including basic education, short-term subsidized employment, work readiness training, and case management.⁵⁴ The Budget Support Act also specified the creation of a pre-apprenticeship program, for which no further information is available.

The University of the District of Columbia was funded almost \$4 million in both fiscal year (FY) 2006 and FY 2007 to expand its workforce development programs. With this funding, UDC launched a workforce development pilot satellite program in five community locations in 2005. The programs offer a mix of courses, including adult literacy, remedial college courses, academic English and math classes, and workforce programs in such areas as health care, child care, and construction and maintenance.⁵⁵ UDC also operates certificate and two-year programs funded by the city's regular support for the university, as opposed to the specific earmarks for the workforce satellite programs. These will be discussed later in this section.

Finally, the State Education Agency, in partnership with the State Education Office, leads the Lifelong Learning Initiative to improve literacy services in the District. Supported by local, philanthropic, and private-sector dollars, the initiative's goal is to help literacy organizations serve more District residents and help them achieve their learning goals.⁵⁶

B. Challenges Faced by the Local System

1. *Fragmented Services, No Overall Citywide Strategy*

During the past several years, the District has notably increased local dollars for workforce development. Nevertheless, the federal programs described above provide a significant portion of the funding for the local system. As dominant funding sources, these federal programs promote a "silo-based" approach to workforce development. Each federal program typically specifies who is eligible for services, the kinds of services that can be provided, and performance requirements. In such an environment, agencies' activities tend to reflect federal requirements for their own populations rather than a cross-agency strategy responsive to local conditions. Unless there is a strong and sustained local push to view the workforce development system as an integrated network

⁵³ Government of the District of Columbia, *FY 2006 Proposed Budget and Financial Plan, Volume 2: Agency Budget Chapters: Department of Employment Services* (2005).

⁵⁴ Government of the District of Columbia, "Workforce Investment Annual Report, Program Year 2005," Department of Employment Services, "Transitional Employment Program: A 'Way-to-Work' Initiative" (undated).

⁵⁵ The University of the District of Columbia, "Pilot Satellite Programs in Workforce Development" (draft, undated); University of the District of Columbia, "Washington Nationals Give Tickets to Students of the University of the District of Columbia's Workforce Development Program" (press release, August 24, 2006).

⁵⁶ State Education Agency, University of the District of Columbia, "Investing in Lifelong Learning, Annual Report 2005."

of programs guided by residents' and employers' needs, a silo-based mentality will prevail. That is the situation in which the District finds itself.

Washington lacks a citywide strategy to increase the skills, job readiness, employment, and wages of less-skilled, unemployed or underemployed residents. The Department of Employment Services, the State Education Agency, the District of Columbia Public Schools, the University of the District of Columbia, the Income Maintenance Administration, and others all provide or fund a variety of education, training, and work readiness services. But with some exceptions, they are doing so in isolation from one another. Highly regarded adult education and workforce programs, both public and nonprofit, exist in the city, but the District lacks a strong *system* of programs. Programs are scattered across multiple government agencies and have different goals, missions, and strategies. There is no consensus on how different agencies can work together and with other providers towards a common goal. The lack of coordination among workforce development programs and providers makes it more likely that services are duplicated or delivered inefficiently, or that there are gaps in services.

Nor is there a comprehensive approach for meeting the needs of both employers and residents. The District's Department of Employment Services conducts labor market analyses and publishes a list of in-demand industries and occupations, but there is little indication that their analyses inform policy and practice. While a number of programs in the city cultivate employer relationships and provide industry-specific training and employment services, the District lacks a comprehensive strategy for systematically targeting leading industries in the region, identifying employers' needs, and training and placing residents responsively. Without such a strategy, efforts focused on particular industry sectors or employers are scattershot.

The city also lacks a strategy to provide a menu of services appropriate for people in different circumstances, ranging from an incumbent worker who needs training to move up the career ladder to a long-term unemployed resident who needs basic work readiness skills. Theoretically, there is a hierarchy of education and training programs along the skills continuum, ranging from adult basic education at the lowest end to community college courses at the highest end. In practice, however, referral mechanisms are often weak, and programs are rarely structured so that the completion of one program leads to entry into the next program in a sequence. An adult literacy program may concentrate on helping students pass the GED without also focusing on how the GED can lead to further education and employment opportunities. Occupational skills training programs may base their curriculum on the assumption that students are already proficient in basic reading and math. A community college may consider its mission to be academic and not focus on job readiness and placement. Moreover, there is no centralized repository of information about the variety of workforce development programs in the city and the programs they offer, making the referral process difficult. Without a clear continuum of services, District residents must navigate a disjointed network of organizations and programs, which may discourage them from seeking services that could increase their skills and employment opportunities.

2. Limited Education and Training Capacity

a. Number of Residents Served in Locally and Federally Funded Programs

We estimate that 51,000 to 61,000 DC residents could benefit from workforce development. The number of residents served in programs funded by either local or federal dollars is small relative to need. Below are figures for programs funded with discretionary local dollars:

- Summer Youth Employment Program: 10,775 youth were placed into subsidized and unsubsidized jobs in the summer of 2005.⁵⁷
- Mayor's Youth Leadership Institute: In 2005, 237 youth participated in the summer component of the program and 119 participated in the school year component.⁵⁸
- Year-Round Out-of-School Youth Program: Similar programs funded by federal WIA dollars served 310 youth in a year-round program and 199 youth through an out-of-school program in 2005.⁵⁹ More recent figures that would incorporate the infusion of local dollars are not available.
- The Transitional Employment Program: Launched on October 1, 2005, this program enrolled 150 participants in the final three months of 2005.⁶⁰
- UDC's Satellite Workforce Programs: Over 500 students enrolled between August 2005 and August 2006.⁶¹
- Lifelong Learning Initiative: About 3,600 residents participated in adult literacy services in 2005.⁶²

While this is not an exhaustive review of locally-funded programs, it does give a sense of the scale of these services. With the notable exception of the summer youth employment program, the programs are all relatively small, especially compared to need. Moreover, while all of the programs have an employment focus, they do not all explicitly incorporate occupational skills training or education. Some are more focused on job placement, case management, and developing general work readiness skills. The programs have varying levels of intensity, as well. For example, adults participating in adult literacy programs typically devote only a few hours a week to their studies. The summer youth employment program is close to a full-time commitment for five or six weeks over the

⁵⁷ Note that the Summer Youth Employment Program is not limited to disconnected youth. Participation figure from the Government of the District of Columbia, "Workforce Investment Annual Report, Program Year 2005."

⁵⁸ Note that the Mayor's Youth Leadership Institute is not limited to disconnected youth. Ibid.

⁵⁹ Government of the District of Columbia, "Workforce Investment Annual Report, Program Year 2005."

⁶⁰ Ibid; Government of the District of Columbia, *FY 2006 Proposed Budget and Financial Plan*; Department of Employment Services, "Transitional Employment Program: A 'Way-to-Work' Initiative" (undated).

⁶¹ The University of the District of Columbia, "Pilot Satellite Programs in Workforce Development" (draft, undated).

⁶² State Education Agency, University of the District of Columbia, "Investing in Lifelong Learning, Annual Report 2005."

summer, but it is not clear how much work readiness, career exploration, and mentorship accompanies the job placement services.

In terms of the major federally-funded programs, fewer than an estimated 5,000 District residents were enrolled in 2004 (Table 8). Between 2000 and 2004, only 466 to 948 District residents completed WIA-funded training each year. Under the TANF program, fewer than 10 percent of adults participating in work-related activities over the past several years have participated in education and training activities.⁶³ The number of residents participating in adult education is larger, but still small relative to the number of adult residents without a high school diploma. Although about 66,000 residents aged 18 or older lacked a high school degree or GED in 2005, fewer than 3,700 residents attended federally funded adult education classes in 2004. Approximately one-half (1,850) of those participating in adult basic education were enrolled in ESL classes, a much smaller number than the estimated 26,000 adults with limited English proficiency living in the District.

⁶³ The percentage of adults participating in education and training activities is calculated by dividing the average monthly number of adults participating in on-the-job training, vocational education, job skills training, and education related to employment by the average monthly number of adults participating in work-related activities. If the percentage were calculated using the total number of adults receiving TANF rather than the total number of adults on TANF participating in work-related activities as the denominator, the percentage would be much smaller. For example, in FY 2004 the total number of adults was 11,079, and the number of adults participating in work activities was 2,476. The total number of adults participating in the above-listed education and training activities totaled 157. Divided by 2,475 (the number of adults with hours of work participation), the percentage equals 6.3. Divided by 11,079 (the total number of adults receiving TANF, including those not participating in work activities), the percentage equals 1.4.

Table 8. Number of District Residents Participating in Federally-Funded Education and Training through WIA Title I, TANF, and WIA Title II (Adult Education)¹

Program	Year	Number of residents
WIA Title I²		
Annual total of registered adults and dislocated workers who exited WIA-funded training services	PY 2000	786
	PY 2001	948
	PY 2002	613
	PY 2003	568
	PY 2004	466
TANF³		
Average monthly number and percentage of adult TANF recipients engaged in on-the-job training, vocational education, job skills training or education related to employment ⁴	FY 2001	186
		6.5%
	FY 2002	219
		9.4%
	FY 2003	235
		7.9%
Percentage is calculated by dividing the number of adults in education and training activities by the number of adults participating in work activities	FY 2004	157
		6.3%
WIA Title II⁵		
Annual total of adults who are enrolled in adult education, GED preparation, or English as a Second Language programs and who receive at least 12 hours of services	PY 2000	3,667
	% in ESL	52%
	PY 2001	3,592
	% in ESL	51%
	PY 2002	3,226
	% in ESL	55%
	PY 2003	3,170
	% in ESL	47%
PY 2004	3,646	
% in ESL	51%	

Notes and Sources:

¹ Figures are reported by three different city agencies (Department of Employment Services, Income Maintenance Administration, and the State Education Agency) to three federal agencies (Department of Labor, Department of Health and Human Services, and the Department of Education). The possibility of double-counting cannot be ruled out, so the numbers from the different programs are not summed up.

² Abbey Frank and Hedieh Rahmanou, *State-by-State WIA Participation Data, PY 2000*, Center on Law and Social Policy, 2003; Abbey Frank and Hedieh Rahmanou, *State-by-State WIA Participation Data, PY 2001*, Center on Law and Social Policy, 2003; Abbey Frank, *State-by-State WIA Participation Data, PY 2002*, Center on Law and Social Policy, 2004; author's calculations based on *WIA Annual Report Tables in the PY 2003 and PY 2004 Workforce Investment Annual Reports*, Government of the District of Columbia.

³ Administration on Children and Families, U.S. Department of Health and Human Services, Table 6A, TANF: Average Monthly Number Of Adults With Hours Of Participation In Work Activities, Including Waivers; Table 6B, TANF: Average Monthly Number Of Adults With Hours Of Participation By Work Activity As A Percent Of The Number Of Participating Adults, Fiscal Year 2004; Available at www.acf.hhs.gov/programs/ofa/particip/indexparticip.htm

⁴ Percentage is based on the number of adults participating in work activities, not the total number of adults receiving TANF.

⁵ National Reporting System, Office of Vocational and Adult Education, U.S. Department of Education; State Education Agency, University of the District of Columbia, *Annual Report 2004*.

These low numbers reflect a combination of factors. First, the federal government has reduced funding for workforce development in the past several years. The District's WIA Title I award to support the One-Stop system, its associated services, and training for DC residents has declined due to reduced federal funding for WIA in general (Table 9). Funding for other federal programs, already modest relative to need, has also declined. For example, Wagner-Peyser funding for the District was \$2.9 million in program year (PY) 2005, down from \$3.4 million in PY 2001. Funding for adult basic education and literacy (Title II of WIA) declined from \$1.5 million in FY 2001 to \$1.3 million in FY 2005.⁶⁴

Table 9. WIA Title I Funds Allocated to Washington, DC, Program Years (PY) 2001-2005

	PY 2001	PY 2002	PY 2003	PY 2004	PY 2005
Adults	3,971,309	3,556,766	3,029,095	2,721,973	2,676,665
Dislocated workers	7,877,186	8,797,773	3,441,938	3,274,168	4,088,307
Youth	4,593,113	4,134,267	3,281,736	2,955,680	3,215,444
Total	\$16,441,608	\$16,488,806	\$9,752,769	\$8,951,821	\$9,980,416

Source: The Workforce Alliance, The State Training and Education Policies and Statistics Clearinghouse, available at http://www.workforcealliance.org/site/c.ciJNK1PJtH/b.1301217/k.7C9/STEPS_Clearinghouse.htm

Moreover, WIA and TANF program guidelines and performance measures both have work-first orientations that do not prioritize education and training. In particular, TANF policy ties cash assistance to work requirements. TANF recipients in the District must engage in a mandatory job search when they apply for benefits. Under federal law, those who cannot find a job must participate in work-related activities for 30 hours a week, which are limited to job search and job readiness assistance, on-the-job training, community service, and subsidized or unsubsidized employment. Education and training can also count as a work activity, with some restrictions.

Fifty percent of households on the District's caseload must engage in these federally defined work activities or the city will face stiff financial penalties. Prior to the 2006 passage of the federal Deficit Reduction Act (DRA), the city was able to meet its work participation requirements with a much lower rate (18 percent), as were many other states.^{65,66} Because of the DRA, the city faces serious pressure to increase the number of welfare recipients participating in workforce activities.

⁶⁴ U.S. Department of Education, "Funds for State Formula Allocated and Selected Student Aid Programs, District of Columbia," available at www.ed.gov/about/overview/budget/statetables/07stbystate.pdf

⁶⁵ Administration for Children and Families, Office of Financial Assistance, Table 1A, TANF Work Participation Rates, Fiscal Year 2004, www.acf.hhs.gov//programs/ofa/particip/2004/table01a.htm

⁶⁶ Prior to the DRA, the caseload reduction credit allowed states to reduce the 50 percent participation standard based on the decline in the number of families receiving TANF since 1995. Given that the District has reduced its caseload by 37 percent since 1995, only 13 percent of families receiving TANF needed to meet work requirements. The new legislation changed the caseload reduction credit by resetting its base year to 2005. In other words, a state can only reduce the participation standard by its welfare caseload decline since 2005. Like other states, the District experienced steep caseload cuts in the late 1990s immediately following welfare reform, but has not seen a decline in recent years. Therefore, roughly 50 percent of the District's TANF households will have to participate in work-related

b. *Service Gaps in the Workforce Development System*

The District has limited career and technical education (CTE) offerings, employment-oriented adult basic education programs, and programs for hard-to-serve populations.

CTE provides career-specific education in occupations or industry sectors with opportunities for workers without a four-year college degree. The strong network of career and technical education that once existed in D.C. Public Schools (DCPS) was dismantled during the 1990s. In the 1992–1993 school year, the city invested nearly \$22 million local dollars in career and technical education. By 2004, the local contribution had fallen to about \$500,000. Not surprisingly, the number of students in recent years who have completed an entire CTE course sequence is very low. In the 2004 school year, fewer than 75 students enrolled in CTE programs.⁶⁷ DCPS recently responded to this problem by proposing several CTE initiatives. Most notably, the school system has considered creating “Career Academies,” smaller learning communities within high schools that relate rigorous academic study to labor skills in particular industry clusters and occupations. However, DCPS has not yet implemented all of the proposed reforms.

The District’s training options are also limited by the absence of a full-fledged community college. As the city’s only public institution of higher education, the University of the District of Columbia (UDC) has a unique structure and mission, functioning as both a state university and a community college. It is a land-grant institution with an open-admissions policy, and it offers graduate degrees, four year degrees, associate’s degrees, and certificates. However, the school’s institutional bias is strongly toward a traditional academic mission. For example, among 500 degrees conferred in the 2004–2005 school year, only 166, or about 35 percent, were associate’s degrees.⁶⁸ From 2001 to 2006, the school awarded between 130 and 170 associate’s degrees per year.⁶⁹

Compared with UDC, community colleges in the Maryland and Virginia suburbs produce far more graduates with associate’s degrees. Because UDC is a much smaller school than the suburban schools, the point is not to make a direct comparison, but rather to show what is possible. In the 2005 school year, Prince George’s Community College awarded 727 associate’s degrees, Montgomery College awarded almost 1,500 associate’s degrees, and Northern Virginia Community College awarded almost 2,700 associate’s degrees.⁷⁰

activities. For more information, see Stacey Rolland, “Overcoming Barriers: Solutions for Addressing Challenges Created by Federal TANF Changes” (Washington: DC Fiscal Policy Institute, October 5, 2006).

⁶⁷ Office of Career and Technical Education, District of Columbia Public Schools, “Preparing the Workforce of DC’s Future: Toward a Career-Technical Education System for the Capital State of the 21st Century” (March 2005).

⁶⁸ National Center for Education Statistics, Integrated Post Secondary Education Data System.

⁶⁹ Office of Institutional Research, University of the District of Columbia, “Associate Degrees Conferred” (August 2006).

⁷⁰ National Center for Education Statistics. Integrated Post Secondary Education Data System.

The university also has more limited facilities and fewer programs of study for associate's degrees and certificates than other local community colleges. It has one main campus with several small satellite programs compared with the three campuses of Montgomery College and the six campuses of Northern Virginia Community College. UDC offers about 25 associate's degrees in a number of fields, including child development, business technology, nursing, and computer science. By contrast, Montgomery College and Northern Virginia Community College both offer more than 100 certificate or associate's degree programs of study, linked to a diversity of occupations.

Additionally, the number of District residents making use of DC Tuition Assistance Grants (TAG) to attend suburban community colleges suggests that the District is not meeting local demand for community college courses.⁷¹ In the 2005—2006 school year, the State Education Office (SEO) awarded almost 400 TAG grants for students to attend Montgomery College, Prince George's Community College, or Northern Virginia Community College. All told, since 2001, the SEO has awarded 1,750 TAG grants to District residents attending these three suburban community colleges, totaling more \$7 million.⁷² While these scholarships are a relatively small portion of the total number of DC TAG scholarships (about 8 percent), they do indicate that UDC is not satisfying local interest in community college offerings.

As previously noted, UDC recently expanded its community college offerings, and has several other workforce-related programs, including a 16-week program for welfare recipients. Nevertheless, with relatively narrow community college and workforce development programs and courses, UDC's potential as a community college has not been fully realized.

In addition to career and technical education, the District also needs more employment-oriented programs for adults with low reading and math skills. Adult education services help people improve their literacy and numeracy skills, prepare students for the GED exam, and assist individuals with limited English proficiency to improve their skills in speaking, reading, and writing English. Historically, however, adult education programs throughout the country have operated separately from workforce development programs. This division also exists in the District. With some notable exceptions, relatively few adult education programs in the city incorporate strong workforce development components. Adult education programs are not usually geared to prepare students for further education, whether postsecondary or vocational, and do not typically have strong ties with employers to place students in jobs. There are few programs that integrate basic education with occupational skills programs, and few workplace literacy programs.

⁷¹ The DC Tuition Assistance Grant (TAG) program is designed to expand the choices of college-bound District residents. For District residents attending public universities and colleges outside of the city, it pays the difference between in-state and out-of-state tuition up to \$10,000 a year with a lifetime maximum of \$50,000 and/or six years. Essentially, it allows District students to attend public universities across the country at in-state tuition rates. The DC TAG program is administered by the State Education Office. For more information, see [www.seo.dc.gov/seo/cwp/view,a,1226,q,536770,seoNav_GID,1511,seoNav,\[31238\],.asp](http://www.seo.dc.gov/seo/cwp/view,a,1226,q,536770,seoNav_GID,1511,seoNav,[31238],.asp).

⁷² A single student can receive a DC TAG award for more than one year of school. Therefore, the total number of TAG grants is not equal to the total number of students receiving DC TAG grants over multiple years. Tabulation of DC TAG award data from the State Education Office, received January 16, 2007.

However, opportunities exist to strengthen adult basic education programs in the District and to better connect them to the workforce development system. The State Education Agency (SEA) has already launched several such initiatives. In addition to leading the locally-funded Lifelong Learning Initiative, the SEA manages federal adult education dollars in the District and distributes the bulk of those funds to nonprofit literacy providers through a competitive grants process.⁷³

The SEA is currently working to improve the capacity of the adult education system through efforts such as:

- Placing lifelong learning coaches in service provider locations and government agencies such as welfare offices, One-Stop career centers, and recreation centers to provide literacy services. Learning coaches provide direct services to adults and also help to develop and expand literacy programs.
- Offering more self-directed learning opportunities to residents through computer and online services. The SEA is implementing a “blended learning model” program in which learners participate in educational activities with adult literacy providers but also use SEA-branded computers in public places throughout the city.
- Conducting a “soft launch” of the Work Readiness Credential (WRC). The WRC builds on the Equipped for the Future literacy standards and is based on research and collaboration with businesses to determine a cross-industry consensus on what new workers in entry-level jobs need to know and be able to do. A person holding the WRC has taken an assessment that certifies he or she has the reading, math, communication (speaking and listening), and situational judgment skills to succeed in an entry-level job.⁷⁴ A GED or high school diploma is not a prerequisite for taking and passing the WRC assessment.

These initiatives are very promising and represent movement in the right direction. No plan is in place, however, to formally assess their implementation or their effectiveness in expanding the capacity of the adult literacy system and increasing adults’ literacy and employment.

Finally, the District offers few specialized training and work readiness opportunities for “hard to serve” residents with multiple and significant barriers to employment, such as very weak employment histories or criminal records. The Department of Employment Services has operated several incarnations of programs that offer short-term subsidized jobs in combination with supportive services, including Project Empowerment for welfare recipients and Project Empowerment Plus for ex-offenders. Project Empowerment is no longer in operation, and Project Empowerment Plus has

⁷³ Under recently introduced local legislation, “District of Columbia Public Education Reform Amendment Act of 2007,” adult education responsibilities would be transferred from the State Education Agency to the State Education Office. As this report went to press, the legislation had not been acted upon.

⁷⁴ SRI International, “Getting Ready for the Work Readiness Credential: A Guide for Trainers and Instructors of Jobseekers” (2005).

been transformed into the Transitional Employment Program.⁷⁵ Short-term subsidized employment is one among several work-readiness and education options available to residents under the Transitional Employment Program, but is not the program's main focus.⁷⁶ The Income Maintenance Administration (IMA) recently launched its own pilot supported work program for TANF recipients who have received assistance for at least 60 months and have not been able to find regular work through a job search and placement process.⁷⁷

In sum, we know the city does not have the capacity to meet the need for workforce services, and we have a good idea of where the service gaps are, based on our discussions with a variety of service providers. There are not enough of the following types of programs or program slots:

- Programs for people with low basic skills and limited English proficiency that combine literacy, skills training, and work readiness to prepare people directly for employment, or that prepare people to transition into post-secondary education or higher-level vocational training.
- Programs for "hard to serve" populations, particularly disconnected youth and ex-offenders.
- Programs targeted to major local and regional industries that provide job opportunities for people with less than a four-year college degree (including career and technical education in high schools and community college).
- Incumbent worker training and training that leads people up career pathways (often offered through community colleges).

3. *Quality of Existing Services*

While the District is clearly challenged by its limited education and training capacity, the quality of existing programs is also of concern. In most cases, little is known about the quality of services offered by nonprofits and government agencies, although the Department of Employment Services has earned mixed reviews for its One-Stop career centers. Additionally, there is cause for concern about the ability of government agencies to gather and analyze performance data.

Under WIA, states and localities are required to track and report their performance on a number of measures under Title I, including job placement, retention, earnings gains, and skill gains. States negotiate with the federal government to determine their performance requirements and can face sanctions and reduced funding if they fail to meet their performance goals.

⁷⁵ Government of the District of Columbia, "Workforce Investment Annual Report, Program Year 2004" (2005); Government of the District of Columbia, "Workforce Investment Annual Report, Program Year 2005" (2006); DC Department of Employment Services, "Pilot Re-Entry Launched to Aid Ex-Offenders" (press release, July 2004); Department of Employment Services, "Transitional Employment Program: A 'Way-to-Work' Initiative (undated).

⁷⁶ Department of Employment Services, "Transitional Employment Program: A 'Way-to-Work' Initiative (undated).

⁷⁷ Income Maintenance Administration, Work Statement, Supported Work Program for Welfare Reform, undated.

There is strong evidence that programs deny services to people who are eligible for and may benefit from WIA services in order to meet performance targets. An official with the U.S. Government Accountability Office (GAO) testified that state officials “told us that local areas are not registering many WIA participants, largely because local staff members are reluctant to provide WIA-funded services to job seekers who may be less likely to find employment or experience earnings increases when they are placed on the job.”⁷⁸ A Department of Labor document made a similar point: “Some local areas are basing their decisions to register a person [for services] on the likelihood of success, rather than on an individual’s need for services.”⁷⁹

Moreover, the GAO and the Department of Labor have raised questions about the reliability of the performance measures that states and localities produce on the employment, retention, and earnings gains that result from services funded by Title I of WIA. They cite a lack of clarity on key definitions that affect whether individuals are counted in the performance measures, insufficient documentation procedures and sources to validate the data, difficulty creating management information systems or transitioning from earlier systems, and little federal oversight and monitoring to verify the data and its accuracy.⁸⁰

In addition to these general concerns about public agencies’ ability to gather and analyze data, the District seems to lack good data on the quality of nongovernmental, WIA-funded training providers and their results in job placement, initial wages, retention, and advancement. A February 2006 *Washington Post* article reported a Department of Employment Services official saying that the agency does not know which WIA-funded training providers are the most effective because the agency has no system in place to gather such performance data.⁸¹

The Department of Employment Services does meet or exceed its WIA Title I federal performance requirements. States must achieve at least 80 percent of each of the negotiated performance targets to be in compliance. For example, in PY 2005, the District placed 76 percent of adults receiving staff-assisted WIA services into employment, exceeding the negotiated goal of 68 percent. Of the adults placed in employment, 71 percent retained the job for six months, missing the negotiated goal of 81 percent but above 80 percent of the target.⁸² Given the concerns about data quality and “creaming,” however, it is unclear that these numbers represent success. The GAO and

⁷⁸ Sigurd R. Nilsen, “Workforce Investment Act: Exemplary One-Stops Devised Strategies to Strengthen Services, but Challenges Remain for Reauthorization.” Testimony before the Subcommittee on Employment, Safety and Training, Committee on Health, Education, Labor and Pensions, United States Senate (GAO-03-884T) (Washington: Government Accounting Office, June 18, 2003), p. 14.

⁷⁹ Burt Barnow and Jeffrey Smith, “Performance Management of U.S. Job Training Programs,” pp. 32-33. In Christopher O’Leary and others, eds., *Job Training Policy in the United States* (Kalamazoo, MI: W.E Upjohn Institute for Employment Research, 2004).

⁸⁰ U.S. General Accounting Office, “Workforce Investment Act: Labor Actions Can Help States Improve Quality of Performance Outcome Data and delivery of Youth Services” (GAO-04-308) (February 2004); U.S. General Accounting Office, “Workforce Investment Act: Substantial Funds Are Used for Training, but Little is Known Nationally about Outcomes” (GAO-05-650) (June 2005); U.S. General Accounting Office, “Workforce Investment Act: Labor and States Have Taken Actions to Improve Data Quality, but Additional Steps Are Needed” (GAO-06-82) (November 2005).

⁸¹ Neil Irwin, “Red Tape Ties Up DC’s Unemployed,” *Washington Post*, February 13, 2006, p. A1.

⁸² Government of the District of Columbia, “Workforce Investment Annual Report, Program Year 2005” (2006).

the Department of Labor did not name any of the specific state or local agencies with whom they spoke, but the practices and problems they cited are so pervasive in states and localities across the country that there is no reason to assume they do not affect the District.

Moreover, local reports suggest dissatisfaction with services at the One-Stops. In 2002, the D.C. Chamber of Commerce assessed the One-Stop system and noted both strengths and weaknesses. Strengths included a well-stocked Resource Area in the comprehensive One-Stops with plenty of computers, a wide variety of workshops, community-based locations, and part-time onsite partners to provide services for eligible clients. The Chamber report noted weaknesses in the areas of assessing the skills and interests of job seekers, career counseling, referral to employers, and training. They also reported that people interested in meeting with a job counselor or case manager experienced long wait times for appointments. The Chamber recommended that One-Stop staff provide more career counseling, including information on the labor market, jobs in different industries available at various skill levels, and the education and training requirements for different jobs. On the employer side, the assessment noted that the One-Stops did not screen its job seekers adequately and referred people to job interviews for which they were unqualified.⁸³ Other reports have come to similar conclusions about the shortcomings of DC One-Stops: difficulty in scheduling appointments with job counselors; insufficient attention in assessing job seekers' skills and interests; and inadequate service to job seekers who were not computer proficient.⁸⁴

In short, the One-Stop system appears to offer resources that are most appropriate and easily accessed by computer-literate, self-directed, and assertive individuals. Unfortunately, many District residents in need of assistance do not fit that profile. One-Stops and the Virtual One-Stop seem best equipped to serve job seekers whose primary problem is a lack of information, rather than deeper problems associated with skill levels, work readiness, and connection to the world of work. However, this result is not surprising, given that the city government has not asked the Department of Employment Services to focus strategically on harder-to-serve residents, has not held the agency accountable for doing so, and until recently has not provided many local dollars for workforce development. In the absence of locally established goals for workforce development, the path of least resistance for the department is to focus on federal compliance.

Other local agencies are also focused on federal compliance, as they should be, but again, not in the context of citywide goals for education, training, job readiness and job placement programs. Both the State Education Agency and the Income Maintenance Administration must meet federal requirements. Locally, the city could decide that adult education programs should provide a stronger link to employment than they currently do, and that the TANF program should focus more on job advancement and vocational education. This is not to downplay the importance of federal compliance—unless the city meets its performance requirements, it risks losing federal funding from

⁸³ DC Chamber of Commerce, "District of Columbia One Stop Center System: Survey Findings and Status Review" (2002).

⁸⁴ DC Jobs Council, "Help Wanted: Low-Income Job Seekers Assess the District of Columbia's One Stop Career Centers." (2001); Wider Opportunities for Women, "The District of Columbia Public Workforce System: Is it Preparing Residents for Jobs that Lead to Self-Sufficiency?" (2004); Irwin, "Red Tape."

a variety of programs. The city, however, must decide if the goals of WIA, TANF, and adult education, as decided by the U.S. Congress, are the only workforce goals it wants to embrace.

In sum, the District's workforce development system is challenged by the lack of a shared citywide strategy, fragmentation, limited education and training capacity, and quality-control problems. The recommendations that follow address these issues. Recommendations for improving the workforce development system aim to develop a citywide workforce development strategy, a continuum of services, and local assessment processes. Meanwhile, recommendations for new programs address the District's limited education and training capacity and its lack of systemwide, sector-specific strategies. Specifically, we recommend that the District provide education and training programs or job placements to an additional 10,500 residents over a seven-year period. This target number is small relative to need, but it is ambitious given that many of the programs will be new. By serving a smaller number of residents initially, the District can ensure the quality of new programs and build sustainable systems that can eventually serve many more residents.

V. IMPROVING THE WORKFORCE SYSTEM DEVELOPMENT SYSTEM

A. The mayor and the city council should set workforce development as a major policy priority for the District.

Specifically, the goal should be to create a more competitive workforce by upgrading District residents' skills, work readiness, and access to the labor market. To accomplish this, the city must strengthen its leadership and expertise in workforce development.

First, the city should hire a high-level workforce development policy advisor in the executive branch. This staff person will serve as a liaison between the WIC and the administration and can work closely with the Department of Employment Services, the State Education Agency, the Income Maintenance Administration, the University of the District of Columbia, other city agencies, nonprofit providers, and other stakeholders. Both the WIC and the policy advisor can take the broad, citywide, cross-agency view that will be necessary to knit the various programs and services together into a more coherent system.

Second, the mayor and city council should give their explicit support to the Workforce Investment Council (WIC) so that it has the authority to operate independently from the Department of Employment Services and its words and actions carry weight in its interactions with employers, District agencies, unions, service providers, and other stakeholders. To take a leadership role, the WIC will need more staff. WIC members themselves are busy executives in the public, private, or nonprofit sectors, and the day-to-day work currently falls to the three WIC staff members. After ensuring that the WIC has more authority and capacity, the city should charge the agency with developing and overseeing an overall workforce development strategy for the city. The WIC has already begun to outline such a strategy, in accordance with a directive to do so in the Fiscal Year 2006 Budget Support Act of 2005. Developing and carrying out the strategy needs to remain a priority.

Lastly, the mayor should charge the workforce coordinator, the WIC, and city agencies to focus specifically on aligning publicly-funded programs towards common citywide goals. The city will have to assist and incentivize programs to re-orient their approaches so they have complementary strategies working towards shared goals. For example, adult education programs may need to become more focused on employment and the relationship between basic reading and math skills and occupational skills training. Likewise, occupational skills training programs may need to develop closer relationships with adult education programs as feeder programs, or incorporate basic skills into their curriculum rather than assuming their students will enter with 10th grade reading and math skills. GED programs may need to align their curricula and completion requirements with the entry requirements of local community colleges.

B. The Workforce Investment Council should take a leadership role in crafting and overseeing workforce development policy and vigorously engage employers.

In consultation with employers, government agencies and service providers, the WIC should continue its effort to develop an explicit and strategic plan to connect less-skilled District residents to training and employment opportunities. The plan should focus on integrating services across agencies and programs in order to connect less-skilled residents to soft skills training, career counseling, adult literacy and ESL, vocational training and education, and employment opportunities. The goal should be to develop a comprehensive menu of services available to residents according to their circumstances, needs, and interests.

There should also be clear transitions from one program or service to another. Clear transitions among programs (for example, from adult education to career and technical education, or from high school Career Academies to an associate's degree program) are a by-product of programs that are aligned in the service of a common goal. The WIC, in collaboration with the city, should consider various strategies to organize programs so they form a logical continuum:

- Set a target number of adult education students that will transition into post secondary education over a given period of time.
- Align the entry and exit criteria across educational levels, so that the exit criteria for GED or high school programs are aligned with the entry requirements for post secondary education or other career and technical education programs.
- Provide seed funding and other assistance to help programs with curriculum development, professional development, and program planning.⁸⁵

In developing a strategic plan, the WIC should also take inventory of existing public, nonprofit, and private programs. The inventory can provide a baseline of existing services and program slots, thereby enabling the District to thoroughly identify capacity needs and service gaps. The regional databases developed by Workforce Organizations for Regional Collaboration (WORC) and D.C. Learns may be helpful in developing such an inventory.

Lastly, the WIC needs to substantively engage the private sector in the region on an ongoing basis. It is currently planning to convene industry panels in specific sectors (such as health care, hospitality, and business and professional services) and should sustain that kind of employer involvement. Employers need to have much more input into the design and delivery of workforce services and policy, and the WIC is in the best position to facilitate that process.

⁸⁵ Christopher Mazzeo, Brandon Roberts, Christopher Spence, and Julie Strawn, "Working Together: Aligning State Systems and Policies for Individual and Regional Prosperity" (New York: Workforce Strategy Center, 2006).

C. The WIC, in close collaboration with the administration and city council, should undertake a thorough review and assessment of publicly-funded workforce programs, starting with, but not limited to, the Department of Employment Services. Other programs to be assessed include the State Education Agency, the Income Maintenance Administration, the District of Columbia Public Schools and chartered public schools, and the University of the District of Columbia.

1. *The WIC should increase its supervision of the Department of Employment Services' use and allocation of federal WIA funds and local funds.*

The WIC should exercise greater oversight of WIA-funded programs (WIA Title I and Wagner-Peyser), in accordance with its federally mandated duties. It should monitor and assess One-Stop operations to determine the quality of services and how they compare with the District's strategic workforce development plan. It should also address areas of concern about the One-Stops, including customer service, access to career counseling, the efficiency with which residents are referred for WIA-funded training, the utility of the Virtual One-Stop for less-skilled residents, and potential creaming to meet federal WIA performance measures.

In addition, the WIC should review the Department of Employment Services' capacity to gather and analyze performance data, for both the One-Stops and for WIA-funded training providers. In particular, the WIC should ensure that the department has clear definitions for counting clients towards performance measures, reliable technology systems, and documentation to validate participation data. Moreover, if the Department of Employment Services has no information on the performance of WIA-funded training providers, as has been reported in the press, the WIC must ensure that the department develops a system to assess the quality of the training providers it funds.

In collaboration with the city, the WIC should also assess DOES' performance in operating locally-funded programs, such as the Summer Youth Employment Program, other youth programs, and the Transitional Employment program.

Finally, the WIC should consider using locally established performance measures. Based on its strategic plan, the WIC could establish standards for measuring local goals without fear of losing federal funds. In addition to tracking federal compliance and short-term job placement and earnings, the WIC could track longer-term vocational counseling and training, wage progression, and economic self-sufficiency. For instance, local workforce investment boards in Massachusetts and Washington State (Seattle-King County) have used the Self-Sufficiency Standard developed by Wider Opportunities for Women as a benchmark. The challenge (and it is a big one) is to create meaningful benchmarks that demonstrate how the system is performing without overly burdensome data collection and analysis requirements.⁸⁶

⁸⁶ Wider Opportunities for Women, "Reality Check: Promoting Self-Sufficiency in the Public Workforce System: A Promising Practices Guide to Workforce Boards" (2006).

2. The administration, city council, and the WIC should review the current goals, strategies, and performances of other publicly-funded workforce programs to assess their compatibility with each other and the citywide strategic workforce plan.

The city should not limit workforce development reforms to the Department of Employment Services and the One-Stop centers. Although the One-Stops have a special responsibility as a major point of entry to workforce services, they are part of a larger network of programs. Nor can the Department of Employment Services alone be held responsible for funding or operating training programs, although it should play a central role.

Thus far, there is no one entity with oversight or a working knowledge of all the different workforce programs operated or funded by city agencies. The WIC should analyze federal and local funding streams that support education, training, and work readiness programs in the city. It should collect information on programs' federally required performance measures, eligibility requirements, and services. Additionally, the WIC should reach out to programs that offer workforce development services as part of a broader mission, such as the Court Services and Offender Supervision Agency, responsible fatherhood programs, and the New Communities initiative. Although workforce development is not the core mission of these programs, they do provide employment and educational services and should be linked into the network of workforce programs.

With a stronger knowledge base of the multitude of education, training and employment-related programs in the city, the WIC will be in a position to assess how programs can collaborate to better leverage each others' resources and provide higher-quality services to more residents. The WIC should also convene public agencies and nonprofit service providers to obtain their input about creating more successful collaborative relationships.

In terms of specific programs, the city and the WIC should assess the adult literacy system, including the Lifelong Learning Initiative. Lifelong Learning coaches, who provide instructional services within government agencies and literacy organizations, are one of the largest budget items within the initiative. They are managed by the Children and Youth Investment Trust Corporation through a contract with the State Education Agency. The need and the desirability to strengthen and increase the capacity of literacy providers are unquestioned. However, little documentation of the Lifelong Learning Coach program's activities, successes, challenges, and "lessons learned" exists. The city should engage an outside evaluator to assess the program and its effectiveness in increasing the capacity of adult literacy organizations to provide high-quality services to an increased number of residents.

The city should also engage an outside evaluator to assess the use and effectiveness of computers and online technology as a strategy to provide or supplement adult literacy services in the District. Again, the need to expand learning opportunities is unquestioned. However, the adult literacy field is only beginning to implement and assess self-directed learning opportunities, and the approach's effectiveness remains unknown.

In addition, the State Education Agency should keep the WIC apprised of adult literacy providers' progress in using the Work Readiness Credential as a strategy to provide basic skills instruction in an employment-focused context. The Work Readiness Credential may be a useful tool for other workforce development organizations.

In regard to TANF, the District should assess how it can make better use of work activities allowed by federal law to provide TANF recipients with more training opportunities. This task requires the District to assess its current programs and identify options for modifying or expanding them. For example, the Income Maintenance Administration has started a pilot program that provides transitional jobs to long-term TANF recipients who have not found employment through a job search and placement process. The city should evaluate the success of this program and other TANF programs to determine whether they could serve more residents.

Lastly, both the public schools and the University of the District of Columbia should be major providers of career and technical education. The WIC and the administration should assess the workforce-related activities of these institutions, and as noted in separate recommendations presented later in this report, urge them to develop stronger programs and support them in doing so.

D. The WIC and the city should assess the organizational capacity of the nonprofit service provider network that delivers publicly-funded services, and consider a strategy to enhance providers' ability to provide high-quality services.

Nonprofit organizations in the field typically face cost pressures, and many cost-cutting strategies have detrimental effects on program quality. High-quality workforce development programs require sufficient staffing to provide education and training, case management, job development, and industry outreach. Under-funded nonprofit organizations will often reduce their costs by cutting back on staff who do not directly provide training. But programs without supportive services or strong industry relationships are likely to have high attrition rates and face difficulty in placing their graduates into employment.

Successful programs also require adequately trained staff, with sufficient skills and knowledge to provide high-quality services. Workforce development services are labor-intensive, and highly dependent upon the ability of employees to develop and maintain successful relationships: with students, employers, and other service providers with whom they have referral relationships. While low salaries may keep costs down, they may not attract or retain skilled individuals.

Some city agencies have assisted their nonprofit partners in improving their performance. For instance, the Income Maintenance Administration hired a nationally known welfare expert to provide technical assistance to organizations serving welfare recipients. The Office of Early Childhood Development operates a tiered reimbursement strategy that provides higher reimbursement rates for organizations with higher-quality services.

E. The public sector, foundations, and employers should create a funding collaborative to make strategic investments in workforce programs.

The city has limited dollars and flexibility through its federal funds for workforce development. Although the city has invested local dollars in workforce development in recent years, it has limited potential to finance many additional programs or program improvements on its own. Foundations working individually also have limited impact. However, by combining forces and focusing on strategic, targeted interventions, the public sector and foundations can attract employer involvement and create and support programs that address the challenges of upgrading the skills and work readiness of the District's less-skilled residents.

Funder collaboratives bring together foundations, businesses, and the public sector to develop new approaches to meet the skill needs of workers and employers.⁸⁷ They can make flexible, long-term investments to develop and support programs that increase less-skilled workers' access to good jobs. For example, the SkillWorks program in Boston funds pre-employment training and incumbent worker training in several targeted industries and supports capacity-building in community-based organizations that provide workforce services (Figure 6). The collaborative, which includes 12 foundations and two public agencies, has raised nearly \$14 million.⁸⁸ The SkillWorks program is one of several funder collaboratives across the country supported by the Investing in Workforce Intermediaries project of the Annie E. Casey, Rockefeller, and Ford foundations.

The structure and specific strategies of the collaboratives vary, but there are some common key components. Members of the collaborative work together to set common principles and goals, design and direct initiatives, and make investment decisions. One of the main strengths of a collaborative is that it is not bound to the narrow categorical funding imperatives of the public workforce system. Although the public sector participates and is a key partner, its eligibility and funding restrictions do not drive the project. Project partners, working together, develop a strategy on the basis of local conditions.

Creating a funding collaborative in the District would require public leadership and political will from the mayor, the city council, the Workforce Investment Council, and local foundations. Both the public sector and local foundations must decide that they want to commit to a partnership in order to accomplish more together than they could on their own. A local funding collaborative could support a variety of programs to create a more effective workforce development infrastructure: bridge programs that prepare workers for postsecondary education, contextualized basic skills programs that integrate occupational skills training and basic education, and a number of sector-specific activities, such as career mapping in the health care industry or a pre-apprenticeship program to prepare residents for construction jobs.

⁸⁷ Jobs for the Future, "Investing in Workforce Intermediaries," available at www.jff.org/%7Ejff/JFF_Pages.php?WhichLevel=3&lv1_id=3&lv2_id=33&lv3_id=42 (2006).

⁸⁸Ibid.

Figure 6. Profile of a Funder Collaborative

SkillWorks, Boston, MA

Funder Collaborative

- Twelve national and local foundations; two public agencies, the City of Boston's Neighborhood Jobs Trust and the Massachusetts Department of Workforce Development.

Five-Year Initiative (\$15 million commitment)

- **Workforce Partnerships** (\$6.15 million total)
\$30,000 planning grants to emerging intermediaries (organizations that link job seekers or incumbent workers to training opportunities and employers)
\$330,000/year, three-year implementation grants to sectoral partnerships in the areas of healthcare, hotels, building services, and automotive career
Currently supporting the development of other intermediaries
- **Public Policy Advocacy** (\$1.5 million total)
Funded the Workforce Solutions Group to develop and implement a policy advocacy agenda
- **Capacity Building** (\$2.8 million total):
Provided technical assistance to community-based organizations
Provided technical assistance to help Workforce Partnerships build career ladders

Financial Structure

- Mutual fund approach: all investments go to single fund, with restricted funding tracked to ensure proper spending
- The Boston Foundation acts as the fiscal agent that oversees the mutual fund and provides financial statements
- All members have an equal seat at the decision-making table, irrespective of grant size

Organizational Structure (as of 2004):

- **Funders Group:** Sets policy, makes investment decisions, and oversees the initiative through committee
- **Consultants and Contracted Organizations:** Manage day-to-day operations, assist in initiative implementation, and conduct evaluations

Source: Jobs for the Future, "Investing in Workforce Intermediaries" at http://www.jff.org/%7Ejff/JFF_Pages.php?WhichLevel=3&lv1_id=3&lv2_id=33&lv3_id=42 (November 2006)

VI. SECTOR-SPECIFIC WORKFORCE DEVELOPMENT PROGRAMS

A. An Overview of Sector Programs

We recommend that the District create sector-specific programs in construction, hospitality, health care, and administrative and computer support occupations. Sector-based programs focus on dominant industries or occupational clusters in a given regional economy. They also have a “dual customer” focus: they aim to meet the workforce needs of employers and provide employment and training opportunities for less-skilled workers. The underlying philosophy is that to place workers in entry-level jobs and help them advance, a program must address the needs of both the demand side (employers) and the supply side (workers or potential workers). This contrasts with the traditional social-service approach of many workforce programs that do not always focus on employer needs or think about the labor market systematically. It also differs from the District’s current scattershot approach, which has no underlying strategy guiding its work with employers. Using a sector approach, programs target stable or growing industries with sufficient demand for occupations that require less than a four-year degree.

Sector programs analyze labor market information and consult with local and regional employers to determine which industries and occupations offer realistic employment and advancement opportunities for low-income, less-skilled residents. After identifying the target occupations, sector programs continue to engage employers. Employers can have input on the curriculum and be involved as internship providers, guest speakers, instructors, and practice interviewers for mock job interviews. In addition, sector programs usually couple vocational skills training with soft skills, adult basic education, and general workplace readiness training.

Employers view well-run sector programs as a preferred resource for new hires. A desire to be a good corporate citizen or “give back to the community” may play a role in an employer’s decision to work with a sector program, but that alone would not sustain the program if it did not also meet employers’ labor market needs. Sector-specific programs supply employers with a pool of screened job candidates with the skills required by a given industry. In the Department of Labor’s Sectoral Employment Demonstration Program, one-half of the participating 38 Workforce Investment Boards reported that sector-specific approaches improved their agency’s relationship with employers and helped employers work together.⁸⁹ Residents also gain from the human resources function of sector programs. By acting as an intermediary between the employer and job seekers, sector-based programs can mitigate many of the barriers that less-skilled residents face when looking for work, including discrimination, weak social ties to the labor market, and limited information about career opportunities.

Career ladders are a key component of many sector programs. A career ladder acts as a road map that shows how an individual can progress from an entry-level job to a higher-skill and higher-wage job in a particular field. It lays out the education, training, and work experience requirements for each job. Industries with low-wage jobs at the bottom and higher skilled, salaried

⁸⁹ Nancy Pindus and others, “Evaluation of the Sectoral Employment Demonstration Program” (Washington: Urban Institute, June 2004).

jobs at the top do not always have clearly defined career pathways or a large number of “middle-rung” jobs. Creating or clarifying career ladders in these industries often requires intermediaries to work with employers to assess their internal labor markets, define a career map, and sometimes create middle-rung positions by identifying different skills tiers within a single occupation.⁹⁰ Sector programs also often devise training and support programs to help people make incremental steps up the ladder. Employers may be willing to help intermediaries develop career ladders if doing so reduces employee turnover and increases productivity.

Although sector approaches are becoming more common in the workforce development field, they are just beginning to be rigorously evaluated. Public/Private Ventures is in the process of conducting a random assignment evaluation with a control group to measure the impact of sector programs on employment, retention, wages, and earnings. In the meantime, we must turn to the results of nonexperimental assessments. Though the results cannot definitively be attributed to sector programs alone, an Aspen Institute study of six programs suggests that the sector approach holds promise for increasing employment and earnings among low-income workers.

The Aspen Institute’s study found that, on average, survey respondents had higher employment and earnings two years after training than before.⁹¹ The vast majority of respondents (94 percent) worked at some point during the second post-training year compared with 74 percent at baseline, with an increase in year-round employment. Median earnings also increased among those who were employed at both the baseline and two years following training, from \$8,580 to \$17,732 per year. Increases in both hourly wages and the number of hours worked contributed to this earnings gain.

For all their promise, however, sector programs are complex undertakings and should be pursued carefully with the following guidelines in mind:

- Employers (either individually or as an association) must make a serious, ongoing commitment. If an employer accepts high turnover among low-skill jobs as a cost of doing business, lacks an organizational culture that values education and training, or is not facing pressure in its low- and moderately skilled workforce, it is unlikely to commit itself to the project.
- Identifying and raising adequate funding is a challenge. Typically, no single source of funds is sufficient. Most programs raise money from multiple sources: public, philanthropic, and private.
- The organization running the program must be deeply knowledgeable about the local labor market, the target industry, the skills and barriers of low-wage workers, and social services. In addition, because the organization seldom provides all the training, work readiness, and supportive services itself, it must build collaborative relationships with multiple entities.

⁹⁰ Joan Fitzgerald, *Moving Up in the New Economy: Career Ladders for U.S. Workers* (Ithaca: Cornell University Press, 2006).

⁹¹ Lily Zandniapour and Maureen Conway, “Gaining Ground: The Labor Market Progress of Participants of Sectoral Employment Development Programs” (Washington: Aspen Institute, 2002).

B. Identifying Target Sectors for District Programs

To identify target sectors for workforce development programs, we focus on the major industries in the District and the region, including government, professional, and business services, education and health services, leisure and hospitality, and construction. These industries hold a substantial share of local and regional jobs and have evidenced their strength through past job growth. They also include occupations that do not require a four-year college degree and are attainable through short-term skills training, apprenticeships, certificates, or associate's degrees (Table 10).

Table 10. Non-Bachelor's Degree (BA) Occupations Common to Key Industries, Washington, DC, 2000

Industry	Common Occupational Categories	Percentage of Employees in Occupation with Less than BA, Washington, DC 2000
Construction	Construction	92%
Health Care	Health Care Support	85%
	Health Care Technicians/LPN	66%
Professional and Business Services; Government; and Other Services	Computer Support Specialist	48%
	Office and Administrative Support	71%
Leisure and Hospitality	Food Preparation	89%
	Building & Grounds Cleaning	96%
	Baggage Porters, Bellhops, & Concierges	95%

Source: Census 2000 Special Equal Employment Opportunity Tabulation

The majority of employees in occupations in the construction and hospitality industries do not have a bachelor's degree, making these industries good candidates for sector-specific workforce development. By contrast, many jobs common to education and health services, professional and business services, other services, and government are filled by individuals with a BA or more. Sector-specific approaches for these industries should focus on particular occupations that do not require a four-year college degree. In government and various professional industries, a significant portion of administrative and computer support jobs are held by individuals without bachelor's degrees. The same is true for health technicians and health care support occupations within the health services sector. On the basis of these findings, we recommend that the District develop sector-specific programs in construction, hospitality, health care, and administrative and computer support occupations.

Both hospitality and health care have relatively low skill requirements for some entry-level jobs, such as housekeepers and nursing aides. However, these jobs typically have low wages. Therefore, it is essential that sector-specific hospitality and health care programs create career ladders, with accompanying training opportunities so workers interested in upward mobility are not

trapped in low-wage jobs. Moving up a career ladder at any given time, however, may not be feasible or desirable for all low-wage workers: workers may have very low skills levels that require remediation; they may not have the time to complete the required training because of work and family commitments; or they may be satisfied with their current job. To help workers in lower-end jobs, it is also critical to both improve job conditions and increase access to work supports such as child care and the Earned Income Tax Credit.

In construction and administrative and computer support jobs, the initial skill and education requirements—such as having a high school degree or GED, proficiency in math at the tenth grade level, and writing and communication skills to function in a white-collar professional environment—can be a hurdle. These jobs, however, offer better starting wages than the more accessible entry-level health care and hospitality jobs. To help less-skilled residents access entry-level jobs in construction, administrative support, or computer support, sector-specific programs should blend vocational skills training with soft skills training specific to the work culture of the sector.

C. Sector-Specific Opportunities, Best Practices, and Examples

In this section, we review the opportunities that exist in each sector in the District as well as “best practices” that have shown promise in other localities. We also estimate the number of individuals that each sector-specific program should place in jobs once implemented in the District. These targets are educated guesses, based on the capacity of best practice programs, historical employment in each industry, and the projected average number of annual job openings in each occupation in the District and metro area.

To illustrate the potential results of sector approaches, we create earnings and income outcomes at each rung of a career ladder in construction, hospitality, health care, and computer and administrative support. We provide examples for a single person living alone and a single parent with two children.⁹² Outcomes would differ for a single person or single parent living with other family members.

We use a variety of outcomes to illustrate how workers’ economic situations improve as they advance along sector-specific career ladders (Table 11). First, we demonstrate a person’s potential annual earnings and income-to-poverty ratio. We use the official census measure to calculate the income-to-poverty ratio, dividing pre-tax earnings and TANF income (where applicable) by the federal poverty threshold that corresponds with the worker’s family type and size. A person with an income-to-poverty ratio of 2.00 is at 200 percent of the federal poverty line—the low-income threshold used in this paper.

Although both earnings and the income-to-poverty ratio provide information on the worker’s economic status, they do not capture the costs and benefits associated with work, which affect

⁹² We do not provide examples for married parents because there are so few in our target population.

economic resources. Therefore, we also show two different measures of take-home income. Take-home income *without* work supports accounts for work-related expenses, including the Federal Insurance Contribution Act (FICA) tax (also known as social security and Medicare taxes, or payroll taxes), federal and District income taxes without credits, and unsubsidized, market-rate child care costs. Take-home income *with* work supports illustrates the benefits derived from coupling career ladders with work supports, which include the Temporary Aid for Needy Families (TANF) benefit, subsidized child care, food stamps, the federal and state Earned Income Tax Credits (EITC), the federal and state dependent care credit, and the federal child tax credit and additional child tax credit.⁹³ The technical appendix provides a more detailed overview of our methodology and assumptions.

Table 11. Outcome Measures Used in Career Ladder Examples

Measure	Definition
Annual earnings	Number of hours worked per year multiplied by the hourly wage
Income-to-poverty ratio	Pre-tax cash income (earnings and Temporary Aid for Need Families Benefit (TANF)) divided by the federal poverty threshold
Take-home income without work supports	Earnings minus payroll tax, federal and state income taxes without credits, and unsubsidized child care costs
Take-home income with work supports	Earnings, TANF, and food stamps minus payroll tax, federal and state income taxes with the EITC, dependent care credit, and child tax credit

⁹³ To demonstrate the full potential of work supports, we assume that the worker receives all of the benefits for which he or she is eligible. In reality, many low-income workers who are eligible for work supports do not receive them. Thus, our plan also includes recommendations to increase the take-up rates of work supports like the EITC.

1. Construction

Goal: Place and advance 1,100 District residents in the construction industry over the next seven years in jobs associated with the Anacostia waterfront development, the new baseball stadium, and other development in the District and region.

The number of jobs in the construction industry has grown modestly in the District during the past 10 years (from 9,100 in 1996 to 12,600 in 2005), and more substantially in the region (121,900 to 186,800).⁹⁴ In addition to the construction and development taking place around the Washington area, two large District projects, a new baseball stadium and the development of the Anacostia waterfront, are either underway (the stadium) or slated for the near future.

To help District residents access careers in the building trades, the Project Labor Agreement for the new baseball stadium and the legislation creating the Anacostia Waterfront Corporation both specifically require the hiring of District residents. The Anacostia Waterfront Corporation is a government-sponsored enterprise charged with developing and revitalizing the waterfront along the Anacostia River with a mixture of parks, cultural and sports facilities, and mixed-use, mixed-income neighborhoods. The corporation is targeting 900 acres for development and redevelopment.⁹⁵

Although the hiring requirements are important for increasing District residents' access to construction jobs and apprenticeships, they are not in and of themselves sufficient to ensure that residents are job-ready and equipped with the soft and hard skills necessary to obtain and hold construction jobs and apprenticeships.

To meet the hiring requirements associated with the stadium and the waterfront, the city must work with employers, unions, service providers, and community groups to create a formal training pipeline that consists of active recruitment, work readiness training, and pre-apprenticeship programs. DC Appleseed, a nonprofit organization in the District, has already recommended that the Anacostia Waterfront Corporation create a labor market intermediary to facilitate job training and placement efforts associated with development of the waterfront. If a training pipeline for District residents produces job-ready candidates with the required soft skills and vocational skills, meeting the hiring requirements should not pose a problem. In fact, a successful program should be viewed by employers as a valuable resource.

Some District residents are ready to enter an apprenticeship program directly, but need assistance navigating the apprenticeship application process. Others would benefit from a pre-apprenticeship program. Pre-apprenticeships prepare their students for the construction workplace with a combination of hands-on experience, physical training, and coursework in workplace safety, equipment use, and trades math. Still other residents may require work readiness training before

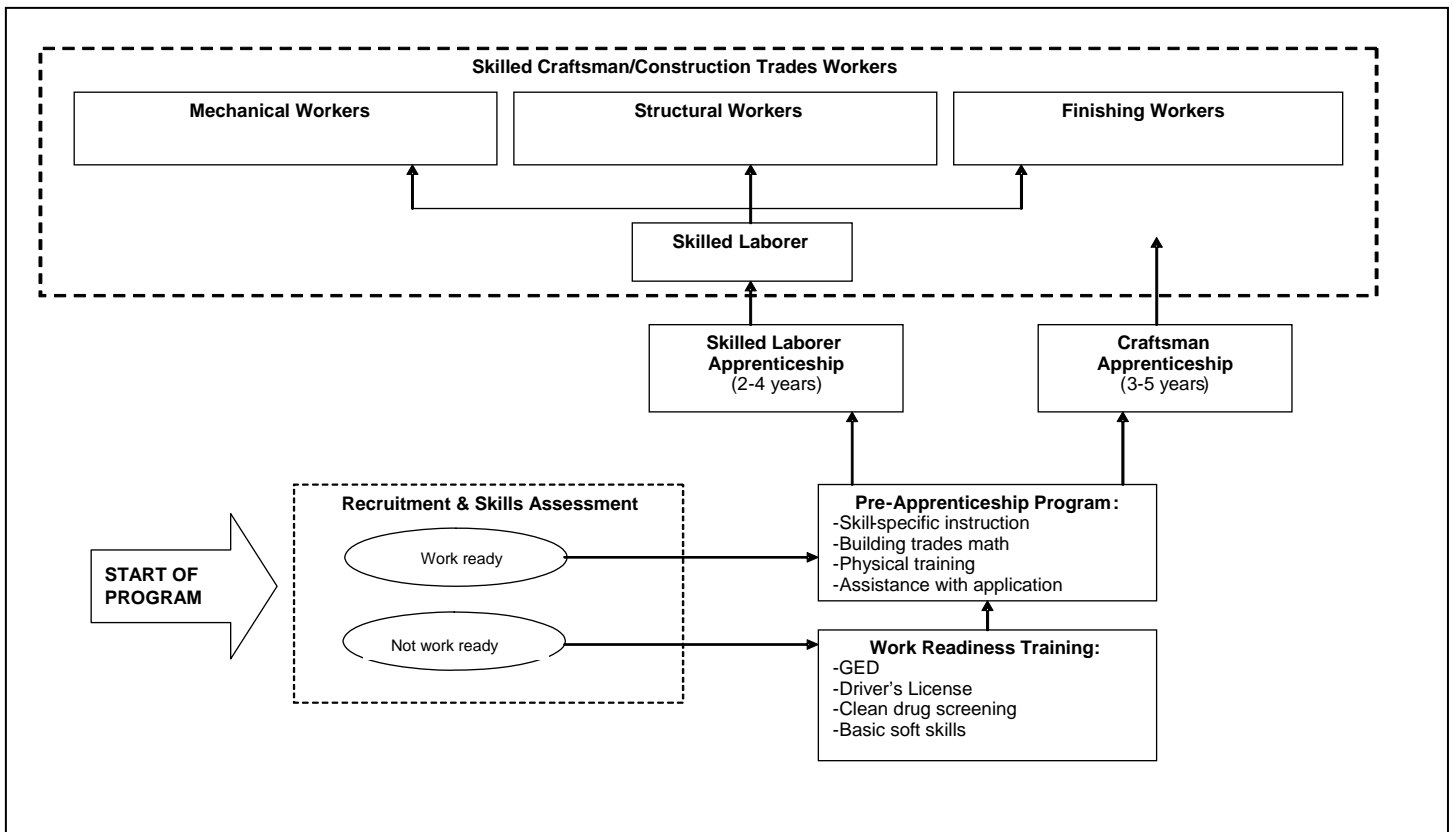
⁹⁴ Author's analysis of the Current Employment Statistics.

⁹⁵ In early 2007, Councilmembers Jack Evans and David Catania introduced legislation, the "NCRC and AWC Reorganization Act of 2007," which would dissolve the Anacostia Waterfront Corporation and transfer all of its assets and functions to the Office of the Mayor. As this report went to press, the legislation had not been enacted.

entering a pre-apprenticeship program, which would include soft skills training, GED preparation, case management, and referrals for social services, including substance abuse treatment.

The Diversity Apprenticeship Program in Philadelphia, as well as a work-readiness and pre-apprenticeship program recommended by the Mayor’s Commission on Construction Opportunity in New York City, offer models of how to build training pipelines that connect disadvantaged, urban residents to construction apprenticeships. Both are examples of labor force intermediaries that bring together employers, government officials, training organizations, community leaders, and unions to create an integrated set of services. The Philadelphia and New York programs share common elements that should be included in a District program, including a commitment to recruiting disadvantaged residents and improving their access to the construction industry, a pre-apprenticeship program that incorporates soft skills training and case management, assistance with the apprenticeship application process, and participation and buy-in among elected officials, union leaders, and apprenticeship coordinators.

Figure 7. Construction Training and Career Ladder



After participating in work readiness and pre-apprenticeship programs, District residents can acquire a position as an apprentice. Apprenticeships provide individuals with two to five years of training in a skilled craft in exchange for work at a relatively lower wage, with wages increasing as the apprentice advances within the program. The skill levels among apprentices vary depending on the building trade: skilled laborer apprentices do the most general work and therefore have less specific technical skills (and less need for strong reading and math skills) than other trades, such as electricians or plumbers. Because of the physical rigor it requires, the skilled laborer position is sometimes less attractive to job seekers and can be difficult to stay in for a number of years. However, District residents lacking strong math and reading skills can begin as laborers and eventually move into other trades while enhancing their skills.

Potential Outcomes of a Construction Training Pipeline

Tables 12a and 12b demonstrate the potential outcomes of a skilled laborer career ladder for a single adult and a single parent of two children, respectively. We choose the example of skilled laborers because they have the lowest skill requirements and wage rates of the building trades, and therefore provide a sense of the lower end of outcomes for construction occupations. Earnings for the other building trades would be higher.

The tiered wage schedule of an apprenticeship program helps single adults earn more as they train to become skilled laborers. During the first year of the apprenticeship, a single adult earns enough to move far beyond the poverty line, and by the second year of the apprenticeship, he or she is over twice the poverty line. As a skilled laborer, a single adult living alone is well above the low-income threshold (Table 12a). A single skilled laborer without children earns too much to collect work supports, and brings home about \$21,400 after accounting for payroll and income taxes.

A single parent with two children is above the federal poverty line, but well below the low-income threshold during his or her first year as a skilled laborer apprentice (Table 12b). However, work supports boost earnings during his or her tenure as an apprentice, providing an incentive to complete the training program. After accounting for work supports and expenses, a single parent's take-home income during the first apprenticeship year is \$22,500, or \$4,500 more than his or her actual apprenticeship earnings. During the second year, a single parent's take-home income with work supports is \$24,500, an increase of \$2,000 since Year 1. His or her take-home income during Year 2 is also \$1,000 more than the \$23,500 he or she actually earns as a second-year apprentice, demonstrating that supports "make work pay." As a skilled laborer, a single parent earns near but still below the low-income threshold. Work supports are still critical for a single parent in this position, nearly doubling his or her take-home income, from \$13,200 without work supports to approximately \$26,000 with them.

Table 12. Potential Outcomes of a Skilled Laborer Career Ladder (Construction)

12a. Single adult, no custodial children

Federal poverty line: \$10,160; 200% of federal poverty line: \$20,320

	No Work	➔	First Year Apprentice	➔	Second Year Apprentice	➔	Skilled Laborer
Annual Earnings	\$0		\$18,000		\$23,500		\$27,700
Take-home income without work supports	\$0		\$14,700		\$18,500		\$21,400
Take-home income with work supports	\$1,800		\$14,700		\$18,500		\$21,400
Income-to-poverty ratio	0.00		1.77		2.32		2.72

12b. Single parent of two custodial children

Federal poverty line: \$15,735; 200% of federal poverty line: \$31,470

	No Work	➔	First Year Apprentice	➔	Second Year Apprentice	➔	Skilled Laborer
Annual Earnings	\$0		\$18,000		\$23,500		\$27,700
Take-home income without work supports	\$0		\$6,000		\$10,100		\$13,200
Take-home income with work supports	\$7,900		\$22,500		\$24,500		\$26,000
Income-to-poverty ratio	0.29		1.14		1.50		1.76

Notes:

- Earnings rate adopted from wage scales for the Skilled Laborer Apprenticeship, as reported by the Washington, DC & Vicinity Laborers' Joint Apprenticeship Training Committee (JATC), a union program.
- In the "no work" column, take-home income with work supports includes food stamps for a single adult and food stamps and TANF benefits for a single parent.
- The income-to-poverty ratio is calculated according to the U.S. Census Bureau's definition of poverty by dividing pre-tax income by the poverty threshold. In our examples, income includes annual earnings and TANF benefits where applicable.
- All earnings and income values are rounded to the nearest hundred. Income-to-poverty ratios are based on unrounded values.

2. *Hospitality*

Goal: *Place and advance 1,400 District residents in the hospitality sector over the next seven years*

The leisure and hospitality industry is a major source of employment in the Washington area. Leisure and hospitality jobs grew from 45,300 in 1996 to 54,100 in 2005 in the District and from 195,400 to 249,400 in the metropolitan area over the same period.⁹⁶ The industry offers opportunities for less-skilled District residents to find employment, as many of the occupations within the industry do not require any postsecondary education or even a high school degree. Because entry-level hospitality workers without a college degree can advance to mid-level and management positions, the industry also holds the potential to help less-skilled residents move into higher wage jobs.⁹⁷

The hotel industry in the District is unionized through UNITE/HERE, with about 5,000 members who work in District hotels.⁹⁸ Jobs in District hotels typically have higher wages than in non-union suburban hotels, and are also more likely to offer employer-funded health benefits and pensions.⁹⁹ For example, maids and housekeepers in the District earn average hourly wages of \$12.34, compared to \$9.66 for the region as a whole. For hotel desk clerks, average wages in the District are \$11.57 compared to \$10.22 for the region.¹⁰⁰

Consequently, District residents can face stiff competition from suburban workers who, having already gained industry experience in suburban hotels (perhaps at a hotel owned by the same chain as one in the District), apply for higher paying, unionized jobs in the city. Employers will typically choose job applicants with relevant experience and a track record over applicants with no industry experience.¹⁰¹

Entry-level workers can face other barriers to advancement. For instance, although career paths do exist, they are often inaccessible to many entry-level workers, particularly those in housekeeping. A national study found that among workers who stayed in the hotel industry for two years, about 38 percent of janitors moved into supervisory positions within a year. Among clerks, 20 percent moved into supervisory positions and 13 percent moved directly into management positions

⁹⁶ Author's analysis of the Current Employment Statistics.

⁹⁷ Annette Bernhardt, Laura Dresser, and Erin Hatton, "Moving Hotels to the High Road: Strategies That Help Workers and Firms Succeed" (Madison, WI: Center on Wisconsin Strategy, December 2003).

⁹⁸ Personal communication with John Boardman, Executive Secretary-Treasurer, UNITE HERE Local 25, October 10, 2006.

⁹⁹ Personal communication with John Boardman, February 2, 2007; Personal communication with Emily Durso, President, Hotel Association of Washington, DC, January 26, 2007; Personal communication with Elizabeth DeBarros, Director of Public Relations and Government Affairs Hotel Association of Washington, DC February 2, 2007.

¹⁰⁰ U.S. Bureau of Labor Statistics, Occupational Employment and Wage Estimates, Washington DC-MD-VA-WV Primary Metropolitan Statistical Area, 2005; U.S. Bureau of Labor Statistics, Occupational Employment and Wage Estimates, District of Columbia, 2005.

¹⁰¹ Personal communication with John Boardman, October 10, 2006; Personal communication with Emily Durso.

within a year.¹⁰² By contrast, fewer than 10 percent of laundry workers and maids moved into a higher-level position following their first year of work.¹⁰³ This may be due, in part, to the relatively flat hierarchies of hotels' internal labor markets: there are large numbers of entry-level workers competing for a much smaller number of jobs at the top.¹⁰⁴ In addition, it can be difficult to move from "back of the house" positions like bus boy to "front of the house" jobs like waiter, which provide more opportunities for advancement but also require a great deal of interaction with customers. Some back-of-the-house workers may not have the language or customer service skills required to advance.¹⁰⁵

Hotel workers may also have limited earnings potential due to the part-time nature of many occupations in the industry. One study found that hotel workers were more likely to work part-time (defined as less than 35 hours a week on all jobs) than U.S. workers in all occupations.¹⁰⁶ Additionally, compared to all part-time workers in the U.S., part-time hotel workers were almost twice as likely to be working part-time involuntarily.¹⁰⁷ The Bureau of Labor Statistics reports that approximately half of hotel front desk clerks work less than 35 hours a week, indicating that involuntary part-time work can be a problem for "front of the house" as well as "back of the house" workers.¹⁰⁸

The District has made an effort to improve residents' access to hotel jobs by linking training and job placement requirements to the city's subsidy of the planned convention center hotel. The New Convention Center Hotel Omnibus Financing and Development Emergency Act of 2006 authorizes the city to issue up to \$187 million in revenue bonds (secured through tax increment financing) to develop a Marriott convention center hotel.¹⁰⁹ It requires that \$2 million be used to finance a D.C. Citizens' Job Program to train and place District residents in permanent jobs at the convention center hotel. The act also specifies that Marriott, organized labor, the community development corporation ONE DC, and other community organizations work together to create the training program, and that Marriott give District residents who complete the program first consideration for jobs.

The act takes an important step toward placing and advancing District residents in the hospitality industry by enhancing their access to jobs associated with a publicly subsidized project. It also provides an enormous opportunity to jumpstart a sustainable hotel industry training partnership in the District that does not dissolve once the Marriott builds and fully staffs the convention center hotel.

¹⁰² Howard Wial and Jeff Rickert, "U.S. Hotels and Their Workers: Room for Improvement" (Washington, DC: Working for America Institute, September 2002).

¹⁰³ Ibid.

¹⁰⁴ Ibid; Bernhardt, Dresser, and Hatton, "Moving Hotels to the High Road."

¹⁰⁵ Ibid.

¹⁰⁶ Wial and Rickert, "U.S. Hotels and Their Workers."

¹⁰⁷ Ibid.

¹⁰⁸ Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, 2006-07 Edition*, at www.bls.gov/oco/ (January 2007).

¹⁰⁹ Press Release "Mayor Signs Landmark Legislation Reforming City's Rent Control Laws and Financing a New Convention Center Hotel" at dc.gov/mayor/news/release.asp?id=93&mon=200606 (August 24, 2006).

In addition to preparing residents for entry-level jobs, a hotel training partnership should also address retention and advancement challenges in the hospitality industry. In a survey conducted by the American Hotel Federation, hotel employees listed pay and a lack of advancement opportunities as two of the top five internal causes of turnover.¹¹⁰ High turnover is not just a problem for low-wage workers; it is also a problem for employers. There are costs associated with constantly hiring and training new staff. Some hotel employers seek to increase retention and productivity by training incumbent workers for career advancement. Advancement opportunities also provide an incentive for low-wage, entry-level workers to keep their jobs while increasing their earnings prospects.

The organizations identified in the convention center legislation should consider partnering with the Hotel Association of Washington, DC and the University of the District of Columbia to develop a training program that can sustain itself beyond the convention center hotel project. The Hotel Association could work with employers to coordinate information on job openings and training needs. The university, which already offers associate's degrees in Hospitality Management and Tourism, could tailor certificate courses for the hotels in occupations such as concierge services, food and beverage management, and front desk attendant. These offerings could be timed to meet employer-identified hiring cycles, which are often seasonal. The training program could use the industry-validated certificate programs developed by the Educational Institute of the American Hotel and Lodging Association. Such a program could serve job-ready residents looking to enter the hotel industry, as well as incumbent workers interested in upgrading their skills or crossing into departments with more advancement opportunities (for example, from housekeeping to reservationist).

Some residents will need basic work readiness and case management services before and/or during the certificate classes. Beginning with trainees for convention center hotel jobs, ONE DC, organized labor and other partners can arrange for those services to be provided for a harder-to-serve population looking for entry-level employment.

Potential Outcomes of a Hospitality Career Ladder

Table 13a illustrates a single adult's potential outcomes in a guest services hospitality career ladder. A single adult needs full-time work to meet the low-income threshold in the occupations of front desk clerk and concierge—jobs leading to a high-end managerial position. A single adult earns almost double the poverty level working full-time as a front desk clerk compared with almost 100 percent of poverty working part-time. Likewise, a single adult earns nearly three times the poverty level as a full-time concierge compared with only 144 percent of the poverty line as a part-time concierge. Moreover, single childless adults are ineligible for TANF and face very low income limits for EITC and food stamp eligibility. Thus, single adults working part-time as front desk clerks or concierges receive little to no boost to their take-home income with work supports. Even with below-

¹¹⁰ Wial and Rickert, "U.S. Hotels and Their Workers."

poverty annual earnings of \$10,000, a single adult working as a part-time front desk clerk only receives an additional \$200 in take-home income from work supports. A single adult receives no work supports as a part-time concierge earning \$14,700 a year. By contrast, a single adult in a managerial position can earn more than three times the poverty line and bring home an income of nearly \$26,000 after taxes. Because few work supports are available to low-wage single adults, it is critical that they have the opportunity to advance to higher-level positions within the hospitality industry.

Unlike single childless adults, single parents receive large benefits from work supports while holding lower-wage jobs in the hospitality industry. A single parent with two children transitioning from welfare to work as a part-time front desk clerk is living in poverty with annual pre-tax earnings of \$10,000 and TANF benefits of \$1,900 (Table 13b). But take-home income for this single parent is \$18,700 after adding food stamps, subsidized child care, and tax costs and credits. The case of a single parent working as a part-time concierge is similar. With work supports, he or she takes home \$21,500, which is almost one-and-a-half times his or her actual earnings of \$14,700. Single parents who reach the top of the career ladder earn above the low-income threshold working as a manager. These examples illustrate the essential role of work supports in helping single parents make ends meet whether they stay in lower-paying jobs or work their way up the hospitality career ladder to higher-paying jobs.

Table 13. Potential Outcomes of a Guest Services Career Ladder (Hospitality)

13a. Single adult, no custodial children

Federal poverty line: \$10,160; 200% of federal poverty line: \$20,320

	No Work	Front Desk Clerk at \$10.00/hour		Concierge at \$14.65/hour		Manager at \$17.08/hour*
			PT	FT	PT	FT
Annual Earnings	\$0	\$10,000	\$20,000	\$14,700	\$29,300	\$34,200
Take-home income without work supports	\$0	\$8,700	\$16,100	\$12,300	\$22,600	\$25,900
Take-home income with work supports	\$1,824	\$8,900	\$16,100	\$12,300	\$22,600	\$25,900
Income-to-poverty ratio	0	0.98	1.97	1.44	2.88	3.36

13b. Single parent of two custodial children

Federal poverty line: \$15,735; 200% of federal poverty line: \$31,470

	No Work	Front Desk Clerk at \$10.00/hour		Concierge at \$14.65/hour		Manager at \$17.08/hour*
			PT	FT	PT	FT
Annual Earnings	\$0	\$10,000	\$20,000	\$14,700	\$29,300	\$34,200
Take-home income without work supports	\$0	\$3,100	\$7,500	\$7,200	\$14,300	\$17,700
Take-home income with work supports	\$7,972	\$18,700	\$23,300	\$21,500	\$26,300	\$27,400
Income-to-poverty ratio	0.29	0.76	1.27	0.96	1.86	2.17

Notes:

- * These positions may require a post-secondary certificate or associates degree.
- Hourly wages adopted from 2005 BLS Occupational Employment Statistics for those occupations in the Washington metropolitan area.
- In the "no work" column, take-home income with work supports includes food stamps for a single adult and food stamps and TANF benefits for a single parent.
- The income-to-poverty ratio is calculated according to the U.S. Census Bureau's definition of poverty by dividing pre-tax income by the poverty threshold. In our examples, income includes annual earnings and TANF benefits where applicable.
- All earnings and income values are rounded to the nearest hundred. Income-to-poverty ratios are based on unrounded values.

3. **Health Care**

Goal: Place and advance 1,400 District residents in the health care sector over the next seven years

The health sector has a large and stable employment base in the District, with 40,500 employees in 1996 and 41,700 employees in 2005.¹¹¹ In the city, hospitals are the largest employers, with about 24,000 employees, followed by ambulatory care (about 10,000) and long-term care (about 7,000).¹¹² Over the past decade, health care jobs have increased in the metro area, from 139,500 in 1996 to 184,500 in 2005.¹¹³

The sector employs people up and down the skill continuum, from nurses' aides to surgeons. With so many occupations and institutions involved, there is strong potential to create career ladders to afford entry-level and incumbent workers upward mobility. A host of mid-level positions in the allied health occupations require two-year associate's degrees or certificates, and include health information technologists, clinical data coders, dental hygienists, radiographers, licensed practical nurses, and respiratory therapists, to name just a few.

Until now, the potential for a systematic, regional health care workforce program has gone largely unrealized, although there are some strong local programs. Interest has been consistent, with sporadic bursts of planning among hospitals and organizations such as the Greater Washington Board of Trade and the D.C. Chamber of Commerce, but these efforts have not yet borne fruit.

Workforce development programs in the health care field are taking several approaches across the country, depending on the type of organizations involved (such as hospitals or long-term care facilities), specific work shortages in the area, and other local conditions.¹¹⁴

a. *Improving Conditions of Existing Low-Wage Health Care Jobs*

Increasing wages is one of the most direct strategies to improve entry-level direct care jobs. The District recently directed the Medicaid program to increase reimbursement to home-care agencies so they can pay workers \$10.50 an hour, up from \$8.00 an hour.¹¹⁵ Home care workers provide services to the elderly or people with disabilities, and primarily assist with activities of daily living. The DC Coalition on Long-Term Care is now hoping to improve access to public benefits, such as the EITC and Medicaid health insurance, among District direct-care workers.¹¹⁶

¹¹¹ Number of employees in the District's health sector is the sum of employees in the Ambulatory Health Care Services, Hospitals, and Nursing and Residential Care Facilities Industries. Author's analysis of the Current Employment Statistics.

¹¹² Ibid.

¹¹³ Number of employees in the metro area's health sector is the sum of employees in the Ambulatory Health Care Services, Offices of Physicians, and Hospitals Industries. Author's analysis of the Current Employment Statistics.

¹¹⁴ The following typology of three major workforce approaches in the health care field is taken from Joan Fitzgerald, *Moving Up in the New Economy: Career Ladders for U.S. Workers* (Ithaca: Cornell University Press, 2006).

¹¹⁵ DC Coalition on Long-Term Care, "Six-Month Report" (December 2005).

¹¹⁶ "Direct-care worker" is an umbrella term that includes a variety of health care jobs, including certified nursing assistants, home care aides, and other positions that provide hands-on assistance. Direct care workers work in nursing homes, their clients' homes, adult day centers, assisted living facilities, and other settings.

Other strategies to improve job conditions are unionization—a powerful method to increase wages—and the formation of worker-owned cooperatives, such as Cooperative Home Care Associates (CHCA). Home health aides generally receive about 75 hours of training and frequently do not have—or cannot afford—employer-provided health insurance.¹¹⁷ Nationally, median hourly wages for home health aides are \$8.84.¹¹⁸ CHCA’s strategy is to provide higher-quality training for its employees, thus providing a higher quality of care and allowing the agency to charge higher fees. A higher percentage of CHCA employees work at full-time jobs and receive full benefits than is the average nationally, which increases earnings. CHCA was started in the Bronx, and the model has been replicated in several other places with some success.¹¹⁹

b. Creating Skills-Based Tiers Within an Occupation

Long-term care facilities like nursing homes and rehabilitation centers employ numerous nursing assistants and health aides. Across the country, efforts are underway to improve working conditions of these entry-level workers by creating skills-based tiers, such as certified nursing assistant (CNA) levels 1, 2, and 3, with corresponding (though modest) wage increases. The Apple Health Care chain of nursing homes offers advancement opportunities within the CNA position. Apple Health Care is also restructuring the position to enable CNAs to participate more in health care teams and to be involved in developing care plans for nursing home residents.¹²⁰

In Massachusetts, the state created the Extended Care Career Ladders Initiative (ECCLI) in 2000 to address the high turnover and vacancies among entry-level direct-care providers such as CNAs. The program makes competitive grants to nursing homes and other long-term care organizations to develop training programs in support of incremental skill and wage increases among direct care workers, with the goals of reducing turnover, improving worker skills, and providing higher-quality care. Preliminary findings indicate that the program is reducing turnover among CNAs and may be improving the quality of care, as measured by a decline in behavior problems among nursing home residents.¹²¹

¹¹⁷ U.S. Bureau of Labor Statistics, *Occupational Outlook Handbook, 2006-07*; Fitzgerald, *Moving Up in the New Economy*; Paraprofessional Healthcare Institute; “Caregivers Without Coverage” (2006).

¹¹⁸ U.S. Bureau of Labor Statistics, National Industry-Specific Occupational Employment and Wage Estimates, May 2005.

¹¹⁹ Fitzgerald, *Moving Up in the New Economy*.

¹²⁰ Fitzgerald, *Moving Up in the New Economy*.

¹²¹ Randall Wilson and others, “Extended Care Career Ladder Initiative (ECCLI) Round 2: Evaluation Report” (Boston: Wiener Center for Social Policy, Kennedy School of Government, Harvard University and Mauricio Gastón Institute, University of Massachusetts, 2002); Navjeet Singh, “Improving Quality of Care” (Boston: Commonwealth Corporation, 2004); Richard Jones and others, “Improving Quality of Care: A Closer Look” (Boston: Commonwealth Corporation, 2006).

c. *Education, Training and Career Ladders*

Lastly, the career ladder approach seeks to move entry-level workers into higher-wage, higher-skill occupations. The District can look to Boston as a model of a cooperative effort among multiple employers, community-based organizations, unions, community colleges, and other education or training organizations to create more opportunities for entry-level hospital workers. The Boston Health Care Research and Training Institute was launched to address the lack of upward mobility among many entry-level workers in the health care industry. The program started with four employer partners and has since expanded to 11. Also involved are a network of community-based organizations and three community colleges. Originally for incumbent workers, the institute has expanded to serve low-skill job seekers as well. A similar effort is underway in Baltimore, through the Baltimore Alliance for Careers in Healthcare. The Baltimore program is newer and could provide valuable insights on start-up challenges. However, one clear challenge for the District is the lack of a community college. Community college courses in allied health are a core part of both programs.

In its first year, the Boston project worked closely with employers to identify retention and advancement barriers and opportunities at each work site, and outline career pathways (Figure 8). The career ladder has three tracks available to workers in entry-level positions: patient care, management, and technical work. The Boston program also helps workers in entry-level jobs that are not in one of the career tracks, such as cafeteria workers or janitors, obtain training to move into one of the entry-level, career track positions. The institute created training programs both for entry-level workers and direct supervisors. Employees were given work-release time to participate in programs, which allowed them to undertake training during their work shifts with pay. A 60-hour “foundation skills” training is offered to entry-level workers, which focuses on workplace communication, problem solving, critical thinking, customer service, and medical terminology. Supervisors receive a 20-hour training on time and stress management, workplace coaching, performance evaluation, retention and advancement strategies, communication skills, and conflict management. Beyond the foundation class, employees can take courses in ESL, GED preparation, pre-college preparatory courses, and college courses in allied health, nursing, and health care or health research. Workers also receive other services, such as tutoring, mentoring, financial planning, job shadowing, and career coaching.¹²²

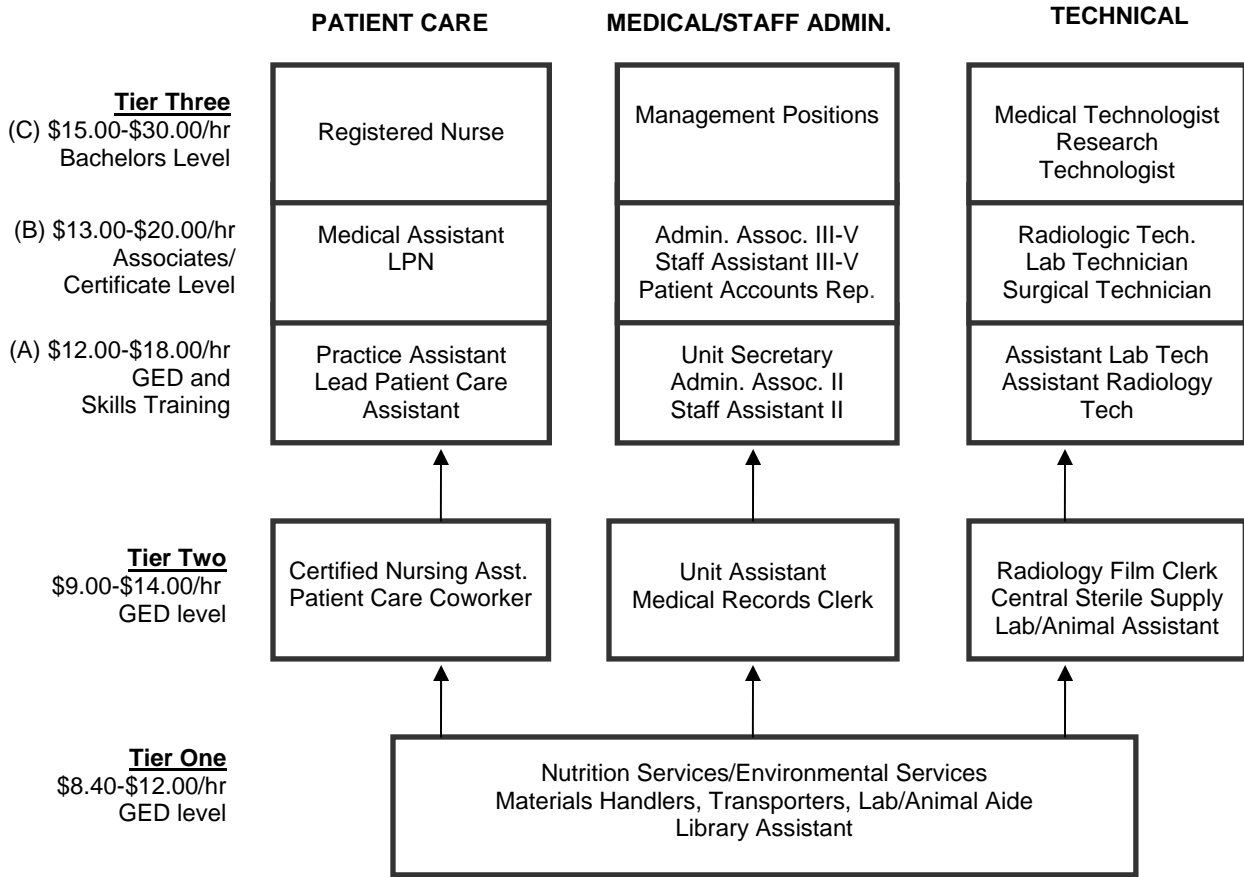
The program now serves approximately 300 incumbent workers and 120 job seekers each year.¹²³ Altogether, the institute has trained 800 employees, 89 percent of whom are still employed with their original employer. Fifty-five percent have increased their earnings or advanced into a higher position, 40 percent are on a career ladder, and 85 percent of supervisors report increased skills and productivity.¹²⁴

¹²² Bridges to the Future, “Creating Career Pathways in Health Care and Research, Second Year Report” (2001-2002); Cindy Marano, “Case Study: A Career Ladder Collaboration in the Health Care Sector: Bridges to the Future” (Oakland: National Network of Sector Partners, 2003); Sarah Griffen, “Advancement and Reward Strategies for Frontline Workers.” Paper presented at Frontline Workforce Development: Promoting Partnerships and Emerging Practices in Health and Health Care, September 15, 2005.

¹²³ Communication with Sarah Griffen, April 2005.

¹²⁴ Griffen, “Advancement and Reward Strategies.”

Figure 8. Hospital Career Ladders, Boston Health Care and Research Training Institute



Source: "Bridges to the Future." Second Year Report 2001-2002.

Potential Outcomes of a Health Care Career Ladder

Tables 14a and 14b demonstrate potential outcomes for single adults and single parents at each step of a health care career ladder. A single adult who begins as a cafeteria worker in a hospital or nursing home earns near, but still below, twice the poverty line (Table 14a). Once he or she moves into a job as a nursing aide, which is the starting occupation in a patient care career ladder, a single adult surpasses the low-income threshold. At the higher rungs of the health care career ladder, a single adult earns over 300 percent of the poverty line as a full-time health information technician and about 400 percent of the poverty line as a full-time licensed practical nurse (LPN).

For a single parent of two, work supports are critical in the lower-level cafeteria worker and nursing aide positions. As a full-time cafeteria worker, a single parent transitioning from welfare to work earns only \$18,500 annually and is just above the poverty line (Table 14b). But by collecting all available work supports, including TANF, food stamps, subsidized child care, and the EITC and other tax credits, this same single parent can take home an income of almost \$22,700, about 23 percent more than the amount that he or she earns pre-tax. Likewise, a single parent working as a full-time nursing aide earns \$23,800 but has a take-home income of \$24,500 after accounting for work-related expenses and work supports. Once he or she reaches the higher-rung positions of the health care career ladder (health information technician and an LPN), a single parent earns above the low-income threshold. These examples show that work supports help single parents with lower-wage hospitality jobs make ends meet. They also provide the financial supports necessary to stay in a job while pursuing career advancement opportunities that help them to become self-sufficient.

Table 14. Potential Outcomes of a Health Care Career Ladder

14a. Single adult, no custodial children

Federal poverty line: \$10,160; 200% of federal poverty line: \$20,320

	No Work	Cafeteria Worker at \$9.25/hour	Nursing Aide at \$11.89/hour	Health Info. Technician at \$15.87/hour	Licensed Practical Nurse at \$20.50/hour*
		FT	FT	FT	FT
Annual Earnings	\$0	\$18,500	\$23,800	\$31,700	\$41,000
Take-home income without work supports	\$0	\$15,100	\$18,700	\$24,300	\$30,300
Take-home income with work supports	\$1,824	\$15,100	\$18,700	\$24,300	\$30,300
Income-to-poverty ratio	0	1.82	2.34	3.12	4.03

14b. Single parent of two custodial children

Federal poverty line: \$15,735; 200% of federal poverty line: \$31,470

	No Work	Cafeteria Worker at \$9.25/hour	Nursing Aide at \$11.89/hour	Health Info. Technician at \$15.87/hour	Licensed Practical Nurse at \$20.50/hour*
		FT	FT	FT	FT
Annual Earnings	\$0	\$18,500	\$23,800	\$31,700	\$41,000
Take-home income without work supports	\$0	\$6,300	\$10,300	\$16,000	\$22,500
Take-home income with work supports	\$7,972	\$22,700	\$24,500	\$27,000	\$27,000
Income-to-poverty ratio	0.29	1.18	1.51	2.02	2.61

Notes:

* These positions require a post-secondary certificate or associates degree.

• Hourly wages adopted from 2005 BLS Occupational Employment Statistics for those occupations in the Washington metropolitan area.

• In the "no work" column, take-home income with work supports includes food stamps for a single adult and food stamps and TANF benefits for a single parent.

• The income-to-poverty ratio is calculated according to the U.S. Census Bureau's definition of poverty by dividing pre-tax income by the poverty threshold. In our examples, income includes annual earnings and TANF benefits where applicable.

• All earnings and income values are rounded to the nearest hundred. Income-to-poverty ratios are based on unrounded values.

4. Administrative and Computer Support Occupations

Goal: Place and advance 1,400 District residents in administrative and computer support jobs over the next seven years

Owing to Washington's role as the nation's capital, government, professional and business services, and other services provide a large and growing number of jobs in the District and the region. Although many jobs in these industries require a college education, individuals without a four-year degree can be competitive candidates for some occupations that are common in professional and business services, such as administrative and computer support jobs.

Computer specialists provide technical assistance and support to users by running troubleshooting diagnostics and repairing computer software and hardware.¹²⁵ Administrative support professionals conduct a variety of clerical and administrative tasks, and include positions such as customer service representatives, receptionists and information clerks, administrative assistants, secretaries, and bank tellers. Both computer support specialists and administrative support occupations are on the Department of Employment Service's list of the top 40 high-demand occupations in the District. The Bureau of Labor Market Statistics estimates that there were approximately 4,000 computer support specialist jobs in the District and more than 23,000 in the Washington metropolitan area in 2005.¹²⁶ There were also approximately 122,000 and nearly 495,000 office and administrative support jobs in the District and Washington metropolitan area, respectively.¹²⁷

Although these positions do not necessarily require a four-year degree, many administrative and computer support workers gain some form of postsecondary education. Of those workers without a bachelor's degree in the District in 2000, nearly 60 percent of all administrative support workers and 83 percent of computer support specialists had completed some college or an associate's degree.¹²⁸ Regardless of education, both positions require technical knowledge of a variety of computer programs and strong communication and customer service skills. For computer support specialists without postsecondary credentials, strong practical experience or certification through a recognized testing system are often also required.¹²⁹ Thus, programs that prepare less-skilled individuals for these positions must provide significant technical training in addition to soft-skills development. We suggest training a smaller number of individuals as computer support specialists because there are far fewer of these positions and because this occupation requires specific technical skills that demand more intensive and expensive training.

¹²⁵ U.S. Bureau of Labor Statistics, *Occupational Outlook Handbook, 2006-07*.

¹²⁶ U.S. Bureau of Labor Statistics, May 2005 Metropolitan Area Occupational Employment and Wage Estimates, Occupational Employment Statistics.

¹²⁷ *Ibid.*

¹²⁸ U.S. Census Bureau, "Census 2000 Equal Employment Opportunity Tool tabulation.

¹²⁹ U.S. Bureau of Labor Statistics, *Occupational Outlook Handbook, 2006-07*.

a. *Administrative Support*

Administrative support training must teach a specific set of occupational skills and soft skills for working in an office environment. Training Futures, located in northern Virginia, and the business services track of the Community College of Denver’s Essential Skills Program (ESP) both offer examples of administrative support training programs from which the District’s workforce development system could benefit. Training Futures is run by Northern Virginia Family Services, a nonprofit organization that provides services to low-income families. ESP is one of the Community College of Denver’s workforce development offerings. As a fast-track vocational certificate program for unemployed and underemployed individuals, ESP provides training for high-demand industries, including business services. Both programs serve low-income adults and require participants to read and write at the seventh grade level.

Training Futures and ESP share several common program components (Figure 9). During approximately a five-month period, both programs teach specific administrative skills such as keyboarding, business math, and office computer applications. Soft skills training includes preparing participants for performance reviews and conflict management. Both programs also develop internships and mentorships with partnering businesses to allow participants to gain work experience in their career field. Both also offer community college credit. Training Futures offers credit through a partnership with Northern Virginia Community College.

Figure 9. Overview of Administrative Support Workforce Development Programs

Goal: Place 1,000 residents in entry-level administrative support jobs	
Program Components	<ul style="list-style-type: none"> • Occupational, computer, and technical skills • Communication and soft skills for a white-collar workplace • Remedial skills taught in context of occupational training • Simulated work environment and/or internship • Strong relationships with employers • Career counseling and assistance with job search/placement • Links to supportive and social services
Examples	<ul style="list-style-type: none"> • Essential Skills Program, Community College of Denver • Training Futures, Northern Virginia

Training Futures reports that 93 percent of enrollees have completed the program, and 91 percent of completers have found full-time employment.¹³⁰ No data are available on ESP’s business services track alone. However, a case study of the ESP program published in October 2000 reported that 70 percent of individuals participating in all of ESP’s career tracks completed the program with 77 percent employed six months after completion.¹³¹

¹³⁰ Training Futures Website at www.nvfs.org/trainingfutures.htm (January, 2007).

¹³¹ Joan Fitzgerald, “Community Colleges as Labor Market Intermediaries: Building Career Ladders for Low Wage Workers” (New York: Community Development Research Center, New School University, 2000).

b. *Computer Support*

The most accessible computer specialist position is that of a help-desk technician. Turnover is often high in this position because many recent college graduates begin at the help desk and quickly progress to higher-level specialist positions. To reduce turnover, employers may choose to hire noncollege graduates with strong technical training.

Year Up, a technology training program for disadvantaged youth, provides a promising model for preparing low-income individuals for information technology (IT) help-desk jobs. Started in Boston, Year Up opened a Washington site in 2006 that currently serves 60 students a year and plans to serve up to 200 students a year in the near future. Year Up provides one year of intensive training, coupled with weekly stipends, to low-income young adults aged 18–24. Program participants must have a high school diploma or GED and demonstrate motivation and interest in a technical career. Many also often face conditions like past homelessness or family or neighborhood circumstances that impede their ability to transition from high school to college.

During the first six months of the program, Year Up students master core curriculum and then specialize in Desktop Support/IT Help Desk. All coursework automatically counts as 18 college credits at Cambridge College, an accredited continuing education college for working adults, thus giving students a foothold in the world of postsecondary education. Year Up participants also learn professional workplace skills, including effective communication, project management, and leadership, and sign a contract agreeing to several professional behavior measures. In addition to skills training, Year Up provides support services and professional networks through staff counselors and mentors, who regularly meet with students.

During the second six months of the program, students are placed in “apprenticeships” with local partner companies, in which they gain work experience and references for future job searches. The outcomes that Year Up reports are promising. Eighty-three percent of students who enroll in the program complete the full year of training.¹³² Among graduates, 87 percent are placed in full-time or part-time positions with an average wage of \$15 per hour, and 44 percent continue the postsecondary education they began in Year Up.¹³³

¹³² “About Us,” available at www.yearup.org/aboutus.htm (August 2006).

¹³³ Ibid; Radha Roy Biswas, “Our Success Is Our Graduates, Case Study of Year Up: A Career Advancement Model for Low-Income Young Adults” (Boston, MA: Jobs for the Future, December 2005).

Potential Outcomes of Administrative and Computer Support Occupations

Table 15a demonstrates potential outcomes for single adults who obtain entry-level positions in both administrative and computer support. As a full-time, entry-level administrative assistant, a single person earns enough to be well over the low-income threshold. Meanwhile, a single adult working as a full-time computer support specialist earns nearly 300 percent of the poverty line and takes home \$23,100 after accounting for payroll and income taxes.

A single parent with an entry-level administrative support job has earnings above the poverty line, but below the low-income threshold (Table 15b). Once again, work supports boost the single parent's earnings and take-home income. A single parent's take-home income with work supports, including subsidized child care, the EITC, and other tax credits, is \$24,300, which is \$1,300 more than her actual earnings and \$14,600 more than her take-home income without work supports. A single parent working as a full-time computer support specialist does even better, earning \$30,000, which is near the low-income threshold. At this earnings level, a single parent reaches the income limits for TANF and food stamps. But other available work supports, particularly subsidized child care and the EITC still boost his or her take-home income. A single parent working as a computer support specialist takes home \$26,500, which is \$11,700 more than he or she would take home without tax credits and subsidized child care.

Table 15. Potential Outcomes of Administrative and Computer Support Workforce Development Programs

15a. Single adult, no custodial children

Federal poverty line: \$10,160; 200% of federal poverty line: \$20,320

	No Work	FT Entry-level Administrative Support at \$11.50/hour	FT Entry-level Computer Support Specialist at \$15.00/hour*
Annual Earnings	\$0	\$23,000	\$30,000
Take-home income without work supports	\$0	\$18,200	\$23,100
Take-home income with work supports	\$0	\$18,200	\$23,100
Income-to-poverty ratio	0.00	2.26	2.95

15b. Single parent of two custodial children

Federal poverty line: \$15,735; 200% of federal poverty line: \$31,470

	No Work	FT Entry-level Administrative Support at \$11.50/hour	FT Entry-level Computer Support Specialist at \$15.00/hour*
Annual Earnings	\$0	\$23,000	\$30,000
Take home income without work supports	\$0	\$9,700	\$14,800
Take home income with work supports	\$7,972	\$24,300	\$26,500
Income-to-poverty ratio	0.29	1.46	1.91

Notes:

* Computer Support Specialists are likely to have a postsecondary certificate or degree.

• Hourly wages adopted from 2005 BLS Occupational Employment Statistics for entry-level occupations in the Washington metropolitan area and from the average starting wage of individuals who graduate from "best practice" programs.

• In the "no work" column, take-home income with work supports includes food stamps for a single adult and food stamps and TANF benefits for a single parent.

• The income-to-poverty ratio is calculated according to the U.S. Census Bureau's definition of poverty by dividing pre-tax income by the poverty threshold. In our examples, income includes annual earnings and TANF benefits where applicable.

• All earnings and income values are rounded to the nearest hundred. Income-to-poverty ratios are based on unrounded values.

VII. CAREER AND TECHNICAL EDUCATION IN DC PUBLIC SCHOOLS

Goal: Implement Career Academies in DC public high schools and graduate 2,000 students over the next seven years

In addition to providing sector-based training programs for adults, the District should reinvigorate its career and technical education (CTE) programs in public high schools. The Office of Career and Technical Education within the DC public school system has proposed launching “career academies” in 12 industry clusters, including business administration and finance; construction and design; health and medical sciences; arts, media and communications; and hospitality and tourism.¹³⁴ The Master Education Plan released by the school system in early 2006 called for thematic CTE programs in District high schools, although it is not clear how these relate to career academies.¹³⁵

Three components differentiate career academies from other types of CTE:¹³⁶

- School-within-a-school organization: A class of 50 to 75 students works with the same cluster of teachers throughout their high school career.
- Career theme for academic and technical curricula: Rather than focusing on specific job skills, academic and technical education is organized around a range of occupations in a career field based on local employment demand.
- Employer partnerships: Formal relationships with local employers foster work- and career-related activities for students, mentorships, and guidance on curricular activities.

A rigorous evaluation of career academies four years after scheduled graduation demonstrated positive and statistically significant program impacts (Table 16). Average monthly earnings of male program participants were 18 percent (\$212) higher than those of the control group, and average monthly earnings of program participants at the highest risk of dropping out were 16 percent (\$168) higher than those of the control group.¹³⁷ There were no statistically significant impacts (positive or negative) on the earnings of young women, but this may be because women were involved in postsecondary education or taking care of children four years after graduation.¹³⁸

¹³⁴ Office of Career and Technical Education, District of Columbia Public Schools, “Preparing the Workforce of DC’s Future: Toward a Career-Technical Education System for the Capital State of the 21st Century” (March 2005).

¹³⁵ District of Columbia Public Schools, “All Students Succeeding: A Master Education Plan for a System of Great Schools” (2006).

¹³⁶ James Kemple, “Career Academies: Impacts on Labor Market Outcomes and Educational Attainment” (New York: MDRC, 2004).

¹³⁷ Ibid.

¹³⁸ Ibid.

Table 16. Impact of Career Academies on Average Monthly Earnings, Four Years After Graduation

Subgroup	Treatment	Control	Program Impact
Young men	\$1,373	\$1,161	18% increase**
Young women	995	956	4% increase
Highest risk of drop-out	1,204	1,036	16% increase*

Source: James Kemple, "Career Academies: Impacts on Labor Market Outcomes and Educational Attainment" (New York: MDRC, March 2004).

*Note: Statistical significance levels indicated as **=5 percent and *=10 percent. No * means that the results are not statistically significant.*

There is concern that CTE encourages students to enter into the labor market immediately after high school, thus dissuading them from pursuing postsecondary education. However, career academy participants were just as likely to pursue postsecondary education as members of the control group. Moreover, participants had higher educational attainment than national averages, with 90 percent graduating from high school and 80 percent enrolled in a postsecondary education.¹³⁹

Given the positive impacts of career academies, we recommend that the District of Columbia Public Schools implement its career academies plan. To achieve similar results, the District's public schools should begin career academies in tenth grade and have a school-within-a-school organization, a career theme for academic and technical curricula, and partnerships with employers. Given that career academies were particularly effective for students at risk of dropping out, the District should also develop a strategy to connect high school reentry programs to career academies. Career academies can motivate at-risk students to finish high school by providing them with realistic options for their future in postsecondary education or employment with advancement possibilities.

¹³⁹ Ibid.

VIII. A COMMUNITY COLLEGE IN THE DISTRICT

Community colleges are a critical part of the workforce development system. They have open admissions policies, relatively low tuition rates, and a wide range of educational and training offerings. The certificate courses or associate's degrees offered at community colleges provide pathways to many of the top-tier occupations in the sector-specific career ladders identified earlier, including but not limited to licensed practical nurses, health care technicians, computer specialists and technicians, and higher level administrative support positions. For sector-specific programs to work in the District and to address the training and education needs of D.C. residents more broadly, the city needs a full-fledged community college.

One option for a full-fledged community college is for UDC to expand its community college courses and programming to offer more occupation-specific certificate programs and associate's degrees. Expanding UDC's role as a community college would be a significant endeavor and would require high-level political support, additional resources, and strong leadership within the university. If UDC does not want to prioritize workforce development programs, other options are to start a new community college, find an alternative sponsoring institution, or send District students to community colleges in the suburbs, as is already happening on a small scale through the DC TAG program.

The effort to expand District residents' access to community college courses would be well worth it. Workers enjoy considerable economic returns to a community college credential. Controlling for other factors that affect earnings, an analysis of Survey of Income and Program Participation (SIPP) data found that workers who earned an associate's degree had higher earnings than those who attended college for two years but did not receive a credential.¹⁴⁰ Moreover, a Washington state assessment of 35,000 community college students identified the attainment of a one-year certificate as a critical milestone for students who started their studies without a high school degree or in an ESL program. Students who earned a certificate saw earnings gains of between \$7,000 and \$8,000 compared to students who also started their studies without a high school degree or in an ESL program, but did not transition successfully into a credit-bearing certificate program. Predictors of success in earning a credential included receiving financial aid and the expectation among students upon enrollment that they would attend school for a year or longer. Short-term training assisted students in getting a job but was not associated with increased wages.¹⁴¹

Any community college in the District must make a major commitment to ensuring the school is accessible and affordable, with adequate services to help students succeed. For many poor and near-poor adults, affordability is a major barrier to enrolling and completing a postsecondary program. Although community college is less expensive than other forms of postsecondary

¹⁴⁰ W. Norton Grubb, *The Returns to Education and Training in the Sub-Baccalaureate Labor Market: Evidence from the Survey of Income and Program Participation 1984-1990* (Berkeley, CA: National Center for Research and Vocational Education, 1995).

¹⁴¹ David Prince and Davis Jenkins, "Building Pathways to Success for Low-Skill Adult Students: Lessons for Community College Policy and Practice from a Statewide Longitudinal Tracking Study" (New York: Community College Research Center, Teachers College, Columbia University, April 2005).

education (UDC's annual in-state tuition was \$2,760 in the 2006–2007 school year for a full-time student), many low-income individuals struggling to make ends meet do not have any additional resources to spend on college. Moreover, expenses associated with attending college, such as child care, school-related supplies, additional transportation, and the opportunity cost of lost wages, add to the cost of higher education.

Various forms of financial aid are available to help low-income students cover the cost of college, including federal, state, and institutional grants and loans. These programs, however, may provide too little assistance for low-income students to cover tuition and living expenses. The Pell Grant is the major federal, need-based financial aid program for postsecondary education. Although the maximum Pell Grant award is \$4,050, the average award in FY 2006 was \$2,445.¹⁴² The local DC LEAP program awards grants to students with financial need who are attending postsecondary school at least half-time. The maximum award per year, however, is \$1,500 and covers tuition expenses only, not living expenses.¹⁴³ In short, although scholarships and other financial aid options exist, they are limited and may not cover all tuition and living expenses. If the District wants to make community college more accessible, it needs to examine whether its current financial aid programs are sufficient to assist low-income, non-traditional students.

Retention and degree completion is also a problem for community colleges across the country. National data suggest that nearly one-half of community college students fail to receive a degree or transfer to another college within six years of enrollment.¹⁴⁴ Research has identified several non-financial barriers that many low-income students face.¹⁴⁵ Some struggle to balance community college with the time-intensive demands of family and work. Others need developmental (remedial) education to enter a program of study. In addition to these individual circumstances, students may face institutional barriers, such as weak academic supports and insufficient guidance and counseling. Students, especially those who are part-time, may feel isolated due to weak relationships with peers and faculty. With little rigorous evaluation of community college programs, we lack strong evidence about methods for increasing persistence and graduation among nontraditional students. Still, some promising options include small learning communities that provide a supportive environment, and community college partnerships with public high schools and adult education providers to align entry and exit criteria and improve transitions.

¹⁴² Person Government Solutions, "2004-2005 Federal Pell Grant Program End-of-the-Year Report" (Washington: U.S. Department of Education, 2005).

¹⁴³ State Education Office, Government of the District of Columbia, available at seo.dc.gov/seo/cwp/view,a,1225,q,536616,seoNav_GID,1511,seoNav_|31238|.asp (August 17, 2006).

¹⁴⁴ Thomas Brock and Lashawn Richburg-Hayes, "Paying for Persistence: Early Results of a Louisiana Scholarship Program for Low-Income Parents Attending Community College" (New York: MDRC, May 2006.)

¹⁴⁵ Thomas Brock and Allen LeBlanc, "Promoting Student Success in Community College and Beyond: The Opening Doors Demonstration." (New York: MDRC, May 2005).

IX. PROGRAMS FOR RESIDENTS WITH LOW BASIC SKILLS

Individuals without high school degrees or with low basic skills, defined here as below ninth grade reading and math levels, are unlikely to succeed in sector-specific vocational training programs or community college programs without additional assistance or preparation. Given the low educational attainment levels among our target population and the city's low adult literacy rates, it is clear that the city has a considerable basic skills challenge.¹⁴⁶

Evidence suggests that adult basic education (ABE) on its own, disconnected from further educational and employment opportunities, is unlikely to substantially increase the incomes of less-skilled adults.¹⁴⁷ Adult basic education programs have a greater economic impact when they are conceived as one component of a larger career pathway strategy to move less-skilled adults into employment, training, and postsecondary education. A recent evaluation of workforce development programs in Washington State demonstrated that as stand-alone programs, ABE programs housed at community colleges only slightly increased employment and had no significant impact on average monthly earnings.¹⁴⁸ By contrast, students who participated in occupational training after completing ABE programs had average quarterly earnings that were 10 percent higher and employment rates that were 5 percentage points higher than a statistically matched comparison group.¹⁴⁹ In regard to a GED, research suggests that the credential alone has at best modest effects on wages.¹⁵⁰ However, when used to access postsecondary education, the GED has a significant economic payoff.¹⁵¹

Unfortunately, adult education programs do not have a strong record of feeding into postsecondary education or vocational training. Approximately two-thirds of GED participants nationally take the test to obtain postsecondary training and education.¹⁵² However, only about one-fourth to one-third of GED holders enter postsecondary education or vocational training.¹⁵³ In addition, when GED holders do enroll in postsecondary education, they have substantially lower rates of persistence in college than students who enter with a high school degree. Five years after entering a two-year postsecondary institution, 54 percent of high school degree holders had

¹⁴⁶ National Institute for Literacy, "The State of Literacy in America: Estimates at the Local, State and National Levels" (1998).

¹⁴⁷ Gayle Hamilton and others, "How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs" (Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families and the Office of the Assistant Secretary for Planning and Evaluation and the U.S. Department of Education, 2001); Nan Poppe, Julie Strawn and Karin Martinson, "Whose Job Is It? Creating Opportunities for Advancement." In Robert Giloth, ed, *Workforce Intermediaries for the Twenty-First Century* (Philadelphia: Temple University Press, 2004).

¹⁴⁸ Kevin Hollenbeck and Wei-Jang Huang, "Net Impact and Benefit-Cost Estimates of the Workforce Development System in Washington State" (Kalamazoo, MI: W.E. Upjohn Institute, July 2003).

¹⁴⁹ Ibid.

¹⁵⁰ Stephen V. Cameron and James .J. Heckman, "The Nonequivalence of High School Equivalents," *Journal of Labor Economics* 11 (1993): 1-47.

¹⁵¹ Richard Murane, John B. Willett, and Kathryn Parker Boudett, "Do Male Dropouts Benefit from Obtaining a GED, Postsecondary Education, and Training?" *Evaluation Review* 23(5) (1999): 475-503.

¹⁵² American Council on Education, "Who Took the GED?" GED 2000 Statistical Report. (Washington: 2001).

¹⁵³ John H. Tyler, "What Do We Know About the Economic Benefits of the GED? A Synthesis of the Evidence from Recent Research" (Providence, RI: Brown University, August 2001); Bonnie Krall, *A Promise of Empowerment: Results of the GED 1992 Follow-up Survey* (Washington: American Council on Education, 1995).

completed a degree or were still enrolled compared with 28 percent of GED holders.¹⁵⁴ These two factors—the low entry rate of GED holders into postsecondary education and their low levels of persistence if they do enter postsecondary education—suggest a serious disconnect between the skills taught in adult education and GED programs and those needed to succeed in postsecondary education.

Meanwhile, adults without a high school degree/GED or with very low basic skills are often barred from further education and training, either by a formal credential requirement or by skill requirements (such as the ability to read or do math at the 10th grade level). While these students are not likely candidates for community college, they can be served by programs that provide basic education in a context of occupational skills training or employment preparation.¹⁵⁵ In fact, an assessment of workforce programs in Massachusetts serving low-income adults in the late 1990s found that participants in programs integrating basic skills with occupational training had the greatest earnings gains of all the program types, including job search assistance, occupational skills training, and basic education.¹⁵⁶

Thus, there are two key elements in designing ABE programs to improve the earnings and employment of less-skilled adults: connecting ABE programs sequentially with other employment and educational opportunities, and integrating basic reading and mathematics skills with occupational skills and job-readiness services, also called “contextualized education.” Both of these approaches represent a change from how adult basic education programs are traditionally structured, nationally and locally. They are, however, critical to the success of career pathways training strategies because otherwise, adults with low levels of basic skills are shut out of employment and training opportunities that require higher skills.

Adults categorized as having low basic skills have a range of abilities, and certain program models are more appropriate depending on initial skill levels and interest in pursuing further education or going directly into employment. Although there is no hard and fast rule, programs preparing people for postsecondary education usually require reading levels at the seventh to ninth grade level or above. Programs serving adults with lower skill levels also focus on upgrading skills, but without the additional goal of preparing participants for postsecondary education. Instead, they provide a mix of basic, occupational, and job readiness skills for less-skilled jobs within a context of career exploration.¹⁵⁷

¹⁵⁴ Stephen Reder, “Adult Literacy and Postsecondary Education Students: Overlapping Populations and Learning Trajectories.” In John Comings, Barbara Garner, Christine Smith, Eds., *Annual Review of Adult Learning and Literacy* (vol. 1) (Jossey-Bass, 2001).

¹⁵⁵ Women Employed with Chicago Jobs Council and UIC Great Cities Institute, “Bridges to Careers for Low-Skilled Adults: A Program Development Guide” (2005); Thomas Sticht, *Adult Basic Education: Strategies to Increase Returns on Investment* (San Diego: Applied behavioral and Cognitive Sciences, Inc., 1999).

¹⁵⁶ Michael Stoll and others, “An Evaluation of Massachusetts’ Workforce Development Programs: The Earnings and Employment Impacts of Participation in Employment and Training Programs on Low-Income Adults” (Los Angeles: Center for the Study of Urban Poverty, UCLA, 2003).

¹⁵⁷ Women Employed with Chicago Jobs Council and UIC Great Cities Institute, “Bridges to Careers.”

Creating integrated basic and occupational skills curricula is a time-consuming process, and requires the active participation of both adult educators and industry experts who can identify job-related competencies for particular occupations. In addition, programs must build new relationships. Adult education programs, employers, and community colleges must all work together more than they currently do. Creating programs to serve adults with low skill levels is critical, but it will take time, there will be bumps in the road, and the city and its partners cannot expect overnight success.

Given that these types of programs either do not exist in the District or operate on a small scale, the city should fund pilot programs or create incentives for existing providers to incorporate new program elements, such as contextual learning, into their programs. The District can also use its “bully pulpit” to encourage employers to identify basic skill needs among their employees and provide seed money to launch workplace literacy programs. In fact, the District government could set an example and start such programs for its own employees.

A. Bridge Programs

Goal: Graduate 1,000 residents at the high end of the low basic skills spectrum (seventh to ninth grade or above or high-intermediate ESL levels) from bridge programs to prepare for postsecondary education or vocational training, over the next seven years

Individuals with low basic skills may lack the academic skills to succeed in college-level courses. Students may struggle with the requirements of writing academic papers, making oral presentations, or doing college-level algebra. This is especially true for GED holders, whose curricula typically does not cover these topics, although it could be true as well for other students, such as those who are not recent high school graduates or those who attended a poorly performing high school.

Community colleges typically respond to low basic skills problems by providing developmental or remedial courses in a traditional classroom context with a focus on reading or math. However, many students required to take developmental courses do not succeed in this type of learning environment or lack the time and funding to complete it. Studies have found that community college students’ probability of earning a degree declines as the number of remedial courses required increases.¹⁵⁸ In addition to academic barriers, incoming postsecondary students (both GED and high school graduates) may not be prepared to handle the logistics of postsecondary education, including admissions and financial aid applications, study skills, and time management.¹⁵⁹

¹⁵⁸ Thomas R. Bailey and Mariana Alfonso, “Paths to Persistence: An Analysis of Research on Program Effectiveness at Community Colleges” (New York: Community College Research Center, Teachers College, Columbia University, 2005).

¹⁵⁹ Judy Alamprese, “Helping Adult Learners Make the Transition to Postsecondary Education” (Bethesda, MD: Abt Associates, 2005).

Bridge programs prepare GED holders, ESL students, and other adults with reading and math skills above the seventh or ninth grade levels for postsecondary education and vocational training, so they are equipped to enter a program and succeed. Across the country, a great deal of innovation and experimentation is taking place within community colleges and nonprofit organizations. Although they have not been rigorously evaluated, bridge programs provide promising models for the District. See Figure 10 for a list of elements the various bridge programs have in common.

Figure 10. Overview of Bridge Programs

Goal: Place 1,000 residents with low basic skills in bridge programs to prepare for postsecondary education	
Program Components	<ul style="list-style-type: none"> • Teach basic skills in the context of general career development or a specific occupation to prepare for vocational education or community college • Develop academic skills, including note-taking, study habits, and time-management • Prepare students to navigate the college environment by providing assistance with enrollment and financial aid • Short-term (10 weeks) and intensive to curb attrition; break education components into multiple, smaller steps that combine to form a long-term educational and career path • Usually run by a community college-nonprofit partnership
Examples	<ul style="list-style-type: none"> • Integrated Basic Education and Skills Training, Washington State Board for Community and Technical Colleges • Career Pathways Program, Southern Good Faith Fund and Southeast Arkansas College • New England ABE-to-College Transition Project

In Washington State, the State Board for Community and Technical Colleges launched the I-BEST program (Integrating Basic Education and Skills Training) in 2004 as a demonstration. I-BEST helps students succeed in credit-bearing college courses by pairing ABE or ESL instructors in the classroom with a professional or technical instructor, thereby providing joint basic and technical skill development for students. The initial demonstration projects all focused on ESL education, paired with training in a variety of occupations.¹⁶⁰ The occupational skills content serves as the context for learning, practicing, and mastering English.¹⁶¹

¹⁶⁰ Washington State Board for Community and Technical Colleges, "I-BEST: A Program Integrating Adult Basic Education and Workforce Training" (2005).

¹⁶¹ Washington State Board for Community and Technical Colleges, "Integrated Basic Education and Skills Training (IBEST), Program Guidelines and Planning Process" (2006).

An assessment found that I-BEST students earned five times more college credits on average and were 15 times more likely to complete workforce training than were students in traditional ESL programs during the same time period. I-BEST students were intermediate to advanced ESL students, with an average English language proficiency score of four out of six on the state's competency system. The program would not be suitable for beginning ESL students.¹⁶²

In Arkansas, the Southern Good Faith Fund (SGFF), a community-based organization, and Southeast Arkansas College (SEARK) developed the Career Pathways pilot project. The Pathways project provides workforce-focused education and training opportunities to adults at different points along the basic skills continuum, and offers routes directly into employment as well as to further education. Students with skills between the 6th and 9th grade levels take the WAGE Pathways Bridge Program, which teaches basic academic skills and occupational competencies in the context of specific job tasks in six career pathways. The bridge program feeds into short-term, college-level certificate programs in the same career pathway, which prepares students for employment in specific occupations. Students also have the option of continuing their education because the certificates articulate to longer-term educational programs, such as one-year and two-year certificates and degrees.¹⁶³

The program ensures that its curriculum meets local employers' needs by doing literacy task analyses (LTAs) of entry-level jobs in targeted industries to determine the specific academic and soft skills required for those positions. The curricula use job tasks identified through the LTAs to teach basic academic skills and other competencies.¹⁶⁴ In addition, adults interested in moving quickly into employment can enroll in the Employability Certificate program, which requires 12 hours of class time and serves as a voucher of work readiness to local employers.¹⁶⁵

Another program model targets GED students or recent GED test-takers specifically, and engages them in a program designed to prepare them for postsecondary education. Such programs focus on several issues, including academic skills, time management, study skills, financial aid, stress management, and academic and career counseling. There are a number of programs and models within the New England ABE to College Transitions Project, although they are all based on partnerships between an adult education center and a collaborating community college.¹⁶⁶

¹⁶² Ibid.

¹⁶³ Women Employed with Chicago Jobs Council and UIC Great Cities Institute, "Bridges to Careers;" Southern Good Faith Fund, "Southeast Arkansas College Career Pathways Program" (2006).

¹⁶⁴ Southern Good Faith Fund, "Southeast Arkansas College Career Pathways Program."

¹⁶⁵ "The WAGE Program and its Partners in El Dorado, Arkansas," Community Partnerships for Adult Learning," available at www.c-pal.net/profiles/complete/ar.pdf (February 2007).

Women Employed and others, "Bridges to Careers."

¹⁶⁶ Judith Alamprese, "Approaches to ABE Transition to Postsecondary Education," *Focus on Basics: Connecting Research and Practice* 6 (D) (February 2004): 26-27; Jessica Spohn and Silja Kallenbach, "Pathways to College for Academically Under-Prepared Students," *Focus on Basics, Connecting Research and Practice*, 6 (D) (February 2004): 28-29; Julia Gittleman, "The New England ABE-to-College Transition Project Evaluation Report," (Washington: Nellie Mae Education Foundation, 2005).

B. Contextual Basic Skills Programs

Goal: Graduate 700 residents at the low end of the basic skills spectrum (seventh grade reading and below or low-intermediate ESL level) from contextual education programs that integrate basic skills, occupational skills, and work readiness skills over the next seven years. Programs could be for job seekers or for incumbent workers in workplace literacy programs.

There are fewer models of basic education and occupational skills training programs that lead to improved employment and earnings outcomes for adults with very low skills or low English-language proficiency. Because of students' low educational levels, they are unlikely candidates for postsecondary education. Instead, the focus is on skill-building and job readiness for low-skill, entry-level jobs, but ideally within a context of career exploration and a longer-term education and employment plan.

The Center for Employment Training (CET), founded in San Jose, CA, in the late 1960s is probably the best known program teaching basic skills in the context of an occupation or career. The program was developed to serve agricultural workers but has proved effective with a broader population. It is one of the few programs that has been found in random-assignment evaluations to increase earnings and employment among less-skilled and hard-to-serve populations, specifically single mothers and out-of-school youth.¹⁶⁷ The center's program model incorporates a few key elements: the training program mimics the workplace as closely as possible to develop good work habits; it does not set specific educational or skill requirements for its students; it provides basic skills in the context of occupational skills training; and it has very strong relationships with employers, carefully tailoring its curricula to meet employer needs.¹⁶⁸ Students are in the program for about six months. There are now CET affiliates and replication sites throughout the country, and one is located in the District.

However, research on the replication of CET sites points to the difficulty of implementing the model and achieving CET's successful outcomes. An interim report on replication sites found that programs had varying success in staying true to the model. At the "high-fidelity" sites, the program led to significant gains in employment and earnings of young women, but it had a negligible to negative effect for young men.¹⁶⁹

In Chicago, the Greater West Town Community Development Project offers a 10-week shipping and receiving program. The program requires students to test at or above the sixth grade level in reading and math. The program teaches basic reading and math skills within the context of

¹⁶⁷ George Cave, Hans Bos, Fred Doolittle and Cyril Toussaint, "JOBSTART: Final Report on a Program for School Dropouts" (New York: MDRC, 1993); Amy Zambrowski, Anne Gordon and Laura Berenson, "Evaluation of the Minority Female Single Parent Demonstration: Five-Year Impacts at CET" (Princeton: Mathematica Policy Research, Inc., 1993).

¹⁶⁸ Edwin Melendez, "Working on Jobs: The Center for Employment Training" (Boston: Mauricio Gaston Institute for Latino Community Development and Public Policy, University of Massachusetts, 1996).

¹⁶⁹ Cynthia Miller and others, "Working with Disadvantaged Youth: Thirty-Month Findings from the Evaluation of the Center for Employment Training Replication Sites" (New York: MDRC, 2003).

workplace scenarios, and the training facility simulates the work environment. Specific information on employment outcomes of participants in the shipping and receiving program is unavailable. However, aggregate information on the program combined with another West Town training program (for woodworkers, with similar skill requirements) is available. Results show that from 2001 to 2003, more than 80 percent of enrollees completed the programs, and about 90 percent of graduates were placed in jobs.¹⁷⁰

Another option is to provide adult education at the workplace as part of larger career ladder initiative. Several health care projects in Massachusetts target entry-level health care workers for adult education, communication skills, career coaching, and occupational skills training. The Healthcare Works project, led by the Metro South/West Regional Employment Board, employs a “grow your own” strategy to fill vacancies in hospitals and nursing homes through the education and promotion of existing workers. In the initial project, more than 80 hospital workers participated in basic education courses. The program subsequently expanded, with more than 350 workers participating in adult education, ESL, college preparatory, and occupational skills programs. In the next phase of the project, called the Healthcare Learning Network, partners are refining their ability to provide basic education and college preparatory classes to frontline workers with a job-focused curriculum. When possible, classes will be at the workplace, but they will also be available online for self-study options.¹⁷¹

Less elaborate program models also exist. Organizations may identify specific needs and create a partnership with an adult literacy organization. For example, the water department of the City of San Diego worked with READ/San Diego to prepare some of its employees for a newly mandated certification test. The program uses reading materials taken directly from the workplace, and employees receive work-release time.¹⁷² In Houston County, Georgia, the city partnered with a local literacy program to provide classes upon realizing that sanitation workers had difficulty with maps and street signs for trash collection routes. Subsequently, the workplace literacy program expanded to serve other municipal employees.¹⁷³ Here in the District, the Department of Transportation sponsored a small program, Paving the Way to Success, for its employees to improve their basic skills by working with Academy of Hope and Literacy Volunteers of America-National Capital Area.¹⁷⁴ One issue with workplace literacy programs, however, is overcoming the fear among some employees of being stigmatized. If the organizational leadership makes it clear that participating is a priority and provides organizational support such as work-release time, this problem can be overcome.

¹⁷⁰ Greg Schrock and Davis Jenkins, “An Evaluation of Illinois’ JTED Program,” (Chicago: Chicago Jobs Council, 2006).

¹⁷¹ Sylvia Beville, “Healthcare Works Promising Practice.” BayStateWorks Promising Practice Case Study (Framingham, MA: Metro South/West Regional Employment Board, 2006); Metro South/West Regional Employment Board, “About Healthcare Works,” available at www.mswreb.org/healthcare/aboutthehealthcareworks.htm (November 2006).

¹⁷² “READ/San Diego” Community Partnerships for Adult Learning, available at <http://www.cpal.net/profiles/california.html> (November 2006).

¹⁷³ “The Houston County Certified Literate Community Program,” Community Partnerships for Adult Learning, available at www.c-pal.net/profiles/complete/ga.pdf (November 2006).

¹⁷⁴ “Paving the Way to Success,” available at www.dcadultliteracy.org/ptw/index.htm (November 2006).

X. SUPPORTED WORK PROGRAMS FOR HARD-TO-SERVE POPULATIONS

Individuals with significant or multiple barriers to work may be unable to find a job or participate in any type of occupational education and training programs. Supported work programs combine short-term, subsidized employment with case management and supportive services to help members of hard-to-serve populations adapt to a workplace environment and gain work experience while addressing barriers. Nonprofit organizations usually administer supported work programs. Participants provide services to a community or do other work that would otherwise go undone, thus minimizing the risk that they will displace existing workers. Because subsidized jobs typically pay the minimum wage or a stipend, they do not usually lift participants out of poverty. However, they help participants take a critical first step toward self-sufficiency by addressing barriers to employment and providing the work readiness, job experience, and references needed to move into the labor market.

The District should commit local funds to support the creation and expansion of supported work programs for ex-offenders and disconnected youth—two key populations with particular difficulties connecting to the regular job market.

A. Transitional Jobs for Ex-Offenders

Goal: Place 1,000 ex-offenders in a supported work program that leads to unsubsidized employment over the next seven years

At any given time, the District is home to about 15,000 ex-offenders under the supervision of the Court Services and Offender Supervision Agency (CSOSA). Ex-offenders face tremendous barriers to work. Nearly 80 percent of those under CSOSA supervision have a high school degree or less, with literacy at the seventh grade level, on average.¹⁷⁵ Moreover, 70 percent have a history of substance abuse.¹⁷⁶ In addition to facing barriers that are common among many less-skilled individuals, such as low education and limited skills, ex-offenders face an additional penalty for spending time in prison. Studies comparing ex-offenders to nonoffenders with similar characteristics find that an incarceration spell reduces one's earnings by 10 to 30 percent.¹⁷⁷ Ex-offenders reentering a community are also likely to face circumstantial barriers to work. Upon release, many ex-offenders return to high-poverty neighborhoods where employment opportunities are constrained by spatial mismatch and weak community connections to the formal labor market. Indeed, neighborhoods in Wards 5, 7, and 8 that had high poverty rates in 2000 also had high numbers of prisoners released to supervision in 2004 relative to low-poverty neighborhoods in Ward 3.¹⁷⁸

¹⁷⁵ Court Services and Offender Supervision Agency for the District of Columbia, "Offender Population Profile."

¹⁷⁶ Ibid.

¹⁷⁷ Harry Holzer, Steven Raphael, and Michael Stoll, "Employment Barriers Facing Ex-Offenders" Urban Institute Reentry Roundtable and New York University Law School (May 19-20, 2003); Jeremy Travis, *But They All Come Back: Facing the Challenges of Prisoner Reentry* (Washington: Urban Institute Press, 2003).

¹⁷⁸ Nancy G. LaVigne and Jake Cowan. "Mapping Prisoner Reentry: An Action Research Guidebook" (Washington: Urban Institute, September 2005).

Ex-offenders also face demand-side work barriers. In the District, as in many other places, ex-offenders are legally barred from many jobs in health care and children's services. An incarceration spell also carries a strong stigma among employers. In a survey, two-thirds of employers claimed they would not hire an applicant with a criminal record.¹⁷⁹

With few rigorous evaluations of employment-focused prisoner reentry programs, we know little definitively about what types of programs increase employment and reduce recidivism among ex-offenders. Many experts believe, however, that a transitional jobs approach holds promise for connecting ex-offenders to the regular labor market by providing:¹⁸⁰

- An immediate paycheck to cover basic needs post-release.
- The opportunity to acclimate to the work day, learn soft skills, build a work history, and develop references.
- Supportive services and case management to reduce barriers and move participants into unsubsidized work.
- A human resources service to employers by guaranteeing work-ready individuals who are highly supervised and receive supportive services.

The Center for Employment Opportunities (CEO) in New York City runs a transitional jobs program for ex-offenders that experts hold in high regard. MDRC and the Urban Institute are currently conducting a rigorous evaluation of CEO as part of the Department of Health and Human Services' Hard-to-Employ Evaluation.

CEO is an independent nonprofit organization and serves an average of 1,800 people each year.¹⁸¹ The program provides several services to its clients, of which paid transitional employment is the most substantial (Figure 11). CEO participants work in supervised transitional jobs four days a week, earning daily pay at the minimum wage for a seven-hour work day. Work hours are flexible to allow clients the time needed to attend drug treatment programs, court hearings for child support, and to receive other supportive services. The program groups participants into highly supervised crews of five or so individuals, providing maintenance and repair services, groundskeeping, landscaping, and minor construction for government departments. Transitional employment normally lasts about three months. While in the transitional jobs phase of the program, clients also meet with a job coach one day a week until placed in unsubsidized position. The job coach maintains contact with organizations that provide support services, such as outpatient drug treatment, housing, and child support. Employment specialists at CEO have worked with 150 private-sector companies to find job placements and assure employers that ex-offenders are

¹⁷⁹ Harry Holzer. *What Employers Want*.

¹⁸⁰ Holzer, Raphael, and Stoll, "Employment Barriers;" Travis, *But They All Come Back*.

¹⁸¹ The Center for Employment Opportunities, "A High Investment Return" at www.ceoworks.org/high_return_investment.htm (October 2006).

supervised, drug-screened, and work-ready. The program reports that it matches 60 percent of graduates to permanent, full-time jobs within three months.¹⁸²

Figure 11. Profile of a Transitional Jobs Program for Ex-Offenders

Program Components of the Center for Employment Opportunities, New York City

- 1. Recruitment, intake, and pre-employment classes** through parole officer reference. Within a week of leaving prison, clients undergo job skills assessments and pre-employment training and preparation.
- 2. Transitional employment** on highly supervised work crews with flexible hours and minimum-wage pay. Hired by nonprofits or public agencies to complete tasks that would otherwise go undone.
- 3. Job coaching, development, and placement services** one day a week to become job-ready until placement in unsubsidized position.
- 4. Ongoing placement and support** provided for up to 12 months.

Source: CEO and MDRC. March 2006. "The Power of Work: The Center for Employment Opportunities Comprehensive Prisoner Reentry Program" (New York: March 2006).

There is a general concern that supported work programs run the risk of displacing existing workers. Displacement could occur if, in an effort to save money, departments replace existing workers with a supported work participant whose wages do not come out of their own budget, or whose wages are lower than regular employees' wages. The financial infrastructure of CEO minimizes the risk of displacing incumbent government workers. Although CEO is a nonprofit agency, its financial infrastructure, the Internal Service Fund, is housed in the New York State Division of Parole.¹⁸³ As such, the state considers contracting for CEO work crews "intergovernmental hiring," and does not require departments to carry out the procurement process when hiring CEO crews to provide maintenance and repair services. Thus, according to CEO, its work crews do tasks that would usually not be completed owing to the time-consuming state procurement process.¹⁸⁴

Supported work programs such as CEO are not cheap to create and require strong commitment from policymakers, stakeholders, and funders. Still, it can be done. With CEO's assistance, Tacoma-Pierce County in Washington state created transitional jobs of last resort for ex-offenders.¹⁸⁵ To implement a supported work program for formerly incarcerated residents, District policymakers must identify and build support among city agencies that serve ex-offenders, as well as among potential employers. The city must also develop a financial structure that supports paid employment, and identify or create an organization with the capacity to effectively operate and manage the program.

¹⁸² "About CEO," at www.ceoworks.org/about.htm (October 2006).

¹⁸³ *Ibid.*

¹⁸⁴ *Ibid.*

¹⁸⁵ *Ibid.*

Costs vary greatly depending on the program's financing structure. CEO reduces its costs by requiring state agencies to pay for services provided by its participants. This approach can provoke concerns about displacement if transitional jobs participants are given tasks normally performed by state or city employees. CEO addresses this concern by not competing with government employees, but by taking on tasks that would otherwise go through a time-consuming procurement process. By contrast, the Tacoma-Pierce program places participants in private or nonprofit agencies, and the Department of Corrections fully funds subsidized earnings. A program that places participants with nonprofits without collecting revenue in return would mitigate displacement concerns.

B. Community Service Employment for Out-of-School Youth

Goal: Place 500 disconnected youth in community service employment programs over the next seven years

Roughly 9 percent of the target population identified in this report is “disconnected” youth, those aged 16-24 who are out of school without full-time jobs. While other young people are engaged in education and work, disconnected youth are not strongly connected to educational institutions or the formal labor market, and thus lack the means to set out on a career path. A number of factors may cause low-income young people to disengage from school and work. Some may have difficulty learning in traditional environments or may be disaffected by low-quality education.¹⁸⁶ Others may feel that their future in the labor market is bleak owing to stagnant wages in less-skilled jobs and the potential for discrimination.¹⁸⁷ Young parents in particular may have family responsibilities that compete with their ability to continue in school.¹⁸⁸

Disconnected youth—particularly those living in neighborhoods with concentrated poverty and high unemployment rates—are likely to lack the resources to reconnect to school or work on their own. Public policy can help these young people enter, navigate, and succeed within the labor market. Because many disconnected youth have not excelled in traditional educational environments, employment programs should teach basic education within the context of occupational skills training to demonstrate the relevance of reading, writing, and math skills.¹⁸⁹ Moreover, disconnected youth are transitioning into adulthood and therefore need help setting goals, addressing setbacks, and moving from one stage of workforce development to the next.¹⁹⁰ Programs should respond to these needs by providing heavy supervision, mentorship, and case management counseling. Finally, programs can keep youth engaged and help them meet immediate financial needs by providing stipends or in-kind assistance.

¹⁸⁶ Laudan Aron, “An Overview of Alternative Education” (Washington: Urban Institute, January 2006).

¹⁸⁷ Peter Edelman, Harry Holzer, and Paul Offner. *Reconnecting Disadvantaged Young Men* (Washington: Urban Institute, 2005).

¹⁸⁸ Aron, “An Overview of Alternative Education.”

¹⁸⁹ Robert I. Lerman, “Employment and Training Programs for Out-of-School Youth: Past Effects and Lessons for the Future.” In Burt S. Barnow and Christopher T. King, eds., *Improving the Odds: Increasing the Effectiveness of Publicly Funded Training* (Washington: Urban Institute Press, 2000).

¹⁹⁰ *Ibid.*

Community service employment programs prepare disconnected youth to enter the labor market by providing basic education, soft and hard skills training, and mentorship within the context of a temporary community service job. Participants work in jobs—usually for community-based or nonprofit organizations—that fill an unmet community need over a period of 9 to 24 months in exchange for a stipend. Thus, in addition to providing young people with paid training and work experiences, community service employment programs can enhance distressed neighborhoods.

There are no data on the impacts of community service employment programs several years after participation. However, a rigorous evaluation of American Conservation and Youth Corps programs was conducted 15 months after youth entered the programs. Through the American Conservation and Youth Corps programs, out-of-school youth aged 18 to 25 participated in community service employment programs at a number of sites throughout the county. The evaluation found that, compared with control group members, program participants were more likely to work for pay and work more hours, and were less likely to be arrested (Table 17). Program participants gained most of these employment-related effects during their participation in a corps program.

Effects were particularly impressive for young black men. The total hours worked and average monthly earnings of black male participants were more than one and one-half times those of the controls. Black males who participated in the corps program were also more likely to have earned an associate’s degree and to have changed their educational aspirations. Although community service employment programs are expensive, the corps evaluation demonstrated that they are cost-effective. The evaluation’s cost-benefit analysis of four established corps sites found that the benefits to society produced by such a program outweigh its costs by \$1.04 per hour of service participation.

Table 17. Impacts of Conservation and Youth Service Corps, 15 Months After Program Entry

Outcome Measure	Treatment	Control	Program Impact
Worked For Pay	99%	73%	36% increase
Average Hours Worked	2,030	1,465	40% increase
Arrest Rate	12%	17%	29% decrease

Source: JoAnne Jastrzab and others, "Impacts of Service: Final Report on the Evaluation of American Conservation and Youth Service Corps" (Washington, DC: Abt Associates, August, 1996)

Note: All impacts in the table above are statistically significant

The District is home to two programs that provide community service employment for disconnected youth: YouthBuild and the Earth Conservation Corps. The nationally recognized YouthBuild program serves unemployed youth or high school dropouts aged 16 to 24. YouthBuild participants learn construction skills and become work-ready by building affordable housing in low-income communities in exchange for a stipend. Meanwhile, YouthBuild's classroom component provides GED preparation and academic training. Although YouthBuild has not been rigorously evaluated, it does have outcome information on program participants. Fifty-nine percent of participants complete the YouthBuild program, and 82 percent of graduates move on to college or jobs.¹⁹¹ Four organizations currently operate YouthBuild programs in the District: ARCH Training Center, the Latin American Youth Center, the National Association of Former Foster Care Children of America, Inc. (NAFFCCA), and Sasha Bruce.

The Earth Conservation Corps provides out-of-school youth aged 17 to 25 with community service jobs aimed at restoring the Anacostia River and its surroundings. In exchange for 1,700 hours of environmental service during the one-year program, participants receive a monthly stipend of \$800 (\$9,600 a year), health insurance, child care, and a \$4,750 AmeriCorps scholarship upon program completion. Participants can also work toward their GED and learn career skills relevant to entry-level positions in the maritime field, media arts, facility and office management, and development and construction. In 2005, the program served 45 Corps members.¹⁹²

Expanding community service employment for disconnected youth will require public discussion. The District should investigate the potential of funding and expanding existing programs, including YouthBuild and Earth Conservation Corps, which will depend not only on raising additional dollars, but on programs' interest and capacity. Because community service employment offers the opportunity to start neighborhood revitalization projects, the District may also wish to consider starting new programs in underserved or distressed communities. For example, community service employment programs could focus on redevelopment associated with the Anacostia Waterfront Initiative, such as rehabilitating the 21-mile long Anacostia Riverwalk.

¹⁹¹ Youthbuild, "YouthBuild Facts," available at www.youthbuild.org (October 2006).

¹⁹² The Earth Conservation Corps Website at www.ecc1.org (October 2006).

XI. COSTS OF WORKFORCE DEVELOPMENT RECOMMENDATIONS

Enacting the recommendations made in this paper would be a smart investment in the human capital of the city. In fact, if the city does not take decisive steps—accompanied by funding commitments—to increase the skills, earnings, and employment of its residents, it will suffer serious social, economic and fiscal consequences: a significant minority of District residents will remain isolated from the economic mainstream and disconnected from the labor market; the city’s tax base will suffer; and programs for low-income residents will continue to face budget pressures.

The first budgetary step is to use existing federal and local funds more effectively in the service of a citywide strategy. For example, the city can:

- Improve the quality of services at One-Stop employment centers.
- Use federal Perkins dollars to implement Career Academies in public high schools.
- Direct TANF dollars to support education and training programs that serve a mix of TANF and non-TANF clients.
- Use discretionary WIA dollars or local dollars to support pilot programs aimed at filling known gaps in the service network, such as incumbent worker training and the development of career ladders.¹⁹³ The city could also use its discretionary WIA dollars or its local dollars for assessment and evaluation, for example to measure the performance of organizations receiving WIA-funded training vouchers, so that vouchers are only used at organizations with proven track records.
- Assess the effectiveness of locally-funded programs, such as the State Education Agency’s efforts to improve adult literacy services and the Department of Employment Services’ Transitional Employment Program, so that any necessary mid-course corrections can be made.
- Use funds from the Job Opportunity Bank, created by the FY 2007 Budget Support Act of 2006. The Job Opportunity Bank is funded by contributions made by recipients of Tax Increment Financing (TIF) awards and entities who make a payment in lieu of taxes (PILOT).¹⁹⁴

¹⁹³ A portion of the adult, youth, and dislocated worker funding streams of WIA Title I are available for “statewide” activities such as evaluations and demonstration projects.

¹⁹⁴ TIF awardees contribute one half of one percent (.005 percent) of the amount received in TIF bonds to the Job Opportunity Bank, and those making PILOT payments subtract one half of one percent (.005 percent) of the payment from their PILOT payment and remit that amount to the Job Opportunity Bank.

Even if the city uses its current dollars more effectively, however, it will still need to increase local dollars available for work readiness, training, and education programs to create a more effective and integrated system. These dollars would probably be spread across multiple agencies, such as the Department of Employment Services, the State Education Agency, the University of the District of Columbia, the Income and Maintenance Administration, and so on. But given that the city has recently increased its local commitment to a wide array of workforce-related programs, as described in Section IV, the dollar amount needed to create a more strategic and integrated system is likely not to be a shock to the city's budget.

Estimating how much it would cost to improve the city's entire system – from adult basic education and work readiness services to community college offerings – is tricky. An expansion of the system should be grounded in an assessment of what already exists: what programs need to be created from scratch, what existing programs can be re-tooled, and what programs can be expanded? We know the city does not have the capacity to meet the need for workforce services, and we have a good idea of where the service gaps are based on our discussions with a variety of service providers. But we don't know enough to present an authoritative budget figure, which should be based on a more detailed understanding of the scope and scale of existing programs.

We turned to the budgets of "best practice" workforce programs to serve as a guide. These programs either presented their costs on a per-participant basis, or else we calculated per-participant costs based on their budget information. We present the following program costs as an estimate meant to set the parameters of the discussion, not as a definitive prediction. We do not assume that all of the costs will be, or should be, borne by the public sector. Foundations and employers can also contribute, as in the case of funding collaboratives like Boston SkillWorks profiled earlier in the paper.

The total sum should be seen as a floor, since the real-world numbers would be larger. Our estimates do not include program start-up costs, a major budget component. We did not account for start-up costs because they are highly variable, dependent as they are upon local conditions and political decisions.

Many of our recommendations can be implemented in a variety of ways. For instance, our recommendation to expand community college offerings could occur by offering more courses at UDC, starting a new community college, or aggressively providing funding for District residents to attend community colleges in the suburbs—all options with very different start-up costs. In another example, the start-up costs of an administrative/computer support program would include curriculum development, student computers and computer software and licenses. These costs would vary depending on whether an organization that already offers such a program expands to serve more students, whether an experienced training program launches a new training track, or whether a new organization is founded.

A. Per Participant Costs of Best Practice Programs

We report operating costs, the costs of regularly providing services to a given number of participants, which include items like instructors' salaries, student workbooks, supportive services, and administrative overhead.

Per-participant costs can vary among individual programs according to resources and program components, even when those programs provide the same type of education and training. A training program that pays its participants a stipend will cost more than a program that doesn't. A basic education program that relies on volunteer tutors will cost less than one that hires tutors. A program that pays for all of its own supplies and equipment will cost more than a program that receives in-kind support.

Table 18 lists the per-participant costs of a "best practice" program example for each of the types of workforce development recommendations that we make. Since per-participant costs vary according to program intensity, the table also lists the length and full-time or part-time status of each program example.

Based on the per-participant costs of program examples, we also calculate what the total cost would be to reach the target number of 10,500 residents who complete programs or are placed into employment. Since programs must pay for all participants, not just those who graduate and are placed in jobs, the cost estimates are based on the total number of participants. We assume that 75 percent of participants will graduate from their respective program. Since sector-specific programs have the immediate goal of placing graduates in jobs, we further assume that 85 percent of graduates of construction, hospitality, health care and administrative support programs find a job or advance to a new job. Because we account for program attrition and do not assume that all program graduates are placed into employment, the initial number of enrollees is larger than the final target number of 10,500.

Based on the per-participant costs of best practice programs, it would cost \$87 million over the next seven years to operate programs that would serve or place into employment 10,500 residents. Averaged across all the programs over the seven year time period, the sum comes to about \$8,200 per graduate or job finder.

Table 18. Per-Participant Costs of Best Practice Programs and Estimated Total Cost of Serving a Targeted Number of Participants Over Seven Years

Recommendation	Best-Practice Program Example	Length of Training	Per Participant Cost	Target # of Program Participants	Target # of Graduates or Job Finders	Total Cost (in millions)
Construction Training	Philadelphia Diversity Apprenticeship Program (DAP)	6-9 months, part-time	\$6,000	1,725	1,100	\$10.35
Hospitality Training	DC Central Kitchen	3 months, full-time	\$3,000	2,196	1,400	\$6.59
Health Care Training:				2,196	1,400	\$9.48
Entry-level positions	1199C Training and Upgrading Fund, entry level course	3 months, part-time	\$2,000	1,412	900	\$2.82
Certified Positions	CC of Denver CNA-to-LPN Project; 1199C Training and Upgrading Fund	1 ½ to 2 ½ years, part-time	\$8,500	784	500	\$6.66
Administrative and Computer Support Training:				2,196	1,400	\$21.34
Administrative Support	Training Futures	5 months, part-time	\$4,000	1,568	1,000	\$6.27
Computer Support and Internship	Year Up	12 months, full-time	\$24,000	628	400	\$15.07
Career Academies	Career Academies	3 years of high school	\$1,950	2,667	2,000	\$5.20
Services for Non-Academically Prepared Students in UDC Certificate Programs	Community College of Denver	9 months, full time	\$3,500	1,000	750	\$3.50
Pre-College Bridge Program	N/A	8-10 weeks, part-time	\$1,000	1,333	1,000	\$1.33
Intensive Contextual Skills Program	Center for Employment Training at So Others Might Eat (SOME)	6 months, full-time	\$6,500	933	700	\$6.07
Community Service Employment for Disconnected Youth	YouthBuild	8 months, full-time	\$20,000	667	500	\$13.33
Supported Work Program for Ex-Offenders	Center for Employment Opportunities	2-3 months of FT, 6 months, follow-up	\$7,000	1,333	1,000	\$9.33
TOTAL FOR ALL PROGRAMS						\$86.52

Sources for Table 18:

- **DAP:** Based on "ballpark estimate" provided during phone conversation with Executive Director William Peebles, June 30, 2006. This estimate does not include the per-participant cost of GED classes. Start up costs in any pre-apprenticeship program will be higher due to equipment costs.
- **DC Central Kitchen:** Based on their Trainee Expense Sheet. DC Central Kitchen website at www.dccentralkitchen.org/program.php?id=3 on January 9, 2007.
- **Community College of Denver CNA-to-LPN Program:** This program lasts for 127 weeks and cost \$8,252 per student for an adult basic education Learning Lab, a nursing prerequisite, nursing courses, and all other costs. Susan Goldberger, "From Entry Level to Licensed Practical Nurse: Four Case Studies of Career Ladders in Health Care," (Jobs for the Future, September 2005).
- **The 1199C Training and Upgrading Fund LPN Career Ladder Program** lasts for 18 months and costs a total of \$8,200 per participant. The first "entry level" course costs \$1,850 and lasts 1 to 3 months, and is the basis of the cost of training entry-level workers. Susan Goldberger, "From Entry Level to Licensed Practical Nurse: Four Case Studies of Career Ladders in Health Care," (Jobs for the Future, September 2005).
- **Training Futures:** Published tuition cost of \$4,000. Margery Weinstein, "A Day in the Life of Training Futures" at www.trainingmag.com (June 2006).
- **Year Up:** This program's operating cost per student is cited at roughly \$24,000 a year. A training stipend comprises 35% of the cost, and the other 65% covers the per-student cost of the classroom training, support services, and tuition for college credit classes. Note that YearUp receives average revenue of \$15,000 per student from internships to cover a substantial portion of costs. Therefore, the net training costs are \$9,000 per participant. Radha Roy Biswas, "Our Success is Our Graduates: Case Study of Year Up: A Career Advancement Model for Low-Income Young Adults" (Jobs for the Future, December 2005).
- **Career Academies:** A three-year (10-12th grade) Career Academies in California estimates that it costs an additional \$600 to \$650 per student each year. This estimate is cited in a number of sources, including the Coalition for Evidence-Based Policy at www.evidencebasedprograms.org/default.aspx?tabid=125, the National Center on Secondary Education and Transition at www.ncset.org/publications/essentialtools/dropout/part3.3.02asp; Tech-Prep CA at www2.bc.cc.ca.us/techprep/partnershipplus.html
- **Community College of Denver Services for Non-Academically Prepared Students:** We assume that the same number of individuals who utilize bridge programs will utilize new programming at UDC. The \$3,500 per participant cost covers only the cost of providing supportive services to nontraditional students. We assume that students will pay tuition on their own or with financial aid. Elaine DeLott Baker, "The Costs of Serving Non-Academically Prepared Students" the Community College of Denver website, at www.cccs.edu/Foundation/CostofService.html on 11/15/2004
- **8-10 Week Pre-College Bridge Program:** Based on John Comings, the National Center for the Study of Adult Learning and Literacy. What NCSALL Has Learned About Adult Literacy: Presentation to the Mayor's Adult Literacy Council, September 22, 2006.
- **So Others Might Eat Center for Employment Training:** Based on "ballpark estimate" provided by Executive Director Norman Aynbinder on January 11, 2007.
- **YouthBuild:** Cost is average cost per participant and length of stay is an average length of stay, but participants can participate in the program from 6 to 24 months. YouthBuild website at www.YouthBuild.org.
- **Center for Employment Opportunities:** CEO financials for 2005 report total expenses of \$12,604,903 and they report that they serve an average of 1,800 individuals a year. However, their financials also report that they receive almost \$11.4 million in revenue from program service contracts, which makes their net expenses roughly 1.2 million and their net per-participant costs under \$700. CEO Website at www.ceoworks.org.

Notes:

- The column "Target Number of Program Participants" assumes a 75 percent graduation rate for all programs. Reported graduation rates among the best practice programs varied from about 60 to 90 percent, and some did not report graduation rates. The target participant number for construction, hospitality, health care, and administrative and computer support programs assumes an 85 percent job placement rate among program graduates.
- We assume that those who graduate from the Pre-College Bridge Program (1,000 individuals) are the same individuals that enter into the UDC certificate programs so we only count these individuals once when developing the total of 14,000 participants and 10,500 completers.

B. Public Sector Costs for Improving the System

In order for new and expanded workforce development programs to succeed, the District must significantly expand the capacity of the Workforce Investment Council. Currently, the WIC has three staff members and operates on an annual budget of about \$350,000. The WIC has identified the need for three additional staff persons, which would cost an additional \$400,000 each year. We assume that the WIC will also need technical assistance in developing new systems, new programs, and new workforce development infrastructure. We estimate that technical assistance or the use of consultants will require an additional \$250,000 each year. These additional costs would bring the WIC's total annual budget to \$1 million. During a seven-year period this upgrade would cost \$4.6 million.

The city must also pay for the position of a workforce development coordinator in the executive office of the mayor. Assuming the position is a senior one, we estimated a salary of \$100,000, with benefits estimated at a cost of 20 percent of salary, for an annual yearly cost of \$120,000. Over seven years, the cost would equal \$840,000.

Summing the best-practices program costs and staffing costs for the WIC and the workforce development coordinator, the total estimated cost to implement the recommendations made in this paper total about \$92 million over seven years (Table 19).

Table 19. Summary of Cost Estimates, Recommendations to Improve and Expand the Workforce Development System Over Seven Years

Cost Category	Cost over Seven Years
Estimated Program Costs	\$86,520,000
Estimated Staff Costs for the WIC and the Workforce Development Coordinator	\$5,440,000
Total	\$91,960,000

XII. WORK SUPPORTS

The sector-specific career ladder examples reviewed earlier illustrate that work supports are essential to helping low-income residents, particularly single parents, cover their basic living expenses as they work or participate in an education or training program. The District cannot guarantee that each of its residents will find a job that will, in and of itself, lift families above twice the poverty level. However, the city can expand work supports to make up the difference between the high cost of living in the District and lower earnings of many less-skilled workers.

A. The District's Current Work Support Programs

In an incremental, rather ad-hoc fashion, the District government has developed a number of work supports for low-income residents. A description of current work supports follows.

- State Earned Income Tax Credit: The Earned Income Tax Credit (EITC) is a personal income tax credit that provides federal tax refunds of as much as approximately \$4,000, depending on family size and earnings, to low-income workers. Its goal is to “make work pay” among low-wage workers by supplementing earnings. Tax benefits phase out at about \$35,000 a year in annual earnings for single parents. The District has created its own EITC program, as have several other states and localities. District tax filers who receive the federal EITC can claim a local EITC that is worth 35 percent of the federal amount. A new law passed in 2006 makes it possible for noncustodial parents to file for the local EITC.
- Child Care Subsidy: The District's subsidized child care program is available to families with incomes less than 300 percent of the federal poverty line (and who meet some other eligibility guidelines.) Parents are charged a co-payment on a sliding scale by income and family size. The co-payment cannot exceed 10 percent of the family's income, and some families are exempt from co-pays. The District supplements federal funds with local funds and has instituted a tiered reimbursement system to help child care centers improve their quality of services. As of April 2005, the program eliminated waiting lists, allowing any family eligible for subsidized child care to receive a voucher. However, families may still be unable to use their voucher owing to the capacity limits of child care centers or market shortages of infant care and care of children with disabilities. Child care centers that accept vouchers set their own capacity limits, and if parents want to use a center that is full, they must wait for a spot to open or find a different center.
- Medicaid: The District's Medicaid program provides health coverage to most parents whose annual earnings are up to 200 percent of the poverty threshold and who are caring for children under age 18. Beginning in FY 2007, Medicaid provides coverage for children in families with earnings up to 300 percent of the poverty line. Medicaid also covers Supplemental Security Income (SSI) recipients, some low-income elderly and disabled residents, and some low-income residents in long-term care facilities. Several waiver programs also cover other residents.

- Locally-funded DC Healthcare Alliance: In 2001, the city created the DC Healthcare Alliance when it shut down D.C. General as an inpatient facility. The Alliance pays for health care services for uninsured District residents with annual earnings up to 200 percent of the poverty line. It primarily serves low-income adults without custodial children.
- Wage policies:
 - State minimum wage: The District's minimum wage is currently \$7.00, compared to the federal minimum wage of \$5.15. Members of Congress have recently proposed raising the federal minimum wage to \$7.25. In this case, the city's minimum wage will change to \$8.25 since local law stipulates that the District's minimum wage is to be set at least one dollar above the federal level.¹⁹⁵
 - Living wage requirement: The District passed a living wage requirement in 2006, which defines an hourly living wage as \$11.75, an amount that will be indexed for inflation annually. Businesses that receive \$100,000 or more in contracts or assistance from the District must pay their employees the living wage.

B. Work Support Recommendations

The District's commitment to providing work supports for its low-wage residents is impressive. However, expansion of existing programs and the creation of new ones would provide more incentives to work and further help low-wage workers make ends meet. We recommend that the city build on its strengths by increasing support for existing programs, including EITC outreach campaigns, programs for noncustodial parents, and the local medical safety net. We also recommend that the city reinstate a low-income car ownership program.

1. Increase EITC Claims

The EITC can substantially boost earnings for many low-wage workers. In 2005, a single mother of two children working full-time at \$7 an hour could collect \$4,400 through the federal EITC and \$1,540 through the District EITC, resulting in a 42 percent increase in income. In 2005, about 52,000 District residents received the federal EITC, and 44,000 claimed the District EITC.¹⁹⁶ Although a substantial number of low-wage District residents collect the credit, not everyone who is eligible does so. Some eligible individuals do not receive the EITC because their incomes are below the IRS income tax filing thresholds and they choose not to file an income tax return. Others who file income tax returns may be unaware of the federal or state EITCs. The D.C. Fiscal Policy Institute estimates that approximately 10,000 residents are eligible for the federal EITC but are not receiving it.¹⁹⁷ Of those collecting the federal EITC, thousands are likely to miss the District EITC.¹⁹⁸

¹⁹⁵ Department of Labor at www.dol.gov/esa/minwage/america.htm#DC

¹⁹⁶ DC EITC Campaign website at www.dceitc.org/index.asp?bid=13 (October 2006).

¹⁹⁷ *Ibid.*

Several nonprofit organizations in the District have responded to this problem by organizing EITC outreach campaigns and providing free tax preparation. In addition to increasing EITC claims, free tax preparation reduces the use of commercial tax preparers with high fees and high-cost “refund anticipation loans.” The D.C. EITC Campaign, a coalition of nonprofit organizations, business and community leaders, labor, and other organizations, conducts EITC outreach campaigns, promotes free tax preparation sites, and connects taxpayers to financial literacy programs. Many organizations that provide free tax preparation partner with the D.C. EITC Campaign. Together, they manage 15 free tax assistance sites annually and served about 3,500 residents in 2005.¹⁹⁹ In 2005, 20 Volunteer Income Tax Assistance programs and 21 Tax Counseling for the Elderly sites were on hand to offer assistance.²⁰⁰

Recognizing the importance of these services, the District included a one-time allocation of \$150,000 in the FY 2007 budget to fund EITC outreach and free tax preparation for low-income residents in the tax administration program. We applaud the city’s recent efforts and recommend that it maintain funding for EITC outreach and free tax preparation in future budget years.

2. Increase Support for Low-Income, Noncustodial Parents

Child support orders can provide a strong disincentive for low-income, noncustodial parents to work. Orders are often based on presumptive earnings (for example, an assumption that parents work full-time, year-round) or on past earnings. Because low-income parents may have weak connections to the labor force that result in irregular earnings, orders are often set too high for noncustodial parents to afford.²⁰¹ Child support orders are also difficult to modify when personal circumstances change, due to issues such as job loss, reduced work hours, or incarceration.²⁰² Noncustodial parents should provide financial support for their children. But if child support policies and practices are unresponsive to the circumstances of low-income noncustodial parents, they are much less likely to make payments.

Noncustodial parents who cannot make payments build up large arrearages, sometimes thousands of dollars in amounts past due. Arrearages can also result from retroactive child support orders. Until this year, D.C. child support payments could be calculated back to the date of a child’s birth. When a noncustodial parent is in arrears, the District enables his or her employer to automatically garnish wages, a practice that severely discourages work. Arrearages are an acute problem among noncustodial parents in the District. Nearly 32,000 parents, or 37 percent of all child support cases, were in arrears in FY 2005, owing a total of \$379 million dollars.²⁰³ In addition to

¹⁹⁸ Ibid.

¹⁹⁹ Ibid.

²⁰⁰ Ibid.

²⁰¹ Edelman, Holzer, and Offner, *Reconnecting Disadvantaged Young Men*; Wendell Primus, “Improving Public Policies to Increase the Income and Employment of Low-Income Nonresident Fathers.” In Ronald B. Mincy, ed., *Black Males Left Behind* (Washington: Urban Institute Press, 2006); Ron Haskins, “Poor Fathers and Public Policy: What Is to be Done?” In Ronald B. Mincy, ed. *Black Males Left Behind* (Washington: Urban Institute Press, 2006).

²⁰² Ibid.

²⁰³ District of Columbia Child Support Services Division, Office of the Attorney General, “Accomplishments FY 2005,” Powerpoint, 2005.

garnishing wages, the District responds to outstanding child support orders by revoking driver's licenses and passports, imposing tax liens, and making arrests for noncompliance. These child support enforcement measures make it even more difficult for noncustodial parents to work. Finally, the welfare reform act of 1996 can discourage work among noncustodial parents by allowing states to keep child support payments for children receiving TANF rather than passing the money through to the mothers.

The District has begun to address many of child support problems specific to low-income, noncustodial parents. The District Child Support Guideline Revision Act of 2006 reforms the process of establishing orders so that low-income parents can reasonably pay child support, allows modifications for incarcerated noncustodial parents, and limits retroactive orders to 24 months prior to the filing date of the petition for child support.²⁰⁴ A \$150 monthly child support pass-through provides child support money directly to TANF families, and a newly enacted state EITC for noncustodial parents provides a work incentive for those aged 18–30 who have paid child support equal to the credit amount for at least six months of the tax year.

In 2005, the District also started a trial amnesty program that forgave arrest warrants and reinstated suspended driver's licenses in exchange for a lump-sum child support payment. We recommend that the District strengthen its amnesty program for noncustodial parents by forgiving a portion of arrearages owed to the state. To promote child support collection, the District could limit arrearage forgiveness to parents who consistently make child support payments over a given time.

The only costs associated with arrearage forgiveness are the costs of administering the program. The District should not view forgiven arrearages as a financial loss, given that it is unlikely that noncustodial parents would pay arrearages otherwise.²⁰⁵ Quite the opposite, an arrearage forgiveness program will increase collection of current payments while reducing the large child support debts that keep low-income, noncustodial parents out of the workforce.

²⁰⁴ In determining gross income of noncustodial parents, the new guideline does not count means-tested income; requires evidence of income in the form of pay stubs, tax returns, employer statements, affidavits, or oral testimony; and restricts income imputation for those who cannot work due to mental or physical disabilities and for those receiving means-tested public assistance benefits. When setting the child support order, the act requires noncustodial parents with incomes below 133 percent of the poverty line to be treated on a case-by-case basis so that judges can determine the amount they can pay while still meeting their own needs. Moreover, the act caps the percentage of gross income that can go toward child support at 35 percent. The act also allows child support orders to be modified when a noncustodial parent is incarcerated, except in cases where incarceration is a result of failure to pay child support.

²⁰⁵ Edelman, Holzer, and Offner, *Reconnecting Disadvantaged Young Men*.

3. Improve the Medical Safety Net

The District has made an impressive commitment to financing health care coverage for many of its low-income residents. The city has an expansive Medicaid program that insures more than 140,000 residents, and the locally funded Alliance program pays for health care for about 40,000 residents.²⁰⁶ Altogether, the District provides publicly funded coverage for 180,000 residents, or nearly one-third of the city's population. This coverage consumes a significant portion of the city's budget: about \$1.5 billion per year on Medicaid in combined federal and local dollars, and about \$90 million in local dollars for Alliance.²⁰⁷

In addition, the city has invested in the DC Primary Care Association's Medical Homes DC Initiative, a long-term project to strengthen the capacity of nonprofit community health centers (CHCs) to provide high-quality primary care to low-income and uninsured residents. The District government contributed \$21 million over a multi-year period to support capital planning and the expansion, renovation, and new construction of health centers.²⁰⁸

Despite these significant assets, too many low-income District residents suffer poor health. Low-income residents are less likely than more affluent residents to have a regular doctor and health insurance, are more likely to have chronic health problems, and are more likely to be hospitalized for health conditions that could have been treated earlier in a primary care setting. In addition, community health centers provide critical services but lack the capacity to serve all the city's low-income and uninsured residents. They are modestly staffed and operate on thin financial margins. They have limited specialty and diagnostic services. Relatively few health centers are housed in well-designed facilities, while too many operate in substandard facilities that hurt their ability to offer high-quality care. Parts of the city simply do not have enough facilities.²⁰⁹

Although some private providers see Medicaid and Alliance patients, the plans have relatively low reimbursement rates, which discourage doctors from participating.²¹⁰ The low reimbursement rates also hurt the community health centers who participate in these programs because the rates do not cover the full costs of a primary care visit.

The District should increase its Medicaid and Alliance reimbursement rates to reflect the true cost of care. The average primary care visit costs a community health center in the District approximately \$160.²¹¹ However, health centers are usually reimbursed less than this amount by Medicaid and the Alliance, making it difficult to build a financially sustainable medical practice.

²⁰⁶ DC Medical Assistance Administration, "Medical Assistance Enrollment Report" (July 2006); Personal communication with the DC Primary Care Association, November 10, 2006.

²⁰⁷ DC Primary Care Association analysis of data from the DC Office of the Chief Financial Officer, FY 2007.

²⁰⁸ Nicole Lurie and Martha Ross, "Health Status and Access to Care among Low-Income Washington, DC, Residents" (Washington: Brookings Institution and RAND, 2006).

²⁰⁹ *Ibid.*

²¹⁰ The Lewin Group, "Healthcare Alliance Payment Rate Comparative Benchmarking Report" (2006); DC Primary Care Association, "Fact Sheet: Rate Parity for Community Health Centers," undated.

²¹¹ The Lewin Group, "Healthcare Alliance Payment Rate."

The minimum reimbursement for a primary care visit under the Alliance is \$65, although providers can negotiate other payment options with the Alliance, such as a setting a “per member/per month” fee structure.²¹² Thus, the default reimbursement rate accounts for only 40 percent of health center costs when they provide medical care to an Alliance patient. Medicaid reimburses Federally Qualified Health Centers (FQHCs) about \$135 per primary care visit, or about 80 percent of their costs.^{213,214} Information on Medicaid reimbursement to non-FQHC health centers is unavailable.

The District government should work with health care providers, the DC Primary Care Association, and other stakeholders to create a reimbursement system that covers the true cost of providing care, or moves incrementally toward doing so.

4. Reinstatement a Low-Cost Car Ownership Program

Low-income residents are likely to face a number of complications when using public transportation to get to and from jobs. Although the region has a mass transit system, direct subway and bus routes will not always deliver District residents to employers’ doorsteps, particularly when jobs are in suburban Maryland and Virginia. Moreover, the hours of bus and train service may not suit the commutes of workers with night or weekend shifts.²¹⁵ Finally, it is difficult to use public transportation to drop children off at school, attend medical appointments, or complete grocery shopping on the way to or from work. These complications may result in long and difficult commutes to low-paying jobs; for some, a part-time job that pays \$8 an hour may not be worth a two-hour roundtrip commute. Indeed, a recent study among the District’s welfare recipients reveals that holding all else constant those with an hour or longer commute have lower employment rates.²¹⁶

Car ownership would alleviate many of the complications associated with public transit commutes. Low-income residents may be unable to buy cars on their own, either because they cannot afford the upfront cost or because they cannot pay for maintenance and insurance. In response, a number of organizations have developed successful programs to sell inexpensive used cars to those for whom owning a car is key to keeping or accepting employment. As of 2005, approximately 160 car ownership programs were operating around the country.²¹⁷

²¹² Ibid; personal communication with the City Administrator’s office, November 13, 2006. Additionally, Unity Health Care, which has operated the six formerly public-operated health centers since 2001, receives an additional “wrap around” payment designed to bridge the difference between the cost of care and the reimbursement amount.

²¹³ Lewin Group, “Healthcare Alliance Payment Rate.”

²¹⁴ FQHCs are community health centers that provide medical care in medically underserved areas and receive federal support for doing so. Community health centers have to apply in a competitive process to achieve FQHC status. There are four FQHCs in the District, one of which operates health centers at multiple sites throughout the city and one of which operates two sites.

²¹⁵ Margy Waller. “High Cost or High Opportunity Cost? Transportation and Family Economic Success.” (Washington: The Brookings Institution, 2005).

²¹⁶ Acs and Loprest, “A Study of the District of Columbia’s TANF Caseload.”

²¹⁷ Waller, “High Cost or High Opportunity Cost?”

Vehicles for Change (VFC) is a local program that operates in Maryland and northern Virginia, selling more than 400 cars a year.²¹⁸ The program repairs donated cars and sells them to low-income individuals at a discounted price. A variety of providers, mainly social service nonprofits, work with VFC to identify buyers. In 2004, it cost about \$3,800 to process each car: \$1,200 of this cost was covered by the provider organization, \$800 was paid through a one-year loan agreement by the buyer, and the balance was covered by VFC from funding it raises.²¹⁹ VFC also warrants the repairs it makes to the vehicles it sells and provides some rudimentary financial counseling, focused largely on the car loan transaction.

Previously, VFC partnered with the D.C. Department of Employment Services to operate a low-cost used-car ownership program in the District. However, problems arose in adequately screening buyers, which resulted in too many loan defaults. Further, the D.C. Department of Motor Vehicles would not inspect the cars before they were sold. As a result, a significant number of the repaired vehicles failed inspection, creating problems for the new buyer and the VFC garage. Due to these problems, VFC closed its program in D.C. and has not yet had good reason to try again.

Given the considerable start-up time and expense associated with car ownership programs, the District should consider negotiating with Vehicles for Change to once again extend its program to low-income District residents. As part of that negotiation, the District should address the screening and inspection problems that occurred previously. In addition, the city should consider donating its fleet of city-owned cars to VFC as they are replaced with newer vehicles. The D.C. Department of Motor Vehicles should inspect these cars before they are transferred to VFC and repair cars as needed to pass inspection. To reduce the loan default rate for VFC transactions, the District and VFC should implement an effective screening protocol. Finally, the city government should task the D.C. Department of Insurance with investigating options for developing a special insurance pool that would offer substantially lower monthly insurance premiums for those purchasing cars through the VFC program.

²¹⁸ Telephone interview with Marty Schwartz, Director, Vehicles for Change, July 14, 2004.

²¹⁹ *Ibid.*

XIII. HOUSING

Washington, D.C., is currently facing enormous housing challenges, which greatly affect low- and moderate-income families and may hinder the effectiveness of workforce development policies and programs. While better jobs can lead to higher incomes and, consequently, wider housing options for working families, lack of quality housing affordable at different income levels can pose a significant barrier to District residents who are trying to improve their economic situation. Families with unaffordable housing may move more often, making it difficult to participate steadily in a workforce development program or find and keep a job. Limited housing options may even cause families to leave the District in search of more desirable housing in the suburbs. High housing costs also leave low- and moderate-income families with less disposable income to cover other expenses associated with skill building or work, such as community college courses, reliable child care, transportation, or professional clothing.²²⁰ Therefore, addressing the city's affordable housing challenges goes hand-in-hand with a successful workforce development strategy.

The current housing market in the District of Columbia is driven by a strong regional economy and a renewed interest by upper income households in living in the city. Prices of single-family homes and condominiums have skyrocketed in recent years, rising an average of 17 percent per year in real dollars since 2001, with even faster rates of price growth in certain neighborhoods.²²¹ Rents have experienced a total real increase of 20 percent from 2000 to 2005 (3.6 percent per year), and the supply of affordable rental housing has been shrinking.²²² The market has responded to the increase in demand with record levels of homebuilding in the city, but most of the new units are high-priced condominiums, which are less suitable for working families than rental apartments or single-family homes.²²³

Although the city is still playing catch-up with market forces, it has taken action to address its affordable housing problems. The District's Housing Production Trust Fund, largely dormant and under-funded until the early 2000s, now has a dedicated funding stream and started FY 2006 with a balance of almost \$90 million. The Trust Fund closed loans totaling more than \$40 million in FY 2006, leveraging \$170 million to produce more than 1,400 units of affordable housing.²²⁴ In the FY 2007 budget, the city funded a local rent supplement program modeled on the federal Housing Choice voucher program (formerly called Section 8 vouchers).²²⁵

²²⁰ See, for example, Barbara Sard and Jeff Lubell, "The Increasing Use of TANF and State Matching Funds to Provide Housing Assistance to Families Moving from Welfare to Work," (Washington: Center on Budget and Policy Priorities, 2000); Paul Ong, "Subsidized Housing and Work among Welfare Recipients," *Housing Policy Debate* 9(4) (1998): 775-794; Susan Scrivener and Johanna Walter, "Two Approaches to Case Management: Implementation, Participation Patterns, Costs, and Three-Year Impacts of the Columbus Welfare-to-Work Program" (Washington: U.S. Department of Health and Human Services and the U.S. Department of Education, National Evaluation of Welfare to Work Strategies, 2001).

²²¹ Peter Tatian, District of Columbia Housing Monitor (Washington: Neighborhoodinfo DC, 2007).

²²² Author's Tabulation of the American Community Survey PUMS.

²²³ Tatian, District of Columbia Housing Monitor.

²²⁴ District of Columbia Department of Housing and Community Development, FY 2006 Housing Production Trust Fund: Fourth Quarter and Annual Report.

²²⁵ DC Fiscal Policy Institute, "What's in the Final FY 2007 Budget? A Short Summary" (2006).

Furthermore, the District now has a credible strategy from its Comprehensive Housing Strategy Task Force to provide housing options for low-income individuals and families, deconcentrate poverty, and develop more mixed-income neighborhoods. The Task Force's recommendations, released in 2006, provide a comprehensive set of 39 specific actions which, when taken in their entirety, would provide an aggressive but realistic strategy to respond to the District's housing challenges.

Some of the Task Force's recommendations, such as the local rent supplement program, have been implemented. Nevertheless, much more remains to be done to make staying in the District a viable option for low- and moderate-income working families. This section of the paper examines the affordable housing options available to individuals in the sector-specific career ladders discussed earlier in this report. Based on our findings, we highlight the specific Task Force recommendations that, if implemented, would have the most positive impacts on the target population identified for workforce development assistance. We also provide recommendations for a place-based employment strategy and a housing choice resource center, which would also enhance the housing options for this population.

A. Housing and Workforce Development

Workforce development can expand low-income residents' housing options. As low-income workers get better jobs, their earnings increase and they are able to afford a higher percentage of housing units in the city. To better understand how housing opportunities change with job advancement, we examine the affordable housing options available to single adults and single parents as they move up career ladders in construction, hospitality, healthcare, and administrative and computer support.²²⁶

For each occupation in a given career ladder, we estimate the percentage of all District rental units that are affordable using the Public Use Microdata Sample (PUMS) from the 2005 American Community Survey (ACS). We define a rental unit as affordable if its ACS-reported rent, including utilities, is below 35 percent of earnings for specific occupations. Although the U.S. Department of Housing and Urban Development (HUD) defines housing as affordable if it costs no more than 30 percent of income, we chose to cap affordability at 35 percent of income, a benchmark increasingly viewed as affordable in a high-cost market such as the District's.

²²⁶ We assume that single adults and single parents are the sole earners in their households, and therefore have the same affordability guidelines.

Overall, the supply of affordable rental housing is fairly limited for persons at the bottom rungs of the career ladders, but housing options increase quite steadily as earnings climb up (Table 20a-d):

- Construction: As a first year apprentice training to become a skilled laborer, an individual can only afford 19 percent of all rental units. But at the top rung of this ladder, a skilled laborer can afford about half of the units.
- Hospitality: Part-time front desk clerks, the lowest rung on the hospitality ladder, can afford only 9 percent of rental apartments, a number that increases to 24 percent with a change to full-time work at this same job. At the managerial level, earnings are sufficient to afford about 66 percent of units.
- Health Care: A cafeteria worker in the health care industry can afford one-fifth (20 percent) of rental apartments in the city. The share of affordable apartments climbs to 59 percent for a health information technician and to 76 percent for a licensed practical nurse.
- Administrative and Computer Support: Entry-level administrative support jobs pay sufficient wages to afford 32 percent of rental units, while entry-level computer support specialists can afford 56 percent of rental units in the city.

Table 20. Affordable Housing and HUD Income Groups for Sector-Specific Career Ladders

20a. Affordable Housing and HUD Income Groups for Construction Career Ladder, (Skilled Laborer Track), 2005

	First Year Apprentice	➔	Second Year Apprentice	➔	Skilled Laborer
Annual Earnings	\$18,000		\$23,500		\$27,700
% of DC Rental Units Affordable at 0-35% of Income	19.2% (+/-2.0)		34.6% (+/- 2.5)		49.7% (+/-2.6)
HUD Income Group, Single Adult	Extremely low-income		Very low-income		Very low-income
HUD Income Group, Single Parent with Two Children	Extremely low-income		Extremely low-income		Very low-income

20b. Affordable Housing and HUD Income Groups for Hospitality Career Ladder (Guest Services Track), 2005

	Front Desk Clerk at \$10.00/hour		➔	Concierge at \$14.65/hour		➔	Manager at \$17.08/hour
	PT	FT		PT	FT		FT
Annual Earnings	\$10,000	\$20,000		\$14,700	\$29,300		\$34,200
% of DC Rental Units Affordable at 0-35% of Income	9.0% (+/-1.3)	23.6% (+/-2.0)		13.5% (+/-1.8)	54.3% (+/-2.5)		65.5% (+/-2.3)
HUD Income Group, Single Adult	Extremely low-income	Very low-income		Extremely low-income	Very low-income		Low-income
HUD Income Group, Single Parent with Two Children	Extremely low-income	Extremely low-income		Extremely low-income	Very low-income		Very low-income

Note: 1. (+/-) is the margin of error at the 90 percent confidence level. Estimate based on analysis of the 2005 ACS PUMS.

Table 20 continued

20c. Affordable Housing and HUD Income Groups for Health Care Career Ladder (Hospital-Based Track), 2005

	Cafeteria Worker at \$9.25/hour <i>FT</i>	➔ Nursing Aide at \$11.89/hour <i>FT</i>	➔ Health Info. Techician at \$15.87/hour <i>FT</i>	➔ Licensed Practical Nurse at \$20.50/hour <i>FT</i>
Annual Earnings	\$18,500	\$23,800	\$31,740	\$41,000
% of DC Rental Units Affordable at 0-35% of Income	20.4% (+/-2.0)	35.2% (+/-2.6)	59.5% (+/-2.5)	76.1% (+/-2.1)
HUD Income Group, Single Adult	Extremely low-income	Very low-income	Low-income	Moderate-income
HUD Income Group, Single Parent with Two Children	Extremely low-income	Extremely low-income	Very low-income	Low-income

20d. Affordable Housing and HUD Income Categories for Administrative and Computer Support Occupations, 2005

	FT Entry-level Administrative Support at \$11.50/hour	FT Entry-level Computer Support Specialist at \$15.00/hour
Annual Earnings	\$23,000	\$30,000
% of DC Rental Units Affordable at 0-35% of Income	32.4% (+/-2.3)	56.0% (+/-2.6)
HUD Income Group, Single Adult	Very low-income	Very low-income
Hud Income Group, Single Parent with Two Children	Extremely low-income	Very low-income

Note: (+/-) is the margin of error at the 90 percent confidence level. Estimated based on analysis of the 2005 ACS PUMS.

These results illustrate that increased earnings are part of the solution to the District's housing affordability problem. However, at the lowest earnings levels, the vast majority of apartments remain unaffordable, even for full-time workers. Many such workers will likely need additional housing assistance to be able to find an affordable place to live.

Moreover, not all of the units that are affordable at a particular income level are necessarily *available*. For example, the fact that a full-time entry-level computer support specialist can afford more than half (55 percent) of all rental apartments in the city does not mean that such apartments will be easy to come by. First, this percentage includes both occupied and vacant apartments—only the latter of which are readily available. Moreover, the computer support specialist may have to compete with a number of other renters in his or her income range for those affordable units.

We use HUD-defined income categories as a tool for examining the supply of affordable housing available at different income levels and occupations. The HUD income categories are commonly used to set eligibility guidelines for housing programs, and are expressed as percentages of the area median income (AMI), that is, the 50th percentile of annual household income for all households in the Washington, DC metropolitan area. The AMI is adjusted annually to account for increases in income. Further adjustments are made based on household size, so that smaller households have a lower AMI than larger households. Table 21 defines the HUD income categories based on the Washington metropolitan AMI in 2005 for two types of households—single adults without children and single parents with two children.

Table 21. HUD Income Categories, Washington Metro Area

HUD Income Category	Definition	2005 Annual Income Limits	
		Single Adult without Children	Single Parent with Two Children
Extremely Low	At or below 30% AMI	\$18,750	\$24,100
Very Low	30 to 50% AMI	\$31,250	\$40,200
Low	50 to 65% AMI	\$40,600	\$52,220
Middle	66 to 120% AMI	\$75,000	\$96,400
High	> 120%AMI	N/A	N/A

Note: AMI=Area median income

Source: Department of Housing and Urban Development

Most of the career ladder occupations fall into either the extremely low (at or below 30 percent AMI) or very low (30 to 50 percent AMI) categories, although this partly depends on the size of the household. For example, a single adult without children working as a full-time front-desk hotel clerk would be considered very low income, but a single parent with two children in the same job would fall in the extremely low income category. Among all of the career ladder occupations, only a single adult working as a licensed practical nurse has an income above the low income category (that is, above 65 percent of AMI).

Having identified the income categories of the different occupations, we can then relate them to our more general analysis of affordable housing availability at each of the HUD income categories. Using the ACS PUMS, we develop two indicators of the availability of affordable housing for each of the HUD income categories: (1) vacancy rates among affordable rental units and (2) a ratio of households to affordable rental housing stock. We identify the HUD income category for each apartment in the dataset based on the minimum income required to rent the unit at an affordable level (so that rent and utilities are equal to no more than 35 percent of income) and the household size for that unit. See the appendix for a more detailed description of this method.

Most rental housing professionals consider a vacancy rate of 5 to 7 percent as an indicator of a stable rental market. At vacancy rates lower than 5 percent, renters begin to experience difficulty finding apartments; at rates higher than 7 percent, the market likely has an excess of supply of units.

Table 22 shows how this rate varies for DC apartments affordable at different HUD income levels, as well as the city’s general vacancy rate for all income levels. The 2005 vacancy rate for rental apartments in the District is 5.8 percent, indicating a stable market. The vacancy rates for apartments that are affordable to both very low income households and low income households (8.2 percent and 6.3 percent respectively) are above the District’s average vacancy rate, suggesting that it may be relatively easy to find units affordable at these income levels (although the vacancy rate does not address issues like housing quality and location). By contrast, the vacancy rate for apartments affordable to households with extremely low incomes is 4.2 percent—a rate lower than the city’s average. The market also becomes quite tight at the middle/high income range, with a vacancy rate of only 3.1 percent for affordable units. These findings indicate that affordable rental options for households in the extremely low income and middle/high income categories are relatively limited in DC.

Table 22. Rental Vacancy Rates by Income, Washington, DC 2005

HUD Income Category	Percent of Affordable Rental Units that are Vacant
All Incomes	5.8
Extremely Low	4.2
Very Low	8.2
Low	6.3
Middle/High	3.1

Source: Tabulations of the American Community Survey PUMS

We further examine the availability of affordable rental stock by comparing the number of households at different income levels to the number of housing units affordable to this group (Table 23), essentially a comparison of demand and supply. This analysis echoes the findings of the vacancy analysis. For both very low and low income households, the ratios of households to affordable housing units are 0.5, meaning that there are twice as many affordable units as there are households. By contrast, the ratio of households to affordable housing units is 1.5 for the extremely low income category, meaning there are one-and-a-half households for every one affordable housing unit. The ratio for the middle/high income category is 1.0, again reflecting the relatively smaller supply of housing at this affordability ranges compared to the demand.

Table 23. Ratio of Households to Housing Units by Income, Washington, DC 2005

HUD Income Category	Ratio of Households to Affordable Housing Units
Extremely Low	1.5
Very Low	0.5
Low	0.5
Middle/High	1.0

Note: AMI=Area median income

Source: Tabulations of the American Community Survey PUMS

Both the vacancy rates and the ratios of households to affordable housing units indicate that the current rental market has relatively few affordable units available for those in the extremely low income category. For those in this group, additional housing assistance will likely be needed to allow them to find suitable housing (as discussed in the next section).

Our analysis also indicates that affordable housing is also relatively limited for households in HUD's middle income category. Although the majority of occupations shown on our career ladder examples have incomes below this category, individuals participating in workforce development may eventually move into even higher paying careers not demonstrated in our career ladder examples (for example, from an administrative assistant position to an executive assistant job or from a skilled laborer position to a higher-wage construction trade). Since housing assistance is generally not available for households in the middle income categories, many such families would have to occupy a lower cost apartment (that is presumably of lower quality), find a higher cost apartment and assume a greater cost burden, or extend their housing search more broadly, either in a different neighborhood or outside of the District.

The city's workforce development goals can be adversely impacted if families have to move to find suitable, affordable housing. As noted earlier, families that move more frequently may lack the stability needed to participate in a workforce development program or find and retain employment. Research has also shown that families who move more often have higher incidences

of negative social outcomes, such as an increased likelihood of welfare dependency or children with more likelihood of dropping out of school.²²⁷ In addition, if middle-income families leave the District because of a shortage of quality, affordable housing options, the city will lose both valuable taxpayers and citizens who serve as a stabilizing force in neighborhoods.

Meanwhile, homeownership in the District remains largely out of reach to workers in our career ladder examples. Only a small fraction of homes and condominiums being sold are affordable to any of the jobs on the career ladders. For most job types, fewer than 1 percent of homes sold in 2005 were affordable. Even the highest paid occupation in our analysis, a licensed practical nurse, can afford only 3.5 percent of all homes sold in 2005.

Because of the huge gap in affordability for homeownership, the most relevant housing policies to the population eligible for workforce development programs apply to rental housing, which is the focus of the remainder of this section. For extremely low, very low, and low income families, this will likely mean some form of assisted housing. For middle income families, this will mean developing workforce rental housing at quality and affordability levels suitable to their means and needs. While the private housing market may respond to increased demand for middle-income rental housing, the city's development plans also need to take the housing requirements of this population into account, especially as the city's goal is to grow its middle class.

B. Rental Assistance Programs

As noted in the previous section, many persons on the starting rungs of the career ladders will likely need some type of housing assistance to be able to find an affordable place to live. Four major federal programs provide rental assistance to households with extremely low to low incomes:

- Traditional public housing
- Housing Choice vouchers
- Project-based Section 8
- Low Income Housing Tax Credits

Individuals or families with extremely low or very low incomes are generally eligible for traditional public housing and housing choice vouchers. Some units may also be available for these families in Project-based Section 8 and Low Income Housing Tax Credit (LIHTC) properties, although these units are generally priced for households with very low or low incomes. The latest HUD data indicate that in 2000 the District had approximately 10,600 units of public housing, 7,400

²²⁷ Karla Buerkle and Sandra L. Christenson, A Family View of Mobility among Low-Income Children. CURA Reporter (1999); Edward Scanlon and Kevin Devine, "Residential Mobility and Youth Well-Being: Research, Policy and Practice Issues," Journal of Sociology and Social Welfare 28(1), 119-137 (2001).

housing choice vouchers, and up to 18,600 units of Project-based Section 8, LIHTC, and other privately-owned subsidized housing.²²⁸

Traditional public housing is owned and operated by the D.C. Housing Authority, with operating and maintenance subsidies provided by the federal government through HUD. Housing Choice vouchers are also funded by HUD and administered by the Housing Authority. Unlike public housing, households can use their Housing Choice voucher to rent any apartment on the private market that meets specific quality and rent standards. Both programs are generally intended to serve households with the lowest incomes and limit rental payments made by households to 30 percent of their income.

Project-based Section 8 and LIHTC subsidize the development and operation of privately-owned, affordable rental apartments. Most often, both types of projects include a mix of subsidized and unsubsidized (i.e., market rate) apartments. In the Project-based Section 8 Housing program, HUD or the local administrative entity makes rental subsidy payments directly to the building owner. To be eligible, families must be low-income (at or below 80 percent AMI); a large majority of eligible families are very low-income families (at or below 50 percent AMI). Like public housing and housing choice vouchers, rent payments made by families living in subsidized Project-based Section 8 units are limited to 30 percent of household income.

Affordability of project-based Section 8 units is limited by the length of the contract the owner has signed with HUD. Once the contract has expired, the owner can “opt out” of the program, and the units would revert to market rate rents. Although many owners currently choose to renew their contracts, most renewals are very short term (one to two years), putting the supply of these units at risk.²²⁹

The LIHTC program allows multifamily developers to receive a tax credit in exchange for dedicating a percentage of the rental units in newly constructed or rehabilitated properties for low- and moderate-income families. LIHTC requirements specify that either “20 percent of the units in the project must be rented to families with incomes at 50 percent or less of area median income; or 40 percent of the units in the projects be rented to families with incomes at 60 percent or less of the area median income.”²³⁰ The actual percentage of units affordable at these levels may be higher, however, as a larger tax credit is generally awarded if more units are designated as affordable.

Unlike rents in Project-based Section 8 units, rents for designated affordable apartments in LIHTC developments are initially set to levels appropriate for the income category to which the units are being targeted. A household renting an apartment must pay the full rent amount, regardless of whether it is more or less than 30 percent of income. Furthermore, the rent is not adjusted based on

²²⁸ U.S. Department of Housing and Urban Development, “A Picture of Subsidized Households , 2000,” www.huduser.org/picture2000/index.html (accessed January, 2007). Counts provided by HUD are not for unique units, so actual number of subsidized units may be less if units are benefiting from multiple programs.

²²⁹ Tatian, District of Columbia Housing Monitor.

²³⁰ District of Columbia Department of Housing and Community Development, “The District of Columbia Draft Low Income Housing Tax Credit Allocation Plan” (revised as of October 3, 2003).

changes in household income during occupancy, so that a loss in income could make the apartment unaffordable. (Households that also have a Housing Choice Voucher, however, can use this subsidy to pay for part of the rent in an LIHTC unit, thus limiting rent payments to 30 percent of income.)

In addition to the programs listed above, the federal government provides additional funding for affordable housing assistance through the HOME program. HOME block grants are given directly to local governments and can be used for a variety of housing assistance purposes. For fiscal year 2006, the District invested its \$9 million in HOME funds into the rehabilitation of two multifamily housing developments, the Homebuyer Assistance program, and the Homeowner Rehabilitation program.²³¹

Although federal housing programs assist thousands of households in the District, it is widely acknowledged that the need for affordable housing far exceeds the current capacity of current programs. Since increased funding for federal housing assistance programs is unlikely, local funding is required to meet more of the demand. Growing the level of local investment in affordable housing in the District of Columbia is necessary for several reasons:

- Although the regional economy is doing well, housing prices are increasing more rapidly than wages, making it difficult for low- and moderate-income residents to afford good quality housing. For example, the average inflation-adjusted rent for an apartment in the District was \$699 in 2000, which increased by about one-fifth to \$836 in 2005. The inflation-adjusted average annual earnings of a nursing aide in the region were \$22,526 in 2000, and increased only 6 percent to \$23,780 in 2005. A licensed practical nurse experienced a real increase of 13 percent in wages from 2000 to 2005, a growth rate still lagging behind the average rent increase during this period. For a nursing assistant, the average rent was slightly above his or her affordability limit in 2000.²³² By 2005, the average rent exceeded his or her affordability limit by almost \$150.
- Federal subsidies for assisted housing are fixed or shrinking. Meanwhile, over 56,000 applicants are on the combined waiting list for public housing and housing choice vouchers maintained by the DC Housing Authority.²³³
- Both former Mayor Williams and the Comprehensive Housing Task Force set a goal of increasing the city's population by attracting new residents and retaining existing residents. If this population increase is to include a mix of incomes, then additional affordable units will be required to accommodate low- and moderate- income families.

²³¹ D.C. Department of Housing and Community Development, Consolidated Annual Performance Evaluation Report, October 1, 2005 – September 30, 2006, 27 (2006).

²³² Assuming a rental affordability limit of 35 percent of gross earnings.

²³³ Personal communication with the District of Columbia Housing Authority, January 19, 2007.

- More housing with supportive services is needed for those with special needs, such as homeless people, the elderly, people living with HIV-AIDS, ex-offenders, people with disabilities, and youth discharged from the juvenile justice or foster care systems. The Comprehensive Housing Task Force noted that people with special needs have been particularly hard hit by rising housing prices, and recommended providing more permanent supportive housing in neighborhoods throughout the city. The report noted that while most special needs populations (excepting those with physical disabilities) do not require special housing, they do need affordable, permanent housing and access to supportive services to “help them lead normal lives in the community.”²³⁴

C. Housing Recommendations

1. *Implementing the Housing Strategy Task Force’s Recommendations*

In its final report, the Housing Strategy Task Force made a number of recommendations to increase the supply of affordable housing in the District over the next 15 years. Several of them are especially relevant to the goal of encouraging low and middle income working families to remain in the District. If fully implemented, the recommendations would:

- Produce a total of 55,000 new housing units by 2020, affordable at a range of income levels. Of these new units, 19,000 would be affordable to households below middle income, setting aside 40 percent for extremely low-income households, 30 percent for very low-income households, and 30 percent for low income households. The city should enter into partnerships with for profit and nonprofit developers to facilitate the creation of these new affordable units.
- Preserve 30,000 existing affordable units by preserving federally-assisted units, buying existing affordable rental buildings for sale, providing incentives to owners to maintain affordability, and setting aside 20 percent of units in condo conversions as affordable.
- Provide locally-funded rent subsidies:
 - To compensate for inadequate federal funds, supplement the federally-funded Housing Choice Voucher Program to maintain subsidies for the current level of 10,000 households.
 - Subsidize the rent of 7,600 newly constructed affordable units to make them affordable to the lowest-income residents. Without an additional layer of subsidy, the new units are unlikely to be affordable to households earning below 30 percent of AMI.

²³⁴ Comprehensive Housing Strategy Task Force, “Homes for an Inclusive City: A Comprehensive Housing Strategy for Washington, D.C.” (2006) p. 47.

- Develop and support more housing for people with special needs:
 - The Task Force recommended that several agencies (such as the Department of Mental Health and the Department of Corrections) improve their housing-related services. The report also endorsed the city’s Homeless No More initiative, which has the goal of developing and/or subsidizing 2,000 new units of affordable, supportive permanent housing and 4,000 new units affordable to households earning less than 20 percent of AMI who are homeless or at risk of becoming so.
- Assure adequate financing for housing programs:
 - Channel increased resources into the Housing Production Trust Fund for capital projects. Increase the portion of the deed recordation tax dedicated to the Trust Fund from 15 percent to 20 percent. Restore the deed recordation tax to 1.5 percent.
 - Fund rental subsidies through annual allocations from the city’s general operating budget.

2. *Place-Based Employment Strategies*

Place-based employment strategies are a strong option for public housing residents. The federal Jobs-Plus demonstration significantly increased employment and incomes of public housing residents in selected cities. The demonstration was carried out in seven cities: Baltimore, Chattanooga, Cleveland, Dayton, Los Angeles, St. Paul, and Seattle. The program provided eligible public housing residents with work incentives; employment training, placement, and retention assistance; and work supports.

Each Jobs-Plus site was equipped with employment counselors who helped residents search for jobs, prepare for interviews, or find and enroll in suitable education and training programs. Employment counselors also identified employers in need of workers. In addition to employment assistance, some Jobs-Plus sites provided rent incentives to working residents. For example, some sites implemented reductions in the percentage of income paid in rent, to a rate that was lower than the traditional 30 percent. As further inducements to encourage residents to remain steadily employed, several sites allowed residents to earn credit toward a free month’s rent by remaining employed for a specified period of time or to have some of their rent payments diverted into a special savings account that they could later redeem if they worked continuously. Jobs-Plus field research indicated that rent incentives served as a major motivating factor for participation in the program.

This intensive intervention led to substantial increases in residents’ earnings relative to a control group of residents living in similar public housing developments. Specifically, in the sites where Jobs-Plus was fully implemented, the program increased annual incomes by \$1,543 after four

years. Two-thirds of the Jobs-Plus earnings effect is attributable to increased employment, while one-third appears to results from a combination of increased work hours and increased wages.²³⁵

Although HUD is accepting no new applications for participation in Jobs-Plus, the program can nonetheless serve as a model for an intervention that could be implemented in public or assisted housing programs in the District. The locally funded and implemented New Communities initiative provides an opportunity to pilot a Jobs-Plus program in the District.

New Communities targets neighborhoods with concentrated poverty and high crime levels and seeks to transform them into mixed-income neighborhoods. The District has launched New Communities in three neighborhoods that contain large public housing developments: Sursum Corda/Northwest One in Ward 6, Barry Farms in Ward 8, and Lincoln Heights and Richardson Dwellings in Ward 7. The city plans to replace each affordable unit that is eliminated through redevelopment, and locate replacement units in the same neighborhood. The initiative also aims to connect neighborhood residents to job training, asset building, counseling, and other supportive services. To develop this human capital component of New Communities, the District should look to the Jobs-Plus demonstration as a model and consider linking employment-related services with housing-related incentives.

3. *Housing Choice Resource Center*

As previously noted, there are a number of programs offering affordable housing, including Housing Choice vouchers, public housing, Project-based Section 8, LIHTC units, and units developed through the Housing Production Trust Fund. Shortly, the local rent supplement program will also provide additional affordable housing options. However, there is currently no easy way to learn about all of the affordable housing opportunities in the city, creating a complicated situation for low-income families.

To provide more complete information regarding affordable housing options to District of Columbia residents and people considering moving into the city, we recommend that the District establish a Housing Choice Resource Center, with a mission of promoting housing choice throughout the city. This center would build and maintain a registry of affordable housing units across all of the different federal and local subsidy programs. The starting point for an affordable/accessible housing registry could be published HUD databases on LIHTC and Section 8 properties, as well as local administrative data on properties through the Housing Production Trust Fund. The registry could also include units that are accessible to persons with disabilities.

Examples of registries of affordable or accessible housing are available in other communities, including the Maryland Affordable/Accessible Housing Registry, the Mass Accessible

²³⁵ Howard S. Bloom, James A. Riccio, and Nandita Verma, "Promoting Work in Public Housing: The Effectiveness of Jobs-Plus" (New York: MDRC, 2005).

Housing Registry, and Access Virginia.²³⁶ All of these systems provide online access to listings of accessible or affordable housing units that can be used by housing providers, community-based organizations, and individual housing seekers.

In addition, the center would provide valuable counseling assistance to low- income families in helping them find appropriate housing. This counseling could include taking clients to view available units in neighborhoods that are unfamiliar to them and providing relocation assistance and other services that make it easier for a client to consider moving to an unfamiliar neighborhood.

Several groups in the city are already working to provide housing counseling services to households in the District of Columbia. The Department of Housing and Community Development currently funds several nonprofit organizations to provide housing counseling, and the D.C. Housing Finance Agency and the D.C. Housing Authority also provide such services. Nevertheless, there would be some advantage to having a single point of entry for housing counseling that could help align and build upon efforts currently underway. The purpose of the Housing Choice Resource Center would not be to replace existing housing counseling efforts, but to serve as a key resource to organizations that are already providing these services.²³⁷

Lastly, the center would serve as a valuable ally to workforce development programs. The center could work directly with persons enrolled in workforce programs to help them find suitable housing as they move up the income ladder. In addition, the center could help lower the barriers that may exist for landlords to accept such tenants, for example by providing free tenant screening services.

²³⁶ See the Maryland Affordable/Accessible Housing Registry at www.dhcd.state.md.us/WEBSITE/programs/aaahr/aaahr.aspx, the Mass Accessible Housing Registry www.mnipnet.org/registry/registrymax.nsf/webpages/home?open, and Access Virginia www.accessva.org.

²³⁷ More discussion of the functions and operation of the Housing Choice Resource Center can be found in Peter A. Tatian, Kenneth Temkin, and Barika Williams, *Implementation Plan for Recommendations Made in Analysis of Impediments to Fair Housing Choice in the District of Columbia*, The Urban Institute: Washington, D.C., forthcoming.

XIV. CONCLUSION

The Fenty administration and the City Council should set workforce development as a major policy priority for Washington, DC. A revitalized and strengthened workforce development system is critical to increasing the skills, earnings, and employment of low-income District residents, and in turn, to rebuilding the city's middle class from within. The current workforce system is not serving residents well. Programs are scattered across multiple agencies and equal less than the sum of their parts. Too many residents are excluded from the benefits of job growth and prosperity in the city and the region.

The city needs to develop a coherent and integrated workforce strategy, and it needs to develop the capacity to carry out that strategy. It should make a serious and sustained commitment to partner with education, training and work readiness organizations to strengthen the existing provider network and to fill in the gaps in services. With committed mayoral leadership, publicly-funded programs can begin to align their programs and goals towards a common citywide workforce strategy.

Workforce development should be seen as part of a broad strategy to develop a prosperous, inclusive city. Workforce development, while critical, cannot do the job alone. It needs to be paired with policies and programs that support work and create financial incentives to employment, especially since many jobs available to those without four-year college degrees do not pay enough to make ends meet in this high-cost city. Although the city already has an impressive array of work supports in place, there is room to make some targeted improvements.

Increasing housing assistance and the production of affordable housing is also critical. In a market with a declining number of affordable units and rising housing costs, housing assistance can provide stable and affordable housing options for unemployed and underemployed residents who might otherwise have difficulty participating in workforce programs or working steadily. Households that *are* working steadily at low to moderate wages can benefit from housing assistance, since they also face serious challenges in obtaining housing, particularly to accommodate growing families or incremental increases in income.

The status quo of high unemployment, high poverty rates, and a shrinking middle class does not have to continue. The District has choices. It sits at the center of one of the best performing regional economies in the country. Its challenge is to manage economic growth, not decline, and do it in a way that benefits low-income residents. If the city does not take decisive action to meet that challenge, it will be a serious failure of public policy and political will.

APPENDIX

A. Target Population

This report uses the Public Use Microdata Sample (PUMS) from the 2005 American Community Survey (ACS) to identify and describe the target population. The ACS is an annual nationwide survey of households that will replace the long form used in the decennial Census, and thus gives detailed information on household and population characteristics. Individuals living in group quarters or institutions are not included in the 2005 ACS universe.

The 2005 ACS PUMS are microdata that provide the full range of responses to the ACS survey, and are presented as individual records for a one percent sample of households and the people living within them. The Census Bureau removes all identifying information from the PUMS records to maintain confidentiality. Each person and household record in the PUMS sample is weighted to represent a given geography's population.

Due to a smaller sample size than the decennial Census, the ACS produces estimates that are reported with 90 percent margins of errors and confidence intervals. A 90 percent confidence interval indicates that there is a 90 percent chance that the population total or proportion (rather than the sample total or proportion) is between the lower and upper bounds of the confidence interval. The report's text refers to the estimates themselves while all figures and tables additionally report margins or error or confidence bounds.

To describe the demographic characteristics and work status of the target population, the paper examines characteristics of *individual people* rather than characteristics of the household. Some key variables include:

- Marital Status: We classify individuals as married only if they are married with a spouse present. All others are classified as single.
- Parental Status: The PUMS only directly identifies individuals as custodial parents or guardians if they are either heads or spouses of a household or within a subfamily. To approximate custodial parental/guardian status for individuals not in these categories, we use information on household members' relationship to the householder and subfamilies. Thus, while single individuals in the target population may not have custodial children, they can still live in a household with a family member like a mother or sister.
- Public Use Microdata Area (PUMA): The PUMA is the smallest geography available in the Public Use Microdata Area. The District contains five PUMAs.
- Annual Work Status: To examine the target population's attachment to the labor force, we review total hours worked over the twelve months prior to their participation in the 2005 ACS survey, which can take place during 2004 or 2005. We combine the annual hours of married

couples under the premise that one of the spouses may not work in order to attend to domestic responsibilities. Single individuals' work effort reflects their annual hours alone.

To describe housing affordability and rental versus ownership status, we examine households that contain at least one member of the target population. We term these households "target population households."

B. Sector-Specific Career Ladder Examples

The sector-specific career ladder examples produce four different income-based outcome measures: annual earnings; income-to-poverty ratio; take-home income without work supports; and take-home income with work supports. The report also estimates the share of all DC rental units and home sales inhabitable and affordable to a single adult and a single parent with two children in 2005. These examples assume that single adults and single parents do not share housing with any other family members, friends, or roommates. In reality, both single adults and single parents may have more complicated household arrangements.

1. Annual Earnings

We compute annual earnings by multiplying annual hours worked by an hourly wage. We assign the worker an hourly wage based on the Washington metropolitan area median hourly wage estimates for the occupation, as reported by the May 2005 Bureau of Labor Statistics Occupational Employment Statistics program, or based on a "best practices" program. All sources for hourly wage are listed in the example notes in the report. When providing an example of full-time work, we assume 2,000 annual hours, which is the equivalent of 40 hours a week, 50 weeks of the year. We assume 1,000 annual hours for part-time work.

2. Income-to-Poverty Ratio

We use the official census poverty measure to calculate the income-to-poverty ratio. We divide pre-tax earnings and TANF income (where applicable) by the federal poverty threshold that corresponds with the worker's family type and size. A person with an income-to-poverty ratio of 2.00 is at 200 percent of the federal poverty line.

3. Take-Home Income without Work Supports

We compute take-home income without work supports by subtracting work-related expenses from annual earnings. We estimate three types of work-related expenses: payroll taxes, federal and DC income taxes without credits, and market rate child care.

To estimate child care expenses, we assume that a single parent pays for childcare for one of his/her two children. We assign the rates of \$40 for a full day (\$10,000/year) and \$24 for a part-day (\$6,000/year) of child care when working. These estimates are based on a UDC study of

market-rate child care.²³⁸ In reality, single parents with a small child or an infant may pay more for child care, while others may pay less by hiring a family member or friend as child care providers.

We set the Federal Insurance Contribution Tax (FICA) as equal to 7.65 percent of annual earnings according to 2005 FICA rules. We compute federal and DC income taxes by following 2005 tax rules. To calculate income tax, we assume that gross adjusted income is equal to annual earnings, single adults file as single and single parents file as head of household, and each filer takes the standard deduction. Federal and state income taxes in “take-home income without work supports” do not include any tax credits.

4. Take-Home Income with Work Supports

To calculate take-home income with work supports, we account for tax credits and public benefits in addition to the work-related expenses described above. We estimate three types of income tax credits based on 2005 tax rules: the federal and DC dependent care credit; the federal child tax credit (including the refundable additional child tax credit); and the federal and DC Earned Income Tax Credits (EITC). The dependent care credit is available to tax filers who pay for child care. The dependent care credit is not refundable, and can only be used to lower the amount of income tax one owes. The child tax credit is a federally refundable tax credit with a maximum of \$1,000 per qualifying child. The EITC is also a refundable tax credit, and its amount varies by earned income, number of custodial children, and marital status. We assume that individuals in our examples collect the DC EITC over the DC low-income tax credit.

To assign public benefits, we first determine eligibility for food stamps, TANF, and subsidized child care in accordance with 2005 eligibility guidelines. Single adults are not demographically eligible for TANF or subsidized child care, but are eligible for food stamps.²³⁹ In regard to TANF, we follow DC’s eligibility guidelines for continuing benefits, thus assuming that single parents are transitioning from welfare to work and receiving the DC earned income disregard for benefit computation.²⁴⁰ We assign benefits to all eligible persons based on 2005 program rules for the Food Stamps program, as reported by the US Department of Agriculture.²⁴¹ Finally, we determine subsidized child care eligibility and co-pays according to guidelines for the District of Columbia Child Care and Development Fund (CCDF) program.²⁴²

²³⁸ University of the District of Columbia, Center for Applied Research and Urban Policy. “Child Care Profiles” (November 2004).

²³⁹ Due to its high unemployment rate, the District of Columbia is exempt from Able-Bodied Adult Without Dependents (ABAWD) rules in the food stamps program. Traditionally, an ABAWD is an adult ages 18-49 without dependents who must meet a work requirement to remain eligible for food stamps.

²⁴⁰ We follow DC TANF guidelines for 2005 from the Urban Institute’s Welfare Rules Database at www.urban.org/toolkit/databases/index.cfm.

²⁴¹ We make a number of assumptions when determining food stamp eligibility. In all cases, we assume that households pass the “Resources” test. We assume that gross income is equal to earnings for the “gross income” test. We assume that the household does not take deductions for medical expenses, legally owed child support payments, or excess shelter costs for the “net income” test. Food stamp eligibility and computation is available at www.fns.usda.gov/applicant_recipients/fs_Res_Ben_Elig.htm (May 5, 2006).

²⁴² District of Columbia Department of Human Services, “State Plan for CCDF Services for the Period 10/1/05–9/30/07” (Washington, July 2005).

C. Housing Analysis

1. Share of Affordable DC Rental Units

For each career ladder occupation, we compute the share of all 2005 rental housing stock that is affordable at that occupation's earnings level. We define affordable units as those with rents between 0 to 35 percent of the given earnings value. The share of affordable rental units is expressed as a percentage, calculated by dividing the number of rental units priced at 0 to 35 percent of a given earnings value by the total number of rental units in the District. We use data from the 2005 American Community Survey Public Use Microdata Sample for all households paying cash rent and vacant rental units in Washington, DC to develop this estimate. Although the U.S. Department of Housing and Urban Development (HUD) defines rental housing as affordable if it costs no more than 30 percent of income, we chose to cap affordability at 35 percent of income, a benchmark increasingly viewed as affordable in a high-cost market such as the District's.

2. Assigning HUD Income Categories to Rental Units

This report analyzes the vacancy rate among affordable units and the ratio of households to affordable housing stock for each of the HUD income categories. For the purpose of this analysis, we identify a HUD income category for each rental unit (occupied and vacant) in the ACS PUMS dataset based on the minimum affordable income and the household size assigned to that unit. The minimum affordable income is defined as income needed to pay the gross housing costs (rent and utilities) at an affordable level, such that the gross housing costs do not exceed 35 percent of income. In place of utility costs not specified for vacant units, we use the average cost of utilities paid by an occupied rental unit for each unit size (no bedroom, 1 bedroom, 2 bedroom, etc) in the dataset. The income thresholds used in the HUD income categories vary according to household size. To account for this variation, we assign each rental unit a household size based on the average number of people living in an apartment for each unit size in the dataset.

3. Share of Affordable Home Sales

For each career ladder occupation, we also compute the share of all DC home sales that is affordable at that occupation's earning level. First, we estimate the maximum price of a home that can be afforded by a first-time homebuyer with a given level of earnings.²⁴³ We assume a 30-year, fixed rate mortgage with an effective interest rate of 6.07 percent, a 10 percent down-payment, and corresponding additional costs for property taxes, homeowner's insurance, utilities, and primary mortgage insurance (PMI). A house is considered affordable if these total monthly costs are no more than 28 percent of that occupation's monthly earnings.

²⁴³ The affordability methodology used here is adapted from Zhong Yi Tong, *Homeownership Affordability in Urban America: Past and Future* (Washington: The Fannie Mae Foundation, April 2004).

Next, we use the 2005 Real Property Assessment and Sales Data for Washington, DC to identify the number of single-family homes and condominiums sold at or below the estimated maximum affordable housing price for a given occupation's level of earnings. To calculate the share of all DC home sales that are affordable, we divide the number of affordable sales, that is, the number of single-family homes and condominiums sold at prices at or below the occupation's maximum affordable housing price, by the total number of single-family home and condominium sales in 2005.

D. Implementation Schedule Over a Seven-Year Period

For each of our workforce development recommendations, we have set a target number of individuals to graduate from programs or be placed in jobs over a seven-year period. The schedule below demonstrates how these goals could be met on an annual basis over a period of seven years.

Table 24. Number of People Served or Placed in Jobs Each Year to Meet Seven-Year Targets

Recommendation	Year							Total Served/ Placed in Jobs
	1	2	3	4	5	6	7	
Sector Programs								
<i>Construction</i>		100	200	200	200	200	200	1,100
<i>Hospitality</i>		150	250	250	250	250	250	1,400
<i>Healthcare</i>		*	200	300	300	300	300	1,400
<i>Administrative/Computer Support</i>		*	200	300	300	300	300	1,400
Total Enrollees, Labor Market Intermediaries		250	850	1050	1050	1050	1050	5,300
Community Service Employment, Out-of-school youth	PROGRAM PLANNING	50	50	100	100	100	100	500
Supported Work Program, Ex-offenders		*	200	200	200	200	200	1,000
Career Academies (graduates)		**	**	200	600	600	600	2,000
Bridge Programs (enrollees)		*	200	200	200	200	200	1,000
Workplace Literacy		*	100	150	150	150	150	700
Community College programs		***	***	***	***	***	***	***

Notes:

Targets for sector programs are based on job placement goals. Targets for all other programs are based on graduation goals.

**The program is in the planning phase. ** Students are enrolled in Career Academies during these years, but there is not yet a graduating class.*

****We do not provide an estimate for Community College enrollees since many enrolled in certificate programs will also be served by labor market intermediaries and bridge programs.*

E. Data Sources Used for Tabulations

2005 American Community Survey (ACS) Public Use Microdata Sample (PUMS): The ACS is a nationwide survey of households that will replace the Census long form, and thus gives detailed information on household and population characteristics. Individuals living in group quarters or institutions are not included in the ACS universe. The 2005 ACS PUMS are microdata that provide the full range of responses to the ACS survey, and are presented as individual records for a one percent sample of households and the people living within them. The Census Bureau removes all identifying information from the PUMS records to maintain confidentiality. Each person and household record in the PUMS sample is weighted to represent a given geography's population.

Census 2000 Five Percent Public Use Microdata Sample (PUMS): Census 2000 is a nationwide survey of households and people. The PUMS are individual records for a five percent sample of households and people derived from the 2000 Census long form. Each individual person and household record in the PUMS sample is weighted to represent a given geography's population.

Census 2000 Special Equal Employment Opportunity (EEO) Tabulation: The EEO Tabulation is a special tabulation developed through a partnership between the Equal Employment Opportunity Commission, the Department of Justice, the Department of Labor, and the Office of Personnel Management. It is based on the Census 2000 long form. The EEO Tabulation file on worksite geography provides information on civilian workers 16 years or older (employed, at work) by place of work for counties and places of 100,000 or more.

Current Employment Statistics (CES): Through the CES program, the Bureau of Labor Statistics surveys over 400,000 business establishments on a monthly basis to collect payroll data on employment, hours, and earnings for nonagricultural industries. This report uses CES data for the District of Columbia and the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan area.

Current Population Survey (CPS), Annual Social and Economic (ASEC) Supplement: The ASEC Supplement provides labor force data and comprehensive work experience information on employment, status, occupation, and industry for persons 15 years old and over through the CPS survey. The Supplement is an annual survey of approximately 78,000 households nationwide. Due to the small sample size, this paper uses a three-year average to produce estimates for the District of Columbia.

The Integrated Postsecondary Education Data System (IPEDS): IPEDS is a system of surveys that collects data from all primary providers of postsecondary education for the National Center for Education Statistics. Data include information on enrollments, program completions, faculty, staff, and finances. This paper uses IPEDS to examine enrollment and completion for the University of the District of Columbia and other regional community colleges.

Occupational Employment Statistics (OES): The Bureau of Labor Statistics produced the OES from a semi-annual survey of non-farm establishments and provides employment and wage estimates for over 800 occupations, excluding the self-employed. This paper uses cross-industry state estimates for the District of Columbia and for the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan area.

2005 Real Estate Property Assessment and Sales Data for Washington, DC: The D.C. Office of Tax and Revenue maintains records on sales of all real property in the District of Columbia, including address, sales price, and date. Quarterly updates of the data are provided to NeighborhoodInfo DC through the D.C. Office of the Chief Technology Officer; NeighborhoodInfo DC uses these data to create a sales history file for single-family homes and condominiums. The data were used to determine homeownership opportunities in the DC housing market for each career ladder example.