*One in a series for* Helping All People Rebound and Advance

# Strong Financial and Social Supports

## Why it Matters

The pandemic-induced economic downturn has swelled the ranks of Americans who struggle to get by. At the outset of the COVID-19 pandemic in the spring of 2020, the U.S. unemployment rate rose higher in three months than it did in two years of the Great Depression. Since then, nearly 8 million Americans, many of them children and people of color, have fallen into poverty.

Four in 10 Americans say they would need more education and training to get a decent job again if they became unemployed. But poverty alleviation programs rarely prioritize helping individuals retool their skills and navigate a changing economy. Administered by states, programs that provide income supports and food, housing, and child care assistance overly emphasize a "work-first" approach, which often results in beneficiaries taking low-wage jobs with little opportunity for advancement. Instead, states should focus on helping participants develop skills needed for good jobs. That would create a skilled workforce while reducing demand for public assistance.

## Current Challenges

- Many states are **not making full use of federal resources** to build stronger pathways out of poverty. For example, instead of using funds from the Temporary Assistance for Needy Families (TANF) program on financial assistance for families, many states have built up sizeable unspent reserves or put the money toward other expenses. TANF funding can be used for various activities that support work, including education and training, but most state TANF programs do not adequately support skill development. Nationally, only 11 percent of TANF funds are used for work-related activities, and just a fraction of that money goes to education and training.
- While many public benefit programs encourage participants to work, most **do not adequately protect against, or help participants plan for, the "cliff effect,"** where benefits decrease as participants enter or progress in jobs. Even slight increases in income can dramatically reduce benefits—often creating an incentive not to work.
- **Poverty alleviation programs must be better coordinated** with other social programs. Current siloed approaches lead to redundant delivery of services, conflicting eligibility requirements, and an inability to braid and blend federal resources for maximum impact.

## What's Needed

Strong financial and social supports for individuals and families currently experiencing poverty or financial distress. Those supports should seamlessly integrate education, workforce development, and human and social services.

## What State Policymakers Can Do

### *Foundational Steps*

- Initiate combined state planning across health and human services, workforce, and education agencies to coordinate delivery of services. That will enable programs to holistically serve individuals and families, and it will allow officials to identify ways to braid and blend resources to make federal funding go further.

### *Advanced Steps*

- Prioritize state use of federal social program funding (through the TANF and SNAP Employment and Training programs, among others) for eligible workforce development activities. These activities, which can include education, training, case management, career navigation, support services, and wage subsidies, can encourage participation in education and skills development programs that can help eligible individuals advance in college and their careers.

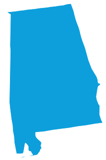
- Strengthen the financial stability of people participating in education and workforce development programs by ensuring that they have sufficient and equitable access to wraparound supports, such as child care, transportation, housing, food assistance, and health care. States can accomplish this by dedicating more resources to emergency aid, routinely screening students and training participants for public assistance needs, revising eligibility rules that inequitably limit their access to benefits, and fostering stronger partnerships between education and training providers and human service agencies.

### *Transformational Steps*

- Ease transitions to work and self-sufficiency. States should review the way they manage federal poverty alleviation programs such as TANF, Child Care Development Block Grants, the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and the Housing Choice Voucher program and adjust their planning and implementation approaches to minimize the cliff effect. Policymakers should impose gradual benefit reductions—as the Internal Revenue Service does with the Earned Income Tax Credit (EITC)—and make incremental shifts in eligibility more transparent to ensure that public assistance recipients who make progress in employment can have positive transitions to work and self-sufficiency and fully understand the way changes in their employment status and income will affect their eligibility for benefits. Developing a Net Income Change Calculator would help achieve that goal.

## State Spotlights

### *Alabama*



The Alabama Workforce Stabilization Program (AWSP) uses Workforce Innovation and Opportunity Act funds and federal stimulus resources to help low-income Alabamians who lost jobs during the pandemic transition into new fields. Through AWSP, the state provides education and training opportunities to disconnected and dislocated workers and connects them to other services to help them meet basic needs. The state also built an online tool called the Dashboard for Alabamians to Visualize Income Determinations (DAVID) that people can use to calculate reductions in benefits based on income, so they are more aware of benefits cliffs.

### *Arkansas*

The Arkansas Career Pathways Initiative (CPI) combines postsecondary education and training with supports like case management, child care, and transportation assistance, and help with the costs of tuition, books, supplies, and testing fees. Since 2005, the initiative has used TANF block grants to support more than 30,000 students in workforce programs at community and technical colleges. More than half of all CPI students obtained at least one postsecondary credential or degree, compared to just 24 percent of non-CPI students, and CPI participants earned $3,100 more per year than non-CPI TANF recipients.

### *North Carolina*

North Carolina's Finish Line Grants program helps community college students continue to pursue their educations when they encounter unforeseen challenges, such as unexpected health care costs or increases in child care expenses. Students are currently using these grants to deal with challenges that have arisen as a result of the COVID-19 crisis.

## Featured JFF Resources

**Alleviating Poverty for Opportunity Youth.**

This policy brief explores how federal postsecondary policies can better support youth from low-income backgrounds. Learn more .

**Learn More Here ▸**

**Smart Postsecondary Policies That Work for Students and the Economy: State Policy Recommendations for Student Financial Stability.**

As part of a broader review of postsecondary policies, JFF measured state progress in adopting policies for strengthening the financial stability of college students.

**Learn More Here ▸**

***State Policy Road Map for an Equitable Economic Recovery***

*This resource is a part of a series that provides state policy solutions focused on people, places, and systems – with the goal of closing equity gaps and driving economic advancement for all.*

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