



Position Paper: Changes Necessary for MFIP to Help Families Out of Poverty

Purpose: This paper was prepared to guide development of public policy related to the Minnesota Family Investment Program (MFIP). It is HIREd's position that changes in MFIP regulations and policies to encourage creation of living wage jobs are necessary to assure MFIP helps families move out of poverty.

Issues: With unemployment rates over 7%, finding a job continues to be a challenge for most Minnesotans that are out of work. This is especially true for individuals using the last safety net available, welfare. If they are able to find work, most of the people who transition off MFIP continue to live in poverty. According to the Job's Now Coalition in their report entitled "The Cost of Living in Minnesota, 2008", a single adult with no children must earn \$12.05 to meet the cost of basic needs. An MFIP participant with one child is no longer eligible for MFIP once they find full time work making \$7.74 an hour.

The typical MFIP participant does not have the skills necessary to obtain a job paying a living wage—a wage sufficient to support a family.¹

- Balancing work, training and family responsibilities is very challenging for individuals who have little experience in the workforce. This is particularly true for participants who also face challenges such as unreliable transportation, unstable childcare, mental health or physical health issues, low education levels or English as a second language.
- MFIP has become increasingly focused on processes rather than on the important outcome of employment that ensures that MFIP families move out of poverty. Federal regulations enacted through the Deficit Reduction Act (DRA) now require MFIP participants to continuously document and have signed verification for each hour of their daily activity to meet the 35 hours per week of required program participation. This requirement for signed verification also imposes burdens on employment service providers, school districts, colleges, health care systems and employers and complicates participants' interactions with these organizations.
- Many employers report that additional training is needed to enhance the skills of MFIP participants. The approaches that have been proven to aid in skill enhancement include:
 - Soft skills training – Soft skills refer to the attitudes and behaviors that affect work performance and work relationships that are not taught on the job.
 - Transitional employment – Skill enhancement can be provided through on-the-job training placements or supported work placements that allow the employer to "test" the employee for a given time. The wages are partly or fully subsidized. These approaches allow the employer to add additional staffing for minimal costs while the employee gains valuable work experience.
 - Short-Term Classroom Training – Short-term training programs that prepare MFIP participants with the skills specifically required in expanding occupational sectors support entry level employment offering advancement opportunities. Successful training programs for jobs in manufacturing, hospitality, and customer service have been designed for completion in as little as 8 to 12 weeks.

The Governor's Workforce Development Council has found "ample evidence that publicly-funded training is of value to the individuals that receive it, the employers who hire those individuals, and the other public systems whose resources are conserved by having a working population able to earn enough to support their families."²

MFIP participants face a wide range of barriers to employment.

- Participants are highly transient because there is a shortage of safe and affordable housing.



- The mass transit system in the Twin Cities is inadequate; while the number of jobs is increasing in the suburbs, MFIP participants who reside primarily in the central cities often cannot commute to suburban jobs via public transportation.
- Health insurance is not affordable. Most MFIP participants qualify for low-wage jobs without benefits, requiring them to access MinnesotaCare, Minnesota's health insurance program for low-income families. However, the required income-based co-payments for MinnesotaCare actually make the program unaffordable for many low-income families. They are forced to choose between working and having health insurance.
- Inadequate resources are available for subsidized childcare. Required co-pays for subsidized childcare are unaffordable for many families forcing them to either take childcare that is of a lesser quality or to give up their jobs because they simply cannot afford it.

Specialized MFIP services in Hennepin and Ramsey counties have demonstrated that service models incorporating the following are effective at helping participants find and retain positions that pay a living wage:

- Complete assessment of individual and family strengths and barriers
- Soft skills training
- Vocational and sector skills training
- Work experience with on-site job coaching (internships, unpaid work, on-the-job-training, supported wage projects)
- On-site or community based mental health counseling
- Intensive support services
- Appropriate referral to resources

Recommendations

To assure MFIP participants are able to rise out of poverty when they transition off welfare, public policies should:

- Continue and expand the creation of supported transitional work for MFIP participants as a way to gain work experience and obtain permanent employment.
- Offer businesses incentives to create jobs paying living wages.
- Allocate funding to expand short-term training initiatives for jobs in high demand occupational sectors.
- Avoid using dedicated funds for healthcare, welfare-to-work, and workforce development to cover revenue shortfalls.
- Support approaches for decreasing poverty in the state by raising minimum wage, expanding and increasing tax credits, and supporting childcare assistance.
- Support low income housing throughout the Twin Cities area as a way to ensure family stability.

For More Information

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¹ "How Welfare to Work is Working: Welfare reform through the eyes of Minnesota employers, welfare participants and the local community partnerships," *The McKnight Foundation and the Wilder Research Center, March 2000*

² "Investment Advisory: Minnesota's Workforce Investment Portfolio," *Governor's Workforce Development Council, August 2004*