



## Economic Security for All: A “WIOA Plus” Approach to Workforce Development for Low-Income Workers in Washington State Shows Promise

By Marian Negoita & Madeleine Levin, SPR

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*SPR partnered with the Washington Employment Security Department (ESD) to evaluate the Economic Security for All (EcSA) initiative, a workforce development model and poverty reduction initiative. EcSA provides increased skills development, supportive services, and coaching that helps low-income families move out of poverty, an approach that SPR termed “WIOA Plus.” SPR found that participants’ median quarterly wages increased by **71 percent** after completing EcSA. Although the new program has not yet been rigorously studied, our evaluation of its first few years suggests that its model of **increased service intensity and individualized case management is a promising approach to addressing the needs of low-wage workers that could be adopted elsewhere.***

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The current US labor market faces a paradox. On the one hand, many economists and policy analysts agree that insufficient workforce skills are a major reason behind the inability of many low-income workers to achieve self-sufficiency. On the other hand, federal funding for workforce development programs has greatly declined over time, even as the economic returns to skills acquisition have grown<sup>1</sup>.

Low-income workers (especially those who are employed) are a very important and often neglected group, which is often overlooked in workforce policy and programs. Many workers (anywhere from 2% to 19% of the workforce according to some estimates<sup>2</sup>) are still in poverty despite being employed. The assumption behind workforce development policy, at least since the implementation of the Personal Responsibility and Work Opportunity Act (PRWORA) in the mid-1990s, is that employment alone can lift people out of poverty. For many people who secured jobs or training leading to jobs, this did not occur. Declining real wages, limited opportunities for advancement, and the increasing costs of necessary goods (especially healthcare and housing) have prevented large numbers of workers from warding off poverty. Indeed, most Americans who experience poverty currently live in families or households where at least one person is working.<sup>3</sup>

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<sup>1</sup> Holzer, H. J. (2009). Workforce development as an antipoverty strategy: What do we know? What should we do? In M. Cancian & S. Danziger (Eds.), *Changing Poverty, Changing Policies*. New York: Russell Sage Foundation.

<sup>2</sup> Thiede, B. C., Lichter, D. T., & Sanders, S. R. (2015). America's working poor: Conceptualization, measurement, and new estimates. *Work and Occupations*, 42(3), 267-312.

<sup>3</sup> Thiede, Lichter, & Sanders, op. cit.

There is also substantial evidence that individuals facing employment barriers (including low-income individuals) are not served well by existing workforce development programs funded by the Workforce Innovation and Opportunity Act (WIOA). Because of declining federal dollars and increasing pressure to satisfy narrow performance targets, many workforce development programs prefer to work with participants with fewer barriers, since those with significant barriers require more services (which cost more to provide) and have typically lower performance outcomes<sup>4</sup>. This occurs even though WIOA gives priority of service to low-income individuals<sup>5</sup>.

The workforce development field has been aware of this problem for quite some time. In our recent evaluation of the Economic Security for All (EcSA) initiative, we have uncovered a [promising model](#) which we have labeled as *WIOA Plus*. EcSA, which began in 2019, is a poverty reduction initiative of the Washington Employment Security Department (ESD) that grew out of Governor Jay Inslee comprehensive effort to dismantle poverty, which is coordinated by the Poverty Reduction Work Group (PRWG)<sup>6</sup>. Today, PRWG is co-led by the state Departments of Commerce, Employment Security, and Social and Health Services, in partnership with Indigenous and Tribal communities, state racial and ethnic commissions, employers, community-based organizations, legislators, advocates, and philanthropic organizations.

The EcSA model uses WIOA Statewide Activities funds and state funding from the general fund<sup>7</sup> to provide services that are much more robust and person-centered than what general WIOA services can provide. Participants are typically enrolled in EcSA and WIOA-funded programs simultaneously, with almost all EcSA participants co-enrolling in a WIOA funded workforce development program—particularly in the WIOA Adult Program, which focuses on serving people with significant employment barriers<sup>8</sup>.

Data provided by ESD indicated that on average, each EcSA participant received about seven individualized career services—by comparison, only a scant proportion of WIOA Adult completers receive any individualized career services other than an individual employment plan.<sup>9</sup> In addition, EcSA used supportive services and incentives (often as cash payments) as key strategies to relieve financial pressure on participants and help participants to stay in the program. Typical supportive services included transportation assistance (e.g., gas cards), books and other school supplies, work clothing, glasses and tools, needed to complete a training program or to start a new job. While 78% of EcSA participants received supportive services, only 14% of WIOA Adult completers in Washington received these services over a comparable period. Lastly, more than a third of EcSA participants enrolled in at least one training program, whereas only 11 percent of the Adult completers accessed training.

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<sup>4</sup> Wright, D. J., & Montiel, L. (2010). *Workforce System One-stop Services for Public Assistance and Other Low-income Populations*. US Department of Labor, Employment and Training Administration.

<sup>5</sup> Eyster, L., & Nightingale, D. S. (2017). Workforce development and low-income adults and youth.

<sup>6</sup> Dismantling Poverty in Washington website: <https://dismantlepovertyinwa.com/>

<sup>7</sup> ESD, 2023, *Economic Security for All Legislative Report June 2023*

<sup>8</sup> <https://www.dol.gov/agencies/eta/workforce-investment/adult/>

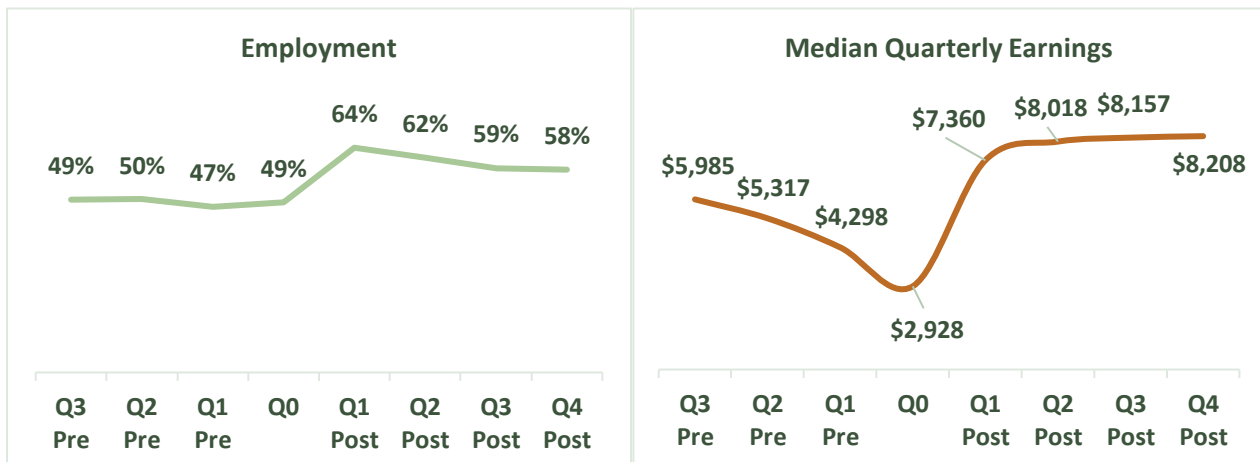
<sup>9</sup> PY 2021 Washington State Data Book

([https://www.dol.gov/sites/dolgov/files/ETA/Performance/pdfs/PY2021/PY%202021%20WIOA%20and%20Wagner-Peyser%20State%20Data%20Book\\_WA.pdf](https://www.dol.gov/sites/dolgov/files/ETA/Performance/pdfs/PY2021/PY%202021%20WIOA%20and%20Wagner-Peyser%20State%20Data%20Book_WA.pdf)), p. 66.

About half of the EcSA participants were employed in the three quarters prior to participating in the program (Exhibit 1). This represents a much higher percentage compared to the typical population served by the WIOA Adult programs in Washington, whose pre-participation employment levels typically hovered between 10 and 12 percent in program year 2021-2022. It reflects the reality of low-wage workers who must continuously work to provide the basics for themselves and their children. Combined with their very low preprogram earnings (less than half of typical earnings of Washington WIOA Adult participants), this suggests that EcSA’s recruitment strategy successfully focused on low-wage workers it is unable to serve with WIOA alone—workers called Asset-Limited Income Constrained Employed (ALICE) individuals.

The distribution of median earnings shows a decline in pre-participation quarters, reaching its lowest point during the participation quarter and beginning to rise thereafter. This pattern is typical because people tend to reach out for help only after several unsuccessful attempts to deal with the situation on their own, and is expected for workforce development program participants.<sup>10</sup> However, while in many workforce development programs most participants tend to return to their pre-participation earnings levels,<sup>11</sup> EcSA completers’ post-completion earnings appear considerably higher than their pre-participation levels, with median quarterly earnings increasing by 71%. The reason for this appears to be the ability of EcSA to switch participants’ employment from lower paying to higher paying jobs.

Labor Market Outcomes of EcSA Participants



Given the absence of a comparison group, we cannot determine whether EcSA participation was the sole factor behind this pattern. Still, the large increases in earnings were a positive trend and suggest that the program may have succeeded in switching participants from lower- to higher-paying jobs (as the large pre-post increases cannot not be explained by increased employment levels alone).

<sup>10</sup> The pattern is known in the literature as the “Ashenfelter dip” because it was first discovered by the American economist Orley Ashenfelter (Ashenfelter, O. (1978). Estimating the effect of training programs on earnings. *The Review of Economics and Statistics*, 47-57).

<sup>11</sup> Holzer, *op. cit.*

Based on the preliminary evidence, EcSA's *WIOA Plus* approach, created with a combination of Washington State funds, appears to significantly improve wages of low-income individuals, whose needs are not typically well addressed by existing workforce development programs. Although the program has not yet been rigorously evaluated, our evaluation of its first few years suggests that its model of increased service intensity and individualized case management is a promising approach to addressing the needs of low-wage workers that could be adopted elsewhere.