

## **Testimony of Harry J. Holzer Before the Subcommittee on Nutrition, House Agriculture Committee, US House of Representatives, July 18, 2017**

Thank you for inviting me today to testify on the role of employment and workforce policy for SNAP recipients, as you consider The Next Farm Bill: Pathways to Success for SNAP Households.

I can support an agenda to increase work and earnings among SNAP, especially in the currently tight labor (though it will not be tight indefinitely). But such an agenda must recognize the great variation among recipients in their training potential, basic skills, job readiness and need for support. It must allow different rules and services for different categories of recipients – one size cannot fit all. Any major changes should be based on rigorous evidence of cost-effectiveness, which is currently scant. And, to implement such changes, every state agency should receive enough resources to assess each recipient’s abilities and needs, and to provide a range of work or training options to them – both within mandatory or voluntary SNAP E&T programs. Changes like these would take considerable time to implement, and are very different from the current approach in the mandatory programs (which mostly provide just job search or “workfare” to participants).

I’d like to make the following additional points this morning:

1. The most effective forms of worker training, in terms of generating long-term improvements in worker employment and earnings, are those that actively engage employers. The best models are sector-based training and work-based learning (like apprenticeship), especially for high-demand occupations and industries in any state or region. More SNAP recipients should have access to such models of education and training, which would benefit themselves and employers seeking skilled workers, reduce SNAP expenditures over time, and raise economic productivity.<sup>1</sup>

Sector-based training involves a partnership between local or regional employers, a training provider (often a community college), and an intermediary. Rigorous evaluations indicate strong impacts on the earnings of disadvantaged workers, lasting for as long as 6 years. Apprenticeships also generate strong impacts on earnings, with little fadeout over time. When workers earn a postsecondary credential from such training, like a certificate or an associate’s degree, the training is more likely to have lasting impacts, and to be portable across firms and sectors. Career pathways, in which workers can “stack” certificates and combine them with appropriate work experience, show promise as well. The high-demand sectors now include health care, advanced manufacturing, information technology, transportation/logistics, and the high ends of retail and hospitality.<sup>2</sup> But only workers with fairly strong cognitive and employability skills will benefit from such training. The roughly 3000 local “One-Stop” offices in

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<sup>1</sup> See the National Skills Coalition (2014).

<sup>2</sup> See Conway and Giloth (2014) for an overview of sector-based training strategies, and Maguire et al. (2010) and Elliott and Roder (2017) for evidence of their large and lasting impacts on the earnings of disadvantaged workers. For discussion and evidence on apprenticeship programs see Lerman (2014).

the US (now called American Job Centers) could help assess recipients and link them with training opportunities, when appropriate.

2. Most workers can also benefit from work experience over time, though the earnings and productivity gains it generates are smaller than those of the training approaches described above. But some workers need more support – such as active job search assistance and placement, transportation, or child care – to consistently work. And individuals deemed “hard-to-employ,” with multiple work barriers, will have difficulty accumulating positive work experience in the job market.<sup>3</sup> Job search or workfare alone for these populations have very limited effects on their earnings.

With additional resources, assessments of worker characteristics could be provided through SNAP agencies or local job centers. But the more “barriers” to work any recipient has – such as very poor skills, limited work experience, physical/mental disabilities or substance abuse - the less likely they are to sustain work experience leading to wage growth over time.

3. Any expansion of work requirements under SNAP should be imposed carefully, allowing for clear exemptions that are consistently applied for those with a range of physical/mental ailments or substance abuse problems, and for those who care for small children. The federal government should provide additional administrative funding if required work activities are expanded, as well as funding for the work or service opportunities and supports many SNAP recipients will need.

I recently embraced an agenda for strong work engagement among SNAP recipients in my paper with Robert Doar and Brent Orrell (published by the American Enterprise Institute in 2017), but with some caveats. SNAP recipients who care for small children, or who have clear disabilities (physical or psychological) or substance dependencies, should be exempted from any newly required work activities. For those who cannot find employment on their own, a public or private work (or training) activity should be provided. Indeed, an expansion of subsidized jobs in the private or public sectors is a sensible complement to any expanded work requirements.<sup>4</sup> And no worker should be sanctioned who has not at least been offered an *appropriate* work or service activity by SNAP administrators – though that is currently the practice for many ABAWDs operating under a 3-month time limit on their reciprocity.

New funding for expanded administrative activity and for work opportunities would be critical, either through E&T program grants or reimbursement grants. Since we have relatively little clear evidence of how any changes to work requirements would affect SNAP recipients, we should pilot and evaluate any major changes before implementing them on a wide scale (and also see what we learn from the pilots from the 2014 Farm Bill). And they should be accompanied by rising work supports, such as funding for child care and transportation as well

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<sup>3</sup> Evidence of lower work activity among those with multiple barriers can be found in Danziger and Seefeldt (2002).

<sup>4</sup> See the Center for Poverty and Inequality at Georgetown University (2016) for evidence on the positive impacts of subsidized jobs for the poor.

as a more generous Earned Income Tax Credits for childless adults, from other parts of the federal budget.

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