

SAFETY NET & WORKFORCE POSITION STATEMENT

BACKGROUND

The number of Lancastrians living in poverty in our community impacts not only individual families, but also businesses, our economy and our competitiveness. By working together, businesses and government can create work-based pathways for economic stability, reduce government dependency, improve child and family outcomes, and support economic development.

Many are unaware of the complexity of how social programs may distort labor markets and make it difficult for families in poverty to move toward economic self-sufficiency. Social services that are designed to help low-income working individuals and families have “cliffs,” where small increases in incomes will disqualify families from receiving any level of financial assistance – from child care subsidies to the Supplemental Nutrition Assistance Program (SNAP), from the Children’s Health Insurance Program (CHIP) to subsidized workforce or skills training – therefore resulting in a net reduction in income. The importance to business and industry leaders is the distortion in the labor market caused by these “cliffs.”

A potential employee who may be qualified for a job, or an employee who may be eligible for a raise or may qualify for a higher-paying job may feel compelled to pass on that opportunity given the overall financial implications to their economic stability. Employers are also penalized, as they may find a qualified and productive employee who will turn down a job, a raise, or a promotion because it makes them ineligible for a program that is designed to help them and provide a safety net.

The fact is that the path to prosperity, as identified in the Coalition to Combat Poverty’s 2016 report “One Good Job,” relies on work-based solutions.

There are opportunities to change policies related to access and eligibility of services that benefit low-income working families. Amending policies could help reduce the “cliff effect” for social services that support children and families in poverty and would incentivize efforts to increase earnings and create a pathway to economic self-sufficiency.

POSITION STATEMENT

The Lancaster Chamber supports policies that improve the following elements by making investments in the workforce and creating work-based solutions:

- Comprehensively address barriers to employment such as transportation, housing and access and cost of childcare.
- Provide a strong safety net with programs such as SNAP. This program plays a crucial role in helping workers and their families in low-paying jobs afford nutritious and basic dietary needs.
- Align workforce training with potential employees’ skill needs and employers’ skill demands and ensure capacity through financial appropriations for workforce training programs.
- Encourage the integration of graduated phase-outs of safety net benefits and alignment with workforce services.
- Support educational services that provide opportunities for individuals (children and adults) to meet their full potential and fill the talent supply needs for today and the future.

The rationale for reducing the “cliff effect” and addressing barriers is simple: It helps families become more economically self-sufficient and brings new talent into the labor market. Employees that advance and maintain economic security are more likely to accept more responsibility, role advancement or higher wages promoting healthy retention rates for employer. Particularly, in times of low unemployment, there is an added benefit to employers who are better able to retain and promote talent.