Expanding Education and Training Opportunities Under TANF

A Path to Stable Employment in Today's Economy

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Introduction

States use the federal Temporary Assistance for Needy Families (TANF) block grant to provide cash assistance and other supports and services to low-income families with children. Because TANF benefits are time-limited and relatively meager, the only way for parents to escape poverty and achieve long-term family economic security is by obtaining stable employment at higher than minimum wages. In today’s economy, such jobs typically require at least some education and training at the postsecondary level. However, most TANF programs remain stuck in a “work-first” approach and are failing to connect recipients to education and training that leads to an employer-valued credential.

Since its creation 20 years ago, TANF has largely failed to live up to the goal of engaging recipients of assistance in effective work programs that lead to economic security. In 2011, the latest year for which data is available, states reported an average of just 27.8 percent of TANF recipients entering a job and 30.8 percent of recipients reporting a gain in earnings. Studies of participants leaving TANF have consistently shown that they largely find employment in low-wage jobs, earning above the federal minimum wage yet living below the federal poverty line. Most states offer very little in the way of employment services to TANF recipients. In 2014, states spent 6.8 percent of total federal TANF and related state funds on work activities, with 15 states spending less than 5 percent.

One reason that most states have not engaged TANF recipients in education and training is the limited extent to which the federal “work participation rate” requirement gives them credit for such activities. Recent federal legislative proposals have addressed this issue, as well as suggesting requirements for states to spend a minimum share of their TANF funds on cash assistance, child care, and work-related activities. However, even without federal change, several states have recognized that education and training is a critical path for poor parents to succeed in the labor force and have changed their programs correspondingly. These programs act as models for redesigning TANF to support success in today’s economy.

Today's economy demands skills and credentials

A postsecondary credential is increasingly required for all but the lowest-paying jobs. A recent synthesis
of the literature on what works in employment and training is unequivocal: “A postsecondary education, particularly a degree or industry-recognized credential related to jobs in demand, is the most important determinant of differences in workers’ lifetime earnings and incomes.” The median earnings for a worker with less than a high school diploma is $19,954 and for a worker with a high school diploma is $27,868, compared to earnings of $33,988 for workers with some college credits or an associate’s degree, and $50,515 for workers with a bachelor’s degree. Adults with less than a high school education also fare worse when finding employment, as shown in Figure 1.

**FIGURE 1: QUARTERLY UNEMPLOYMENT RATES OF ADULTS AGE 25 AND OLDER BY EDUCATIONAL ATTAINMENT**

According to the latest data, 56.5 percent of TANF adult recipients have attained a high school diploma or equivalent, but 36 percent have not completed school up to 12th grade and only 7.6 percent have any postsecondary education. The reality is that the most effective path to employment for these recipients is often through education. The ever-changing domestic and global economics have raised the demand for highly productive workers trained in specific skills or credentials. As the demand for skilled workers continues to rise—an estimated 63 percent of job openings will require at least some college education by 2018—supporting additional educational and training pathways for TANF recipients must be prioritized in designing welfare-to-work programs that actually work.

The bipartisan reauthorization of the federal Workforce Innovation and Opportunity Act (WIOA) in 2014 incorporated a number of provisions that reflect this reality, such as a focus on demand-driven training including postsecondary education leading to employment; requirements to develop career pathways that allow participants to link training, credentials, and work experience in individualized ways, building skills over time; and a strengthened priority for serving low-income, lower-skilled individuals, including recipients of public assistance benefits and out-of-school youth.
Education and training works for TANF recipients

Even as state and federal policymakers increasingly recognize the importance of skills and credentials and set goals for all workers to have access to postsecondary credentials that are valued by employers, too often these policies leave out TANF recipients. However, the evidence is strong that when TANF recipients have access to education and training leading to degrees or certificates, they are more likely to be employed and to have higher earnings.

For example, a study of nearly 30,000 adult participants in Colorado Works, the state’s TANF program, found that recipients who earned additional credentials increased their quarterly earnings significantly, ranging from $416 per quarter for those with short-term certificates to an average of $2,200 per quarter for those with an associate of applied science degree. Completing a credential also positively impacted recipients’ labor market outcomes, as shown in Figure 2; Colorado Works recipients who earned a degree were significantly more likely to be employed after entering the program compared to those who may have earned credits but did not complete a degree. The lack of significant changes in labor market outcomes for individuals who attended college but did not achieve a credential suggests that TANF policies limiting full time education to 12 months and then requiring students to combine education with 20 hours of work may be counterproductive if they lead to students leaving school without a credential.

**FIGURE 2: IMPACTS OF COLLEGE CREDITS AND CREDENTIALS ON EMPLOYMENT AND EARNINGS OF COLORADO WORKS TANF RECIPIENTS**

![Graph showing impacts of college credits and credentials on employment and quarterly earnings for Colorado Works recipients](image)

**Source:** Lesley Turner, *The Returns to Higher Education for Marginal Students: Evidence from Colorado Welfare Recipients*, Table 2, September 15, 2015.

Further evidence of the value of education and training comes from a study of the Arkansas Career Pathways Initiative (CPI). Over 30,000 low-income adults have participated in the Arkansas CPI at 25 community and technical colleges across the state since 2006. By providing a comprehensive set of
academic services such as remedial education, GED preparation, and credentialing, CPI allows students to enter at different points in a career pathway but to work towards earning a degree or credential necessary to obtain gainful employment. As of 2013, 62 percent of CPI students enrolled in an Arkansas community college have completed an associate degree or certificate, compared to 39 percent of all students enrolled in similar two-year public institutions nationwide. CPI participants who received Temporary Employment Assistance (TEA) earned $3,100 more per year in the 12 months after leaving college compared to a matched pool of other TEA recipients from the same local areas.

While TANF recipients can succeed in education and training, they may need additional supports to do so. Arkansas CPI combines academic supports, case management and academic advising, and practical assistance such as help paying for transportation or textbooks. This is consistent with the review of what works in training, which found that lower-skilled individuals and those with multiple barriers to employment benefit from coordinated strategies across systems, and flexible, innovative training strategies that integrate the education, training, and support services they need to prepare for and succeed in the workplace. Training institutions, especially community colleges, are developing new ways to structure and deliver training. Some of these approaches include providing options for accelerating coursework; integrating work-based and classroom-based instruction; and linking courses and requirements in ways that accumulate skills along a specific career pathway, facilitate the persistence in and completion of programs, and lead to industry-recognized credentials and jobs. Some programs coordinate the delivery of available support services, such as child care and transportation solutions, to remedy any logistical dilemmas that would prevent participants from fully meeting program objectives. Our knowledge of how to help disadvantaged students succeed is far more sophisticated and evidence-based than when TANF was first enacted.

**TANF requires "work-first" in spite of evidence**

Many states fail to permit education and training even to the limited extent countable under federal laws. They remain stuck in a "work-first" mind-set that focuses on immediate job search and taking any available job. TANF agencies should not solely prioritize this work-first approach and should shift to address the skill gaps between work-eligible participants and available jobs.

The TANF work participation rate (WPR), which is the only measure of state performance to meet the program’s statutory purpose of promoting job preparation and employment, discourages states from engaging recipients in education and training activities. Specifically, except during the one year for which vocational education can be counted as a full-time "core activity", education and training is generally only countable when combined with at least 20 hours per week of another core activity, such as employment or community service. Except for teens, basic education can never be counted as a stand-alone activity, and vocational education and training can only be counted on its own for 12 months in a participants’ lifetime. Given the unpredictably shifting hours of many low-wage jobs, it can be difficult for recipients to combine education and training with employment. Many recipients are simply denied the opportunity to meet any of their participation requirements through education. In some cases, states require all recipients to be assigned to job search, while others discourage local TANF offices or contractors from assigning recipients to activities that cannot be counted toward the WPR.
In 2014, the most recent year for which data are available, 70 percent of work-eligible individuals who were counted as participating were in unsubsidized employment, most often jobs that people found on their own. Of those counted toward the rate, 19 percent were counted based on participating in job search. Job search is a reasonable first activity for many TANF recipients, most of whom desperately want to work. However, far too many TANF programs do not have anything else in the way of a work activity to offer, so recipients who don’t find jobs just get sent through job search programs over and over again, to little effect.\(^{13}\) Less than 15 percent of those who are work-eligible were engaged in education and training activities and only 2 percent were engaged in subsidized jobs.\(^{14}\)

Proposed policy changes could increase access to education and training

After years of deadlock over TANF reauthorization, it appeared last year that there might be possible bipartisan recognition of the limitations of the WPR and interest in making changes to give states more credit for engaging participants in education and training. In July 2015, the U.S. House Ways and Means Committee released a discussion draft for a possible reauthorization bill that included several changes to expand states’ ability to receive credit for engaging recipients in education and training activities, including allowing vocational education to be counted for up to 24 months, rather than the 12 months currently countable, and expanding the provision allowing teen parents to meet the work requirements through high school attendance, or the equivalent, or education related to employment to young adults through age 25. The draft would also have created new outcome based performance measures, including

Source: CLASP analysis of TANF Work Participation Rates – FY 2014. Education and training activities include vocational education, jobs skills training, education related to employment, and satisfactory school attendance.
employment and earnings gains, which would potentially have rewarded states for providing clients with effective work activities.\textsuperscript{15} Such changes would be consistent with the most up-to-date evidence about what works, as well as with the bipartisan WIOA reauthorization. A bipartisan group of Senators has also introduced the Enhancing and Modernizing Pathways to Opportunity through Work, Education, and Responsibility (EMPOWER) Act (S. 3091), which would allow vocational education (defined as "post-secondary, vocational, or career and technical education") to be counted up as a work activity for up to 36 months of participation.\textsuperscript{16} Unfortunately, outside of introducing legislation Congress does not appear to be actively pursuing making these proposed changes a reality on the federal level.

Taking advantage of the increased flexibility to implement high-quality training and job readiness activities will require more resources than most states currently spend on work activities. While some resources may be available from non-TANF sources, it is important to recognize that those funding streams (such as WIOA) have also frequently been capped or reduced over the last decade. Therefore, states must be both enabled and encouraged to spend more of their TANF and state funds claimed as maintenance of effort (MOE) on work-related services. The Obama Administration’s FY 2017 budget proposal would repurpose TANF contingency funds to provide $473 million to support subsidized employment programs for low-income parents, guardians, and youth, and $100 million for two-generational demonstration projects that would focus on both parental employment and children’s needs.\textsuperscript{17} Both the EMPOWER Act and the Obama FY 2017 budget would also require states to spend at least a minimum portion of their TANF and MOE funds on cash assistance, child care, and work activities.

\section*{More states have redesigned TANF to allow access to education and training}

CLASP has previously highlighted models used by several states to promote education and training among TANF recipients, such as Nebraska’s Employment First (EF) program and Oklahoma’s Special Projects program. Under Nebraska’s EF program, parents receiving benefits under the state’s Aid to Dependent Children program can combine education and employment activities in their self-sufficiency plan. The EF program also differs from the federal work participation requirements by counting all but job skills training as core work activities, and by allowing vocational education participation to count up to 36 months.\textsuperscript{18} In Oklahoma, the Special Projects programs allow TANF recipients to pursue postsecondary degrees and credentials at any of the state’s 13 community colleges and 20 technology centers. Special Projects staff members also organize workshops on soft skills, life skills, and other issues that may affect TANF recipients and provide up to six months of post-training job search and six months of employment retention follow-up.\textsuperscript{19}

Other states and counties have made recent changes to their TANF programs to improve the workforce development of recipients. New York City’s Human Resources Administration under Mayor Bill de Blasio has submitted employment plans to strengthen TANF and SNAP employment and training resources, for example by including improved individual assessments to identify substantial barriers to employment, strong connections to career pathway programs directing recipients to high-growth industries, and expansion of subsidized employment and internship models.\textsuperscript{20} In 2014, Minnesota passed and signed legislation that allowed its Minnesota Family Investment Program (MFIP) recipients unlimited participation in expanded educational activities including adult basic education, GED preparation, English as a Second Language (ESL) and postsecondary education.\textsuperscript{21} Latest program data indicate that 17.4 percent of all MFIP participants are enrolled in these educational activities; participation rates are higher.

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for those with no high school education (24.6 percent) and those who speak a first language other than English (45.8 percent). In the last year, Oregon has started the Rogue Educational Achievement program (REACH) in the capital city of Salem. REACH is a pilot grant coordinated between the state Department of Human Services and multiple workforce development partners to serve 150 TANF families and those families exiting TANF into career pathway training opportunities. The program has been able to leverage training funds, as well as workforce skill building activities through WIOA. REACH program coordinators sought out innovative strategies from other states by contacting Pennsylvania’s longstanding Keystone Education Yields Success (KEYS) program, which assists parents receiving TANF or SNAP benefits to enroll in certificate or degree programs at any of the state’s community colleges. Under both the KEYS and REACH programs, TANF work-eligible recipients are allowed to count vocational education towards their TANF work requirements for up to 24 months, instead of the 12 months countable under the federal law.

Similarly, West Virginia has started a pilot partnership between its Department of Health and Human Resources and the Southern West Virginia Community and Technical College to enroll TANF participants as students working towards a certificate or degree program. As part of the pilot, local employers were contacted to determine skills needed in the workforce so that the cohort of students can be prepared for particular emerging occupations. In neighboring Virginia, which allows its local social services departments to place Virginia Initiative for Employment Not Welfare (VIEW) participants in high school equivalency preparation or career and technical education programming, the state has recently approved legislation authorizing apprenticeship programs to be included as a placement option, providing another opportunity for VIEW recipients to gain job skills training.

WIOA-TANF partnership creates additional opportunities

The 2014 enactment of the Workforce Innovation and Opportunity Act (WIOA) creates a significant opportunity for states to rethink their employment services for TANF recipients. Under WIOA, TANF programs are made mandatory partners in the WIOA system of one-stop career centers, unless governors choose to opt TANF out. As of May 2016, only six states had opted out of including TANF in their WIOA one-stop systems. WIOA also requires state and local unified planning, which has the potential to align policies and funding streams to support comprehensive and integrated services that help low-skilled and low-income people—including disconnected youth, welfare recipients, formerly incarcerated individuals, and others with unique barriers to employment—get the education, training, employment services, and support services they need to enter and advance in the workforce.

Inclusion of TANF in the WIOA planning process creates an opportunity for states to re-think the employment services provided to TANF recipients. For example, the New York State draft plan for WIOA highlights the importance of education for workforce success, and goes so far to say that “many businesses will not consider a job applicant, even for the lowest-level positions, unless they have a high school degree.” And yet, many counties in New York operate work-first TANF programs that do not allow recipients to meet their participation requirements by working towards a high school diploma or equivalency, even as the workforce side recognizes that recipients without such credentials are highly likely to be trapped in poverty. Bringing the two conversations together might create the momentum for New York to revise TANF policies that deny access to education and training activities.

Another key element of WIOA is that localities must give priority of service to “public benefits recipients, other low-income individuals, and individuals who are basic skills deficient” when providing career and
training services using WIOA Title I Adult funds. This priority is needed; in Program Year 2013, under the former Workforce Investment Act of 1998 (WIA), only 48 percent of those receiving intensive or training services were low-income (household income below 200 percent of poverty), including only 27.5 percent who were receiving any form of public assistance benefits, and only 3.8 percent who were recipients of cash assistance under TANF.  

Finally, WIOA expanded eligibility for “youth” programs to encompass young adults up to the age of 24, and requires that the majority of funds be used for out-of-school youth. This presents another opportunity for partnerships with human services programs, as nearly one-third of TANF recipients who are work-eligible are young adults under the age of 24.  

While WIOA presents real opportunities for providing TANF recipients with access to job-driven training leading to employer-valued credentials, it does not guarantee change. In particular, many states continue to report challenges in aligning TANF and the work participation rate requirements with the outcome-focused approach under WIOA. We urge Congress to consider allowing WIOA activities to count toward the TANF work participation rate, in addition to generally providing states with more flexibility for education and training.

Conclusion

In our country, 2.9 million families with children live in deep poverty; the deprivation and stress of such poverty not only harms child well-being but also has lasting consequences for their health and economic success, as well as the on-going development of the American workforce. Social safety net programs that are designed to move individuals from public benefits into the labor force must be redesigned to align with modern-day labor expectations and industrial demands. Federal lawmakers should make statutory changes to support education and training under TANF as part of reauthorization, as well as to fund career pathway initiatives and other education and training programs that will prepare participants with barriers to employment for high-skilled, high-wage professions. But there is also opportunity for states and localities to act now.

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Education and training includes vocational education, jobs skills training, education related to employment, and satisfactory school attendance. Note that clients receiving assistance under solely state funded programs are not counted in the work participation rates and some states place students in such programs.


