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## Why Congress Should Expand, Not Cut, Access to Long-Term Training in TANF<sup>1</sup>

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Congress is currently considering reauthorization of the Temporary Assistance for Needy Families (TANF) welfare block grant. Under current law, up to 30 percent of those counting toward a state's required work participation rate can count time spent in vocational educational training toward initial hours of participation, for up to 12 months. The House reauthorization bill (H.R. 4) would cut the time training counts toward meeting initial hours of participation by three-fourths—from 12 months down to three months in each 24-month period. The Senate Finance bill, on the other hand, continues the current 12-month policy and adds a new option for states to count vocational educational training toward the work rates for more than 12 months, with participation in such programs capped at 10 percent of a state's caseload.

Research has shown that the welfare-to-work programs that have been most successful in helping parents work more and increase earnings over the long run are those that include substantial access to education and training, together with employment services and a strong overall focus on work as the goal. This is because skills and educational credentials are strongly linked to success in the labor market generally and because welfare recipients on average have low skills that hinder their efforts to earn enough to support a family. Job training and other postsecondary activities appear to be particularly important in helping welfare recipients qualify for higher paying, more stable jobs. The following data support increasing welfare recipients' access to longer-term training:

- **Jobs increasingly require some training or education beyond high school, yet there is expected to be a sharp slowdown in the growth of workers with postsecondary skills.** According to the Bureau of Labor Statistics, occupations requiring postsecondary education, which accounted for 29 percent of all jobs in 2000, will account for 42 percent of total job growth between 2000 and 2010.<sup>2</sup> Yet there will be far less growth in the number of workers with postsecondary education over the next 20 years than there was over previous decades—just a 19 percent increase as compared to a 138 percent increase from 1980-2000.<sup>3</sup>
- **Skills pay off more in the labor market than ever before—1999 Census data show women with an associate degree earn more than twice as much as those without a high school diploma (about \$24,000 compared to about \$11,000) and 37 percent more than those with only a high school diploma (who earn about \$17,000).** Some training or education beyond high school is required to qualify for family-supporting jobs, yet only about one-sixth of welfare recipients have any postsecondary education.
- **Workers with postsecondary credentials are more likely to be employed than those with a high school education or less.** This is especially true for African-Americans and women. In 2000, 87.8 percent of workers with a college degree were employed, a 12 percent higher employment rate than for those with just a high school diploma, and a 40 percent higher employment rate than those with less than a high school education. Among women, the differences were even greater—82 percent of those

with a college degree were working, a 15 percent higher employment rate than those with only a high school education and about two-thirds higher than those with less than a high school education.<sup>4</sup>

- **Workers with more education have shorter unemployment spells.** A national study of unemployment spells between 1996 and 1999 found that those with less than a high school education were unemployed 47 percent longer than college-educated workers. Those with a high school diploma only were unemployed almost one-fourth longer (23.5 percent) than those with at least some college.<sup>5</sup>
- **Current or former welfare recipients who work are in low-wage jobs with few benefits and experience little earnings growth.** Those who have left welfare and are working earn about \$8,000 to \$12,000 annually, only about one-fourth receive employer-based health benefits, and 30-40 percent work nonstandard hours. Their wages grow only modestly over time, as would be expected given their education levels. In general, women with only a high school diploma have about half the annual wage growth of women with a bachelor's degree and only about 60 percent of the wage growth of those with an associate degree.<sup>6</sup>
- **The TANF law's current 12-month limit on vocational educational training is not supported by recent research findings on the experiences of welfare recipients in the labor market and on the effectiveness of different welfare-to-work strategies.** Even earning just an occupational certificate from a community college typically takes more than a year, as recipients typically work part-time and often must take remedial reading, writing, or math courses before taking their program courses. For example, welfare recipients in the California community colleges take two years on average to complete even the shorter certificate programs.<sup>7</sup>
- **The most successful welfare-to-work programs are those that do not rely primarily on one activity but provide different services to different recipients as needed, including job search but also education and training.** In the most recent rigorous research, from the National Evaluation of Welfare-to-Work Strategies (NEWWS), the Portland, Oregon, program far outperformed the other sites—and most other welfare-to-work programs that have been studied—by producing large increases in employment, earnings, job quality (wages and benefits), and employment stability. Portland provided a range of services, making substantial use of education and training, as well as job search and other activities. Other programs offering a mix of services have also been highly effective.
- **Portland substantially increased participation in education and training—particularly community college programs—and emphasized job quality while maintaining an employment focus.** Portland also increased receipt of education and training credentials, including helping more high school dropouts to earn both a GED and an occupational certificate. The program emphasized participation in a range of activities, tailored services individually, and stressed job quality. Recipients typically were in just one activity at a time.
- **Welfare-to-work programs that have helped parents obtain higher-paying jobs have typically made substantial use of longer-term training.** In Portland, over half of those with a high school diploma attended a community, two-year, or four-year college at some point in the five years after entering the program—a 66 percent increase compared to a control group. Among those entering the program without a high school diploma, four times as many received occupational certificates compared to the control group. In addition, the three NEWWS sites that most increased hourly pay for nongraduates after two years of follow-up—Portland, as well as Columbus, Ohio, and Detroit—also boosted participation in longer-term training for this group. In three other NEWWS sites, those who participated in basic education and then went on to participate in postsecondary education or training

had an additional \$1,542 (or 47 percent) in earnings in the third year of follow-up compared to those who participated only in basic education.

- **Consistent with this national research, state studies also show better outcomes for those who received job training or other postsecondary education.** A 2003 study of welfare recipients in California’s community colleges found that the more education CalWORKs students attain, the greater their earnings, even for those who entered college without a high school diploma or GED. Those who obtained an associate degree dramatically increased their pre-college earnings (from about \$4,000 annually to nearly \$20,000), and those in vocational fields saw even larger increases.<sup>8</sup> And a 2002 study of the Maine Parents as Scholars program—which supports welfare participants while they complete a two- or four-year degree—found that graduates increased their hourly median wages from \$8.00 before college to \$11.71 immediately after college—a 46 percent increase.
  
- **At least 40 states currently allow more access to postsecondary education and training than would be allowed under the House-passed welfare reauthorization bill.**<sup>9</sup> These states would likely have to change their policies to reduce access to postsecondary education if the House bill were enacted. Further, at least 23 states allow more access than is countable toward federal work rates under current law, something that is possible only because of the caseload reduction credit. If in reauthorization Congress increases effective participation rates by changing the caseload reduction credit and increases the rates themselves, then these other states are also likely to have to reduce access to postsecondary training or education. By contrast, extending the amount of time that vocational educational training counts toward federal work rates, from 12 months to 24 months, would allow most states to continue their current postsecondary policies even if effective participation rates increase significantly. For the relatively small number of recipients who are able and interested in pursuing a four-year degree, the proposed state postsecondary option in the Senate Finance bill would give them an important opportunity to benefit from extended postsecondary education.

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<sup>1</sup> Except where noted, sources for research cited here can be found in Martinson, K., & Strawn, J. (April 2003). *Built to Last: Why Skills Matter for Long-Run Success in Welfare Reform*. Washington, DC: Center for Law and Social Policy. Available at [www.clasp.org](http://www.clasp.org); and in Strawn, J., & Martinson, K. (June 2000). *Steady Work and Better Jobs*. New York: MDRC. Available at [www.mdrc.org](http://www.mdrc.org).

<sup>2</sup> Hecker, D.E. (November 2002). Occupational employment projections to 2010. *Monthly Labor Review*, 24(11).

<sup>3</sup> *Grow Faster Together. Or Slowly Apart.* (2002). Washington, DC: The Aspen Institute.

<sup>4</sup> U.S. Census Bureau, Statistical Abstract of the United States 2001, Table 571.

<sup>5</sup> Gottshalck, A.O. (September 2003). *Dynamics of Economic Well-Being: Unemployment Spells 1996-1999*. Washington, DC: U.S. Census Bureau.

<sup>6</sup> U.S. Bureau of Labor Statistics, data from 1978-1998.

<sup>7</sup> Mathur, A., with Reichle, J., Wiseley, C., & Strawn, J. Draft report forthcoming in 2004 from the Chancellor’s Office of the California Community Colleges and the Center for Law and Social Policy.

<sup>8</sup> Mathur, et al., forthcoming.

<sup>9</sup> From May 2002 national survey of state TANF policies toward postsecondary training or education by the Center for Law and Social Policy. This is a conservative estimate as it excludes states where TANF work policies are locally determined and it is likely that a number of localities in those five states would be affected. See [http://www.clasp.org/DMS/Documents/1024591897.16/doc\\_Postsec\\_survey\\_061902.pdf](http://www.clasp.org/DMS/Documents/1024591897.16/doc_Postsec_survey_061902.pdf).