

Investing in Connecticut's Families: Reducing Child Poverty Through Post-Secondary Education for Low-Income Parents

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November 15, 1999

I. Summary

Although hundreds of Connecticut parents have left Temporary Family Assistance (TFA) for employment, many children with working parents remain in poverty. In many cases, the family has traded a low, but regular welfare check for a slightly higher, but more irregular, paycheck.

Average earnings of parents still on TFA are about \$709/month or \$8,500/year¹

Average earnings of families who have left TFA at the end of 21 months (at three month post-time limit mark) is \$955/month, or \$11,460/year.² 80% of these families have incomes under \$1,500/month (\$18,000/year)³

The average starting salary of Jobs First clients entering jobs through the Regional Workforce Development Boards is \$7.00/hour (about \$14,000/year)⁴

Recent research shows that while a “jobs first” approach quickly raises employment rates for low-income families, access to post-secondary education and training is essential -- particularly in Connecticut’s knowledge-based economy -- to helping families earn an income sufficient to meet essential needs. The old adage – “To get a good job, get a good education” – is more true today than at any time in a generation.⁵ Research also shows that the most effective welfare-to-work programs include a mix of education, job training, and work.

This short report summarizes current research on the returns to post-secondary education and why investing in post-secondary education opportunities for low-wage parents is essential to lifting children out of poverty. It further discusses how Connecticut can make more creative use of the federal block grant funds provided through Temporary

¹ CT Department of Social Services, October, 1999, *Temporary Family Assistance Program Summary Report*

² MDRC, *Connecticut Post-Time Limit Tracking Study: Three-Month Survey Results*

³ CT General Assembly, Office of Legislative Research, Report # 99-R-0706

⁴ CT General Assembly, Office of Legislative Research, Report # 99-R-0051

⁵ Ellwood D & Kane T, 1999, *Who is Getting a College Education? Family Background and the Growing Gaps in Enrollment* (Kennedy School of Government, Harvard University)

Assistance to Needy Families (TANF) to support low-wage parents' enrollment in post-secondary education programs.⁶

II The Importance Of Increasing Post-Secondary Education Opportunities For Connecticut's Low-Skill, Low-Income Parents

A primary assumption of a "jobs first" approach is that work experience alone will result in meaningful and continuing increases in income. However, with declines in manufacturing jobs and state and national shifts to more knowledge-based economies, this assumption increasingly appears flawed.

For example, one recent study that followed a national sample of women who left welfare in the early 1990s found that their median wages increased only \$0.09/hour annually over the five years they were followed.⁷ By comparison, another recent study found that for some welfare recipients, even one semester of post-secondary education can raise skill levels enough to increase annual incomes by as much as \$10,000.⁸

Though Connecticut can proudly boast that it has the second best high school completion rate in the nation, and is among the top states in the proportion of its adults with a college degree or greater education, many Connecticut parents lack the educational backgrounds necessary to get and hold jobs with incomes sufficient to meet their families' needs. Recent analysis of United States Census Bureau data found that fully three-quarters of Connecticut parents who are working but whose income remains below the poverty level -- Connecticut's "working poor" -- have a high school degree *or higher education*. This suggests that in Connecticut's emerging knowledge-based economy, even a high school education is insufficient to secure a job that lifts a family out of poverty.⁹

Moreover, the educational attainment level of families who have been in Jobs First is, predictably, below that of "working poor" families overall. The post-time limit tracking study done by Manpower Demonstration Research Corporation (MDRC) for the Connecticut Department of Social Services found that about 40% of the survey respondents had 0-11 years of school, about 54% had a high school diploma or GED, and only 6% had some college.¹⁰ Families in the Connecticut's "Safety Net" have even lower

⁶ For a more detailed analysis of these issues, see Greenberg M, Strawn J, & Plimpton L, 1999, *State Opportunities to Provide Access to Postsecondary Education Under TANF* (Washington DC: Center for Law and Social Policy)

⁷ Cancian M et al, 1999, *Work, Earnings, and Well-being After Welfare: What Do We Know?* (Madison, WI: Institute for Research on Poverty)

⁸ Carnevale A & Desrochers D, 1999, *Getting Down to Business: Matching Welfare Recipients' Skills to Jobs that Train* (Princeton, New Jersey: Educational Testing Service)

⁹ Geballe, Canny & Gruendel, 1999, *Connecticut Families: Poverty Despite Work* (New Haven: Connecticut Voices for Children)

¹⁰ . MDRC, 1999, *Connecticut Post-Time Limit Tracking Study: Six-Month Survey Results*. Note: the families surveyed in this study could be considered some of welfare reform's "successes" since they had earned enough to become ineligible for a six-month extension of benefits.

educational attainment. Only about 30% of Safety Net clients have a high school diploma/GED.¹¹

Moreover, over the past five years the proportion of Connecticut parents receiving cash assistance who are in post-secondary education programs has declined. In 1994, 85% of Connecticut's active welfare-to-work participants were in post-secondary education or training programs. In 1997, this had decreased to 31.7%.¹²

Now, with the marked reductions in Connecticut's TFA caseload reducing by millions of dollars the proportion of the TANF block grant that must be paid in cash assistance, Connecticut has an unprecedented opportunity to invest in its low-skill, low-income parents by expanding post secondary education opportunities and breaking the cycle of poverty.

The Returns to Higher Education

Post-secondary education is an *investment*. That is, it is an expenditure with an expectation of a return as income or profit. While the *economic* returns from post-secondary education are often discussed, parents with post-secondary education bring other significant benefits to their families, as well.

Higher educational attainment is strongly associated with higher earnings. Data unequivocally show that higher educational attainment results in higher median earnings. In particular, post-secondary education assures higher earnings and lower unemployment, thereby markedly reducing child and family poverty. The investments we make in education are "help toward doing without help."

One study of the empirical literature suggests that *any* post-secondary education results in increased earnings; even those who do not complete degrees earn about 5-7% more for each year's worth of college credit, whether they attend a two-year or four-year college program.¹³

As illustrated in the chart that follows, women with an associate's degree earned \$6,414 more a year in 1998 than women with only a high school diploma (\$28,337 compared to \$21,963), and earned nearly twice as much as women who have not finished high school (\$15,847). Women with a bachelor's degree earned \$7,031 more than women with an associate's degree (\$35,408 compared to \$28,337).

The education-wage differential in 1998 was ever greater for men. Men with an associate's degree earned \$7,615 more a year than men with a high school diploma, and

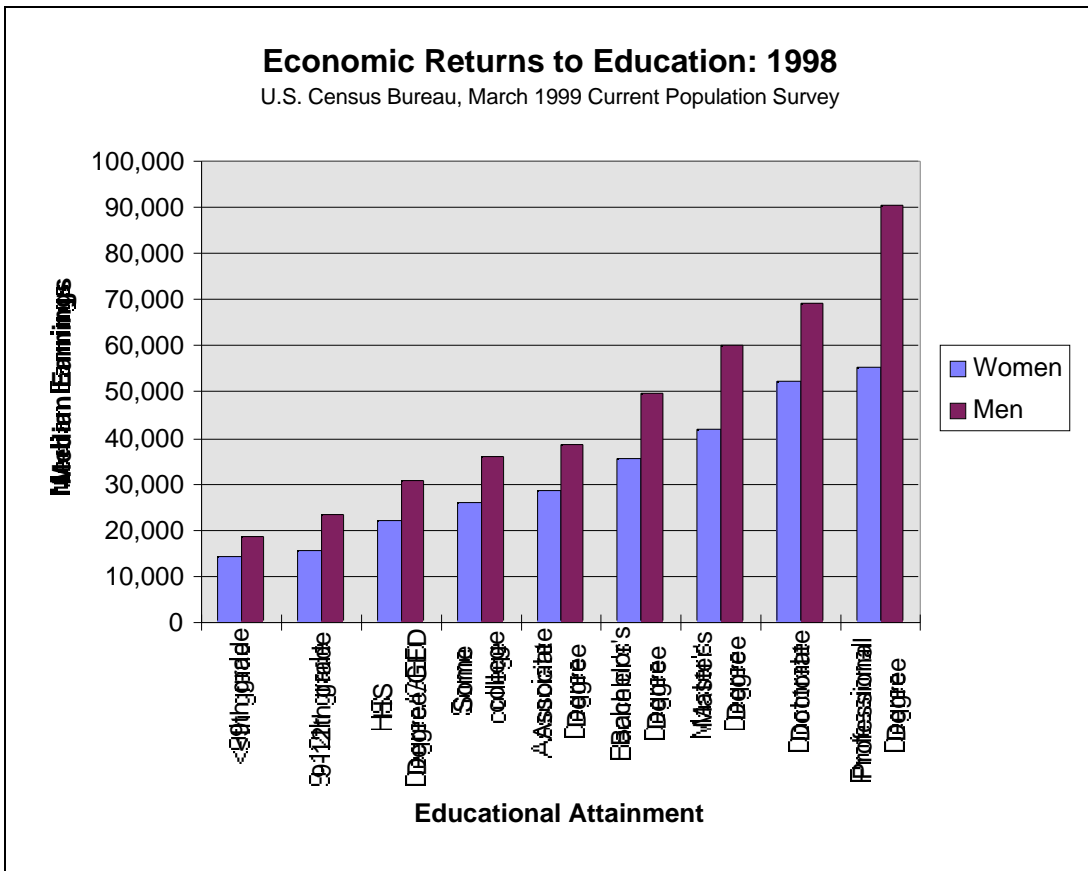
¹¹ Connecticut Council of Family Service Agencies, *WorkSteps Progress Report, November 1997-December 1998*.

¹² United States General Accounting Office, 1998, *Welfare Reform: States are Restructuring Programs to Reduce Welfare Dependence* (Washington, DC: Government Printing Office)

¹³ Kane T & Rouse C, 1999, "The Community College: Training Students at the Margin Between College and Work," *Journal of Economic Perspectives* 13(1):63-84

\$15,045 more a year than men who had not finished high school (\$38,483 compared to \$30,868 and \$23,438).

As this chart illustrates, also, the economic returns to education are greater for men than for women. While men with less than a high school education earn about 1.3 times what women with comparable education earn, men with professional degrees earn about 1.63 times more.¹⁴ Importantly, more than 95% of the single parent-headed households receiving cash assistance are headed by women.¹⁵ Thus, continuing wage inequality between men and women places additional economic strain on female-headed families seeking to work themselves out of poverty.



The education-wage differential has been increasing. Over time, the wages of our most highly educated parents have increased far more rapidly than the wages of our less well-educated parents. In fact, the average inflation-adjusted (“real”) wage of a person who did not complete college *fell* 12% over the 1979-1997 time period. Even workers who had one to three years of college experienced a decline in real wages of 8.6% over this time period. By comparison, workers with a college degree had a 5.6% wage gain over this period, while workers with advanced degrees enjoyed 12.4% wage growth. These wage increases occurred *despite* the increased numbers of college-educated

¹⁴ United States Census Bureau, Current Population Survey, March 1999

¹⁵ Carnevale A & Desrochers D, 1999, *Getting Down to Business: Matching Welfare Recipients’ Skills to Jobs That Train* (Princeton, NJ: Educational Testing Service)

workers in the workforce (from 11% in 1979 to 14% in 1997), implying a strong growth in employer demand for more educated workers in the emerging knowledge and technology-based economy.¹⁶

Importantly, as illustrated in the chart below, the primary reason for the increasing wage gap between college-educated and other workers has been the “precipitous decline of wages among the non-college educated workforce.”¹⁷

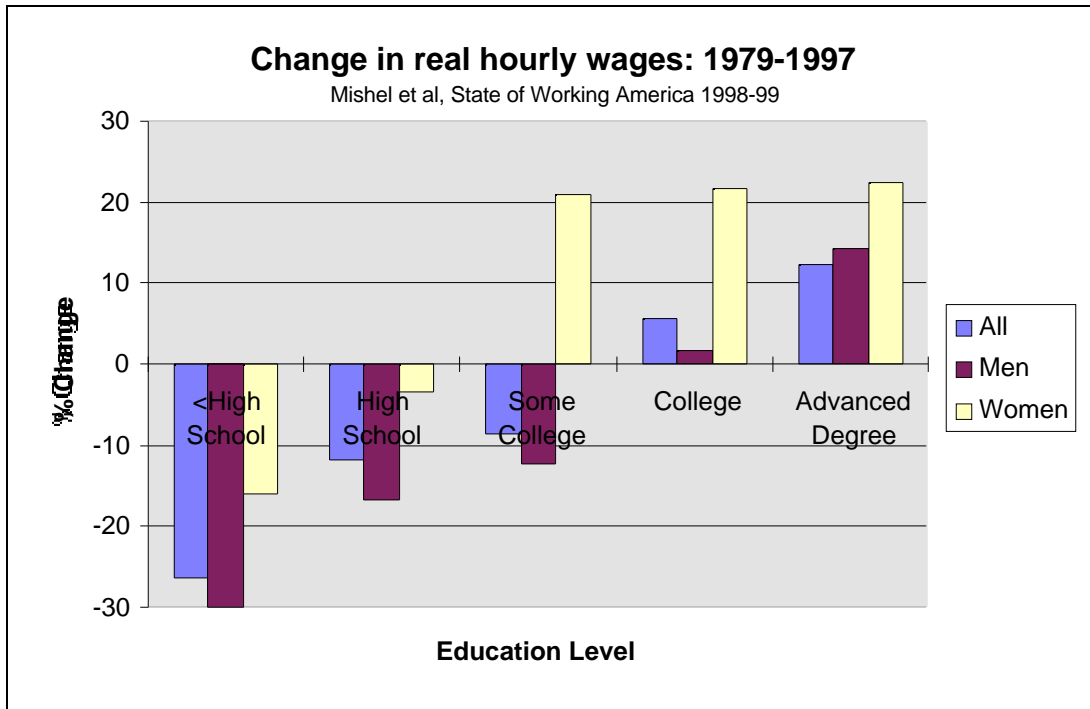
- Male workers without a college degree have had a steady decline in their inflation-adjusted wages since 1979 – a loss of 10.1% between 1979 and 1989 and an additional 7.4% between 1989 and 1997. The decline in real wages was greatest for men with the least education -- men without high school degrees had wages fall by 29.9%, while the wages of men with a high school diploma fell 16.8%. Even men with “some college” (though not a degree) saw a 12.2% decline in wages between 1979 and 1997.
- Between 1979 and 1997, women with less than a high school education had a 16% decline in real wages, compared to a 3.4% decline for women with a high school diploma/GED. Women with “some college” had a 2.1% increase in wages, while women who completed college enjoyed wage increases of 21.6%.¹⁸ Despite the rapid increase in wages of college-educated women since 1979, however, a female college graduate in 1997 still earned only what a high-school-educated male earned in 1973 (in inflation-adjusted dollars).¹⁹

¹⁶ Mishel, Berstein, & Schmitt, 1999, *The State of Working America 1998-99* (Ithaca, NY: Cornell University Press), p. 156

¹⁷ Id. at p. 157

¹⁸ Id. at pp. 159-160

¹⁹ Id. at p. 160

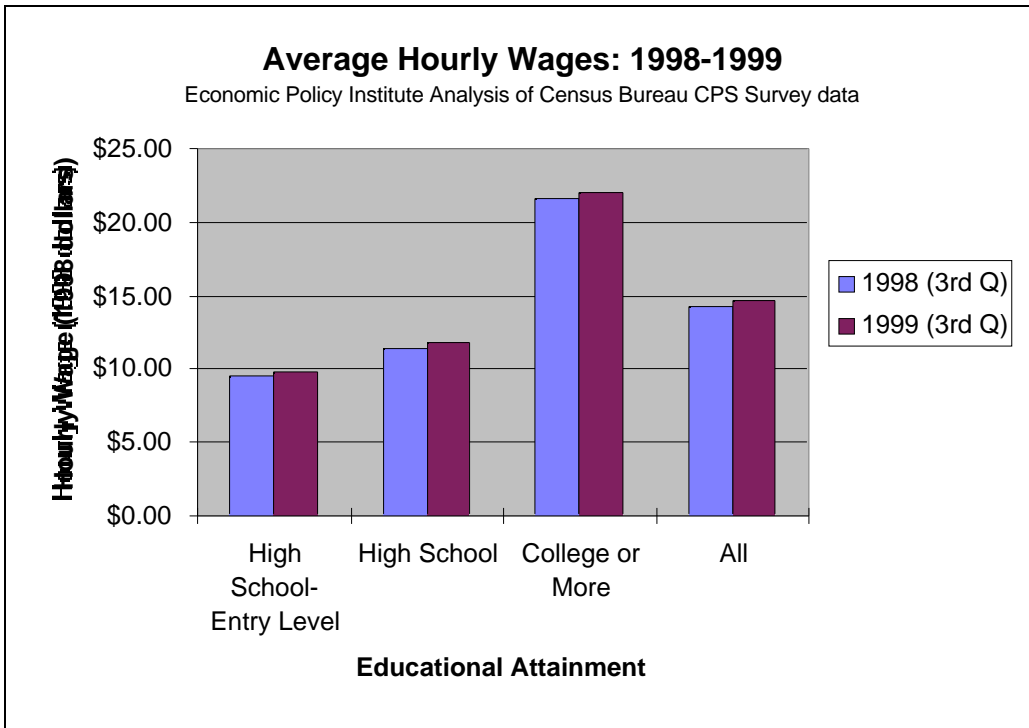


A decline in the wages of entry-level workers adds to the challenge faced by parents with little education. The real wages of newer workers have been falling faster than the wages of more experienced workers. The entry-level hourly wages²⁰ of a male high school graduate fell 27.6% between 1970 and 1997, and fell 18.3% for a female high school graduate. Entry-level wages among male college graduates also declined over this period (7.7%) while entry-level wages for female college graduates increased 3%.²¹ These declines in entry-level wages compound the impact of declines in wages among workers with less educational attainment. In short, the most dramatic declines in real wages have been among the men and women who are *both* new to the workforce *and also* not college-educated -- characteristics common to many parents leaving cash assistance.

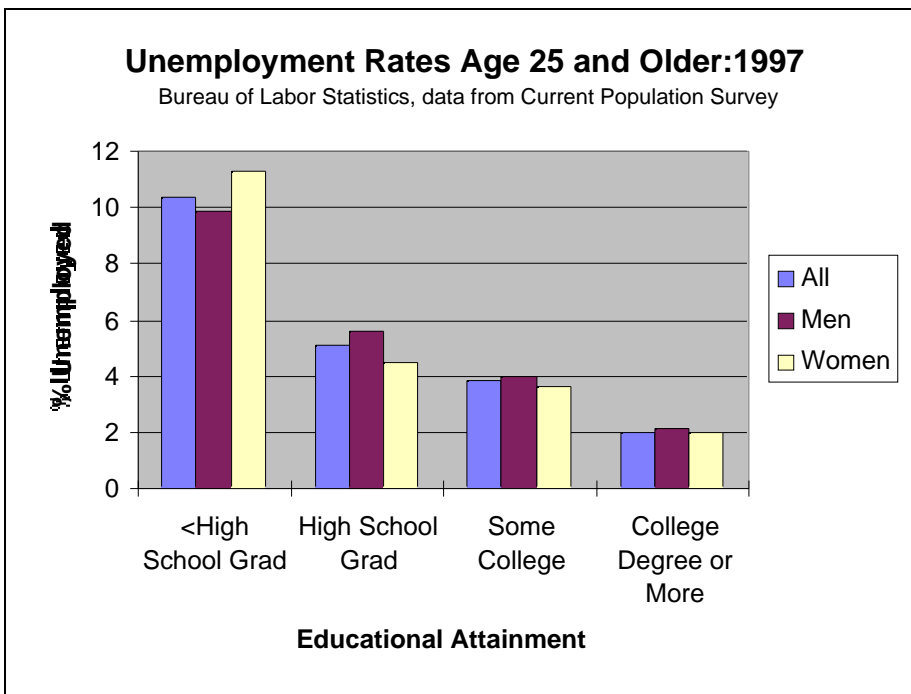
Though low unemployment rates have generated some wage gains for low-wage workers in recent quarters, the hourly wages of entry level workers continue to lag, as shown in the following chart:

²⁰ "Entry level wages" are defined as the wages of workers with 1-5 years of experience.

²¹ Mishel, Berstein, & Schmitt, 1999, *The State of Working America 1998-99* (Ithaca, NY: Cornell University Press), pp. 161-63



Higher educational attainment is strongly associated with reduced unemployment. Adult workers with a college degree or higher education are at least five times less likely to be unemployed than are workers with less than a high school education.²²



²² United States Census Bureau, Current Population Survey, 1997

In addition, women with some college spend far more time employed (76% of weeks over a four-year period) than women without a high school diploma (only 49% of weeks over the same period).²³

Higher educational attainment is strongly associated with a variety of other favorable economic, health, and family outcomes. Compared to persons with less than a high school education, persons with a college degree or greater education are, for example:

- 10 times less likely to have a family income under the poverty level²⁴
- 22 times more likely to hold administrative, managerial, or executive jobs²⁵
- Twice as likely to work for an employer that provides or pays for adult education²⁶
- 2.6 times less likely to smoke and 12 times less likely to smoke when pregnant²⁷
- Less than half as likely to die between the ages of 25-64 and half as likely to have an infant that dies at birth²⁸
- 7 times less likely to have a child while unmarried²⁹
- 1.6 times more likely to be registered to vote and 2 times as likely to have voted³⁰

Parents' higher educational attainment has intergenerational benefits. Children of better-educated parents are more likely to score higher on standardized tests than children of less well educated parents.³¹ This higher academic achievement of the children is, in turn, associated with a greater probability of their attending post-secondary education and, thereby, enhancing their *own* family income and the likelihood of *their own* children achieving academic success and economic security.³²

In addition, the children of better-educated parents are also more likely to enroll in college than are youth *who have comparable academic attainment* but whose parents have less education. One study found that across all income categories, the odds that a youth who graduates from high school will soon enter *any* post-secondary education program increases from 58% to 95% as the education of the parents increases (from less

²³ United States Bureau of Labor Statistics, June 24, 1998, *Number of Jobs, Labor Market Experience, and Earnings Growth: Results from a Longitudinal Survey*

²⁴ United States Census Bureau, Current Population Report P60-198, 1996

²⁵ United States Census Bureau, Current Population Report P20-489, 1995

²⁶ National Center for Educational Statistics, *Participation in Adult Education*, 1991

²⁷ National Center for Health Statistics, *Health, United States, 1998, 1999*

²⁸ National Center for Health Statistics, *Health, United States, 1996-7, 1998*

²⁹ United States Census Bureau, *Current Population Reports*, P20-482, 1994

³⁰ United States Census Bureau, *Current Population Reports*, P20-504, 1996

³¹ National Center for Education Statistics, *NAEP Trends in Academic Progress*

³² Ellwood D & Kane T, 1999, *Who is Getting a College Education? Family Background and the Growing Gaps in Enrollment*, Kennedy School of Government, Harvard University

than high school to a graduate school degree). The odds of going to a four-year college or university jump from 21% to 77%.³³

Moreover, as the table below illustrates, even within income categories parents' educational attainment is closely related to post-secondary education of their children. That is, by enhancing the educational attainment of parents we will concurrently increase the likelihood of high educational attainment (and higher income) in the next generation.

Proportion of Students Enrolling in Any Post-Secondary Education Within 20 months of High School Graduation (Class of 1992)						
	Highest Parental Education					
Parental Income Quintile	< High School	High School Graduate	Some College	College Graduate	Graduate Degree	Overall Average
Lowest 20%	52%	54%	63%	84%	83%	60%
Middle 20%	65%	69%	80%	90%	94%	81%
Top 20%	90%	71%	84%	90%	97%	89%
Overall Average	58%	60%	74%	90%	95%	75%

Source: Ellwood D & Kane T, 1999, *Who is Getting a College Education? Family Background and the Growing Gaps in Enrollment*, Kennedy School of Government, Harvard University, Table 3.

Proportion of Students Enrolling in A Four-Year College Within 20 months of High School Graduation (Class of 1992)						
	Highest Parental Education					
Parental Income Quintile	< High School	High School Graduate	Some College	College Graduate	Graduate Degree	Overall Average
Lowest 20%	19%	24%	32%	57%	47%	28%
Middle 20%	28%	32%	48%	63%	77%	50%
Top 20%	33%	32%	52%	72%	82%	66%
Overall Average	21%	27%	41%	66%	77%	45%

Source: Ellwood D & Kane T, 1999, *Who is Getting a College Education? Family Background and the Growing Gaps in Enrollment*, Kennedy School of Government, Harvard University, Table 3.

³³ Ellwood D & Kane T, 1999, *Who is Getting a College Education? Family Background and the Growing Gaps in Enrollment*, Kennedy School of Government, Harvard University

Post-secondary education and training would enable many welfare recipients and low-wage parents to leave the ranks of the “working poor.”

A recent analysis of data from the National Adult Literacy Survey by two senior researchers at the Educational Testing Service found that the skills of women on welfare were substantially lower than the skills of women in the general population³⁴, and fell roughly into three equal groups:

- **Advanced or competent skills.** About one-third of female welfare recipients (32%) demonstrated *advanced skills* (Bachelor’s degree or more) or *competent skills* (some post-secondary education). These women had the foundation skills to benefit from further education that could permanently lift them and their families out of poverty. The researchers estimated that an investment of up to 200 hours of post-secondary education or training (about a full semester) could move many up to an *advanced* skill level, enabling them to secure jobs paying \$30,000 or more.
- **Basic skills.** Another third of the women recipients (37%) had *basic skills* (comparable to skills of below average high school graduates). Though many of these women had the skills needed to get a job, most did not have the skills to move up a career ladder and few were employed in jobs in which the employer provided training for advancement. For these women, an investment of up to 200 hours of education or training could improve their chances of securing jobs paying \$20,000-\$30,000.
- **Minimal skills.** The final third of the women (31%) had *minimal* skills (comparable to high school dropouts) and were likely to have difficulty getting even a low-skill, low-wage job. More than two years of education and training (900 hours) were determined to be necessary to boost their skills just to the *basic* level required for jobs paying \$15,000-\$20,000.³⁵

Importantly, the study also found that nearly 70% of the new jobs that will be created through 2006 will employ workers with *advanced* or *competent* skills, while fewer than 20% of the new jobs will be in the *minimal* skill range and just over 20% in the *basic* skill range. The study recommended competent assessment of recipients’ skill levels and investment in targeted education and training to boost the skills of recipients, thereby increasing their chances of reaching economic self-sufficiency.³⁶

³⁴ Among women *not* on welfare, more than half have *advanced* or *competent* skills and another 4% have the *superior* skills associated with advanced degree holders. Only 25% have basic skills and about 13% have *minimal* skills. Commonly, advanced or competent skills are necessary to hold jobs that pay a wage sufficient to support a family. Carnevale A & Desrochers D, 1999, *Getting Down to Business: Matching Welfare Recipients’ Skills to Jobs That Train* (Princeton NJ: Educational Testing Service)

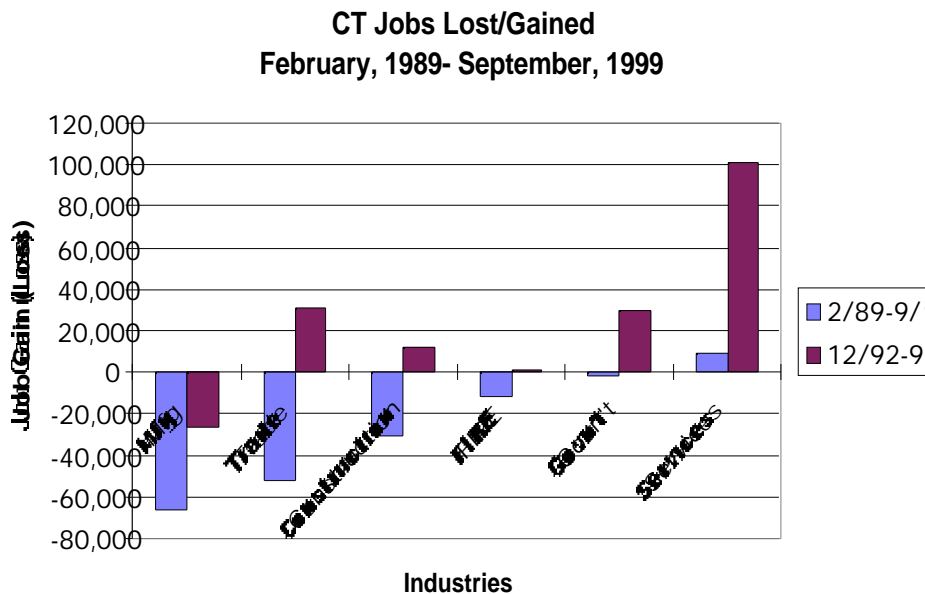
³⁵ Carnevale A & Desrochers D, 1999, *Getting Down to Business: Matching Welfare Recipients’ Skills to Jobs That Train* (Princeton NJ:, Educational Testing Service)

³⁶ Importantly, research suggests that more than 30% of the welfare caseload has severe barriers to employment *other than* low skills, and nearly two-thirds have either moderate or severe barriers. In addition to low skills, these barriers include substance use, depression, health problems of parent or child,

Connecticut's new, knowledge-based economy demands higher levels of educational attainment

Connecticut, like the rest of the nation, has had a dramatic decline in high-paying, less skilled blue-collar jobs. Since February, 1989, when our last recession began, Connecticut has lost a total of 111,000 manufacturing, construction and mining jobs (including 14,000 such jobs during our recovery).³⁷ And while we have now regained more than 97% of the jobs we lost in the recession, Connecticut's "new" economy is very different than the one that existed in the 1980s. Gone are the days when Connecticut had thousands of relatively high paying manufacturing jobs with good benefits for parents with little formal education.

In their place, Connecticut has gained thousands of jobs that either pay 30-50% less than the manufacturing jobs they replaced or command a far higher level of skill than the displaced manufacturing employees hold. Between February, 1989 and September, 1999, Connecticut gained nearly 110,000 service jobs and 28,000 "government" jobs (which include jobs at the casinos).³⁸



As Connecticut's employers are well aware, Connecticut's unemployment rate is now at an historic low and there is a mismatch between labor market needs of the new economy that has emerged and the skills of the state's remaining unemployed. Connecticut's emerging high-tech, knowledge-based economy requires post-secondary education to

and domestic violence. Olsen K & Pavetti L, 1996, *Personal and Family Challenges to the Successful Transition from Welfare to Work* (Washington DC: The Urban Institute)

³⁷ Connecticut Department of Labor, *Labor Statistics At-A-Glance* (1999)

³⁸ Connecticut Department of Labor, *Labor Statistics At-A-Glance* (1999)

secure and maintain a job with adequate income to support a family. Fortunately, federal law provides the state great flexibility to use TANF block grant funds for this purpose.

III. On Using TANF and State MOE Funds to Support Post-Secondary Education For Low-Income Parents.

The Flexibility Afforded by Federal Law

Recent federal regulations implementing the Temporary Assistance to Needy Family (TANF) block grant³⁹ unequivocally give states great flexibility to use TANF funds to expand access to post-secondary education for low-income parents -- whether these parents are receiving *no* cash assistance but are struggling in low-wage jobs, or are receiving cash assistance and transitioning off it. The regulations allow a state to use both TANF and state Maintenance of Effort (MOE) funds to support post-secondary education, and neither federal work and participation requirements nor federal time limits need prevent a state from developing policies and committing resources to expand post-secondary educational opportunities for low-income parents.⁴⁰

Specifically, federal law allows a state to spend TANF funds in any manner reasonably calculated to accomplish the purposes of the law, which include providing assistance to needy families and ending the dependence of needy families on government benefits by promoting job preparation, work, and marriage.⁴¹ This provides states with ample flexibility to use TANF funds for the types of costs associated with expanding opportunities for post-secondary education: tuition; other educational fees and costs; child care, transportation, and other supportive services; and cash assistance to meet basic living costs while going to school.

Federal law also allows states to spend MOE funds in support of post-secondary education so long as the expenditures are for needy families and reasonably calculated to accomplish a TANF purpose. Allowable MOE expenditures include cash assistance, child care assistance, and:

educational activities designed to increase self-sufficiency, job training and work, excluding any expenditure for public education in the State except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of an eligible family.⁴²

³⁹ The final TANF regulations appeared in the Federal Register of April 12, 1999, 64 Fed. Reg. 17720-19931.

⁴⁰ Greenberg M, Strawn J & Plimpton L, 1999, *State Opportunities to Provide Access to Postsecondary Education Under TANF* (Washington DC: Center for Law and Social Policy)

⁴¹ 42 U.S.C. §§601(a), 604(a)(1)

⁴² 42 U.S.C. §§609(a)(7)(B)(I)(I)(aa),(bb),(cc)

Therefore, unless *all* residents of a state can attend post-secondary or vocational education without cost and without regard to their income, a state can use MOE funds to support such education for needy families.⁴³

How TANF Can be Used to Support Post-Secondary Education for Low-Income Parents

TANF funds can be used to support post-secondary education in Connecticut in at least three ways. The first two would be *independent* of the existing Jobs First program, while the third could operate within it.

- **Model 1 - TANF-funded work-study program:** Connecticut could use TANF funds to pay for work-study stipends for any “needy”⁴⁴, as well as for supportive services (e.g., child care, transportation assistance) to help that parent attend school.
- **Model 2 – State MOE-funded work-study program:** Connecticut could use state MOE funds to establish a state-funded work study program for any low-income parent. State MOE funds could also be used to provide supportive services.
- **Model 3 – Support for post-secondary education within Jobs First:** Connecticut could define allowable “work activities” within its Jobs First program to include post-secondary education and use TANF funds for this purpose.

An important note: The federal regulations implementing TANF clarify what is to be considered “TANF assistance” and what is not to be considered “TANF assistance” (i.e., TANF “non-assistance”). The distinction is a critical one:

- If a benefit given to a family is considered “TANF assistance” then the family receiving that benefit counts as part of the state’s TANF caseload, is subject to TANF work and participation requirements, is subject to TANF time limits (if the benefit is federally funded) and must assign its child support to the state.
- If the only benefits that a family receives are defined as “nonassistance,” then the family is not considered part of the state’s TANF caseload and is not subject to these various requirements.⁴⁵

Generally under the TANF regulations, cash or noncash benefits that are designed to meet ongoing basic needs for food, clothing, shelter, and utilities are considered

⁴³ 64 Fed. Reg. 17834

⁴⁴ “Needy families,” as defined in Connecticut’s state plan, are eligible for any of its Temporary Assistance for Needy Families (TANF) programs. A family is “needy” if its gross income is less than 75% of Connecticut’s median income level and the family includes a dependent child and a caretaker relative.

⁴⁵ See generally 45 C.F.R.260.31. For more detailed discussion, see Greenberg M, Strawn J & Plimpton L, 1999, *State Opportunities to Provide Access to Postsecondary Education Under TANF* (Washington DC: Center for Law and Social Policy) and Greenberg & Savner, 1999, *The Final TANF Regulations: A Preliminary Analysis* (Washington DC: Center for Law and Social Policy)

“assistance.” So, for example, a cash assistance grant under Connecticut’s Temporary Family Assistance (TFA) program is considered “assistance,” as are child care and transportation subsidies for parents receiving cash assistance grants who are not employed.

On the other hand, wage subsidies (i.e. payments to employers or third parties to fully or partially subsidize wages for employment) are considered “nonassistance,” as are child care and transportation subsidies and other supportive services provided to parents who are employed.

Thus, the regulations provide Connecticut with great opportunity to help low-income families attain economic self-sufficiency *outside of* its traditional cash assistance program, whether by using TANF funds for work-study stipends or using state funds for a separate state-funded work-study program.

Model 1: TANF-Funded Work-Study Program

Connecticut could increase parents’ access to post-secondary education by using TANF funds to fund work-study slots for needy parents who are attending post-secondary educational programs. According to the federal regulations, such work-study stipends would be considered “wage subsidies” and therefore would be considered “non-assistance.” Then, because the parent would be considered “employed” because she is working in a work-study program, Connecticut could use TANF funds to provide child care and transportation assistance to help the parent attend school, and this help also would be considered “non-assistance.”⁴⁶

That both the work-study stipend and the supportive services would be considered “non-assistance” is critical, since families receiving this support would not be considered part of the state’s TANF caseload, and therefore would not be subject to TANF work and participation requirements and time limits.

Model 2: Separate State-Funded Program For Post-Secondary Education.

Federal law also provides Connecticut great flexibility in its use of state Maintenance of Effort (MOE) funds. While Connecticut must spend at least a specified amount of state funds for benefits and services for needy families each year, these funds may be spent *outside of* the Connecticut’s cash assistance program (Temporary Family Assistance), as well as within it.

The regulations are clear that families who receive benefits through a separate state-funded program are not considered to be receiving TANF “assistance” and so are not subject to the time limit, work and participation requirements, and other requirements that apply to families receiving TANF “assistance.” Indeed, the regulations expressly

⁴⁶ Should work-study funds be insufficient to meet the family’s basic needs, the state could then use state MOE or other state funds to supplement the family’s income. Use of state MOE funds for this purpose would avoid triggering federal requirements attached to using TANF funds for “assistance.”

recognize that states may want to create a separate state program for post-secondary education and indicate that financial aid for post-secondary education “count[s] for basic MOE purposes if the activities are designed to increase self-sufficiency, job training, and work.”⁴⁷

Accordingly, Connecticut could use state MOE funds to create a separate state program (SSP) that provides access to post-secondary education to low-income parents. Connecticut has established a number of separate state programs under its current TANF plan (the Safety Net Basic Benefit Program, the Transitional Rental Assistance Program [T-RAP], and the Energy Assistance Program) and now proposing in its TANF plan for 2000-2002 to create additional separate state programs (assistance to two-parent households; cash and medical assistance to certain legal aliens)

A separate state post-secondary education program could provide financial assistance (at, above, or below the TANF level) for needy parents who need a living allowance while going to school, as well as help with school expenses. State MOE funds could also create or expand an existing state-based work-study program for needy parents (to supplement or in lieu of a TANF-funded work-study program, as discussed above). State MOE funds could expand the availability of child care, transportation and other support services to help low-income parents complete post-secondary education. In addition, state funds (or even TANF funds) could be used to provide matching contributions to Individual Development Accounts that are expressly targeted for tuition for post-secondary education for parents who are TANF-eligible (even if not currently receiving cash assistance).

Maine’s Parents as Scholars Program

provides cash assistance (equal to the state’s TANF program) for families otherwise eligible for TANF who are enrolled in approved 2- and 4-year post-secondary program, who lack the skills to earn at least 85% of the state’s median wage, and who are in a program where the degree will lead to available work and improve the ability to support the family. In addition, supportive services equal to those given to families on cash assistance are provided. The program is limited to 2000 participants at any given time. In the first two years, the parent must meet a 20-hour-per-week participation requirement (with class and preparation hours counting toward the requirement). After two years, the parent must either increase to 40 hours/week the time spent in classes, study and work, or participate in 15 hours of work site experience in addition to classes.⁴⁸

⁴⁷ 64 Fed. Reg. 17835

⁴⁸ Wyoming also has state legislation authorizing a state post-secondary education program that is to be funded with MOE dollars for single parents meeting TANF eligibility and other standards. It is not currently used, since Wyoming allows parents to participate in post-secondary education within its TANF program and anticipates it can still meet federal work participation rates. [<http://dfsweb.state.wy.us/P&P/POWERPAR.HTM>]

Timing and administration. Connecticut could structure either of these two post-secondary education opportunities as a “transition benefit” for families who have left cash assistance due to employment. Alternatively, it could allow *any* needy parent to qualify based on a certain number of quarters of work history (i.e. structure the program on an insurance basis). Either Model 1 or Model 2 could be administered by an agency *other than* DSS – such as by the Department of Higher Education or the Department of Labor. Moreover, by expanding post-secondary education opportunities *outside* Connecticut’s TFA program, families would not have to apply for welfare in order to get help attending post-secondary education. Low-income parents with the intellectual capacity and preparedness for post-secondary education could, instead, be diverted from Jobs First, further reducing the numbers of families that would need to be served through that program. These programs would, essentially, augment the existing financial aid support for post-secondary education that is targeted to low-income parents.

Model 3: Support for post-secondary education through TANF “assistance”.

Under federal law, states can use TANF funds to support recipients who participate in education and training for as long as the state chooses. Federal TANF regulations give states flexibility to adopt their own reasonable definitions of the terms “vocational educational training” and “jobs skills training”; they are not defined in federal law and the Department of Health and Human Services has indicated that each state must develop its own reasonable definition of these terms.⁴⁹ This allows states, to a limited extent, to use TANF funds to support parents in post-secondary education (e.g. by continuing cash assistance benefits, and also supportive services like child care and transportation) while counting their participation toward federal work participation rates.

Federal law, however, has a number of disincentives to allowing such activities to count toward the state’s work participation requirements. While the time spent in vocational educational training may count both towards the first 20 hours of work participation and toward additional hours of participation, individuals in vocational educational training cannot be counted toward the participation rate for more than 12 months and no more than 30% of those counted in the state’s participation rate can be included through vocational-education.⁵⁰ In addition, jobs skills training can count toward participation only for hours in training that are in *excess* of the 20-hour/week level. Note, however, that these limits need not act as a serious limitation on expansion of post-secondary education programs if the state is otherwise meeting its work participation requirements; these parents, then, are not even needed to “meet” the work participation requirements.

⁴⁹ 64 Fed. Reg. 17776. Note that allowable activities also include subsidized public and private sector employment, and such employment can count both toward the first 20 hours of participation as well as additional hours. These two activities also have no other limits on time claimed or proportion of the population claiming them as work. *These* allowable work activities could be defined by Connecticut to include participation in a state-subsidized work-study program that allows provides financial support to a parent attending post-secondary education.

⁵⁰ Starting in FY 2000, no more than 30% of those counting toward a state’s participation rate can count by either being engaged in vocational educational training or by being a parent under age 20 engaged in school completion.

Arkansas defines “vocational educational training” to include attendance at approved 2- and 4-year post-secondary education programs. Other states allow post-secondary education to count as “work,” either alone or combined with some other type of work activity. At least 21 states allow parents to participate in post-secondary education for longer than the 12 months countable toward TANF participation rate requirements; another 9 states allow post-secondary education to be considered “work” for up to 12 months. Other states let policy be set by counties.

Connecticut is one of seven states that does not consider post-secondary education an authorized work activity (unless it is vocational education, in which case up to 12 months may be considered an authorized work activity). However, the DSS policy manual section that defines the list of “approved” work activities (§530.05)⁵¹ states that the list is not exhaustive; DSS could grant approval for other activities. In addition, DSS’ proposed TANF State Plan for FFY 2000-2002 includes as allowable work activities 13 activities included in the current state plan (e.g. subsidized private and public sector employment, vocational educational training) as well as a new addition (programs that are designed to remove barriers to employment). The new state plan also explicitly states, “Work activities made available to participants by the state include, *but are not limited to* the following:...”

Connecticut should be able to meet its work participation rates even if some parents are supported with TANF funds to pursue post-secondary education *beyond* the amount that “counts” toward work rates. Connecticut’s waiver, caseload reduction credit and the requirement that only 40% of Connecticut’s caseload needs to participate in countable work activities (i.e. 60% could pursue post-secondary education and CT would still meet federal law requirements) provides this latitude. Importantly, most of the parents receiving TANF support are single mothers, and the state is having no trouble meeting its work participation rates for single parents. Moreover, Connecticut has created a separate state program for its two-parent families (for whom there was greater concern about meeting participation rates); the state is free to allow such families to engage in *any* activity whatever since this program is free of all federal constraints.

Connecticut can also structure its TANF program so that months participating in approved post-secondary education programs do not count against TANF time limits (e.g., by providing their assistance with segregated state funds). For example, Illinois does not count against its time limits the months parents are enrolled full-time in post-secondary education and maintaining a 2.5 grade point average (up to maximum of 36 months, not consecutive).

⁵¹ “Approved work-related activities” include: 1) educational activities below the post-secondary level such as high school completion, preparation for the general equivalency diploma (GED), and English as a second language instruction (ESL); 2) job skills training including vocational training; 3) job readiness activities in combination with other approved activities; 4) job development and job placement activities in combination with other activities; 5) job search activities, including self-directed job searches and job search skills training; 6) alternative work experience; 7) drug or alcohol rehabilitation; and 8) domestic violence counseling. Connecticut General Assembly, Office of Legislative Research, Report 98-R-0275.

States increasingly are taking advantage of the flexibility provided by the federal TANF regulations to increase opportunities for post-secondary education for low-income parents.

In 1999 so far, there have been policy changes to support post-secondary education in a number of states, including Illinois, Virginia, Delaware, Michigan, Kentucky and Arkansas. A sampling of state initiatives⁵² follows:

- **Arkansas.** Amendments to the state's 1997 welfare statute define "vocational educational training" as "post-secondary education, including, at least, programs at two (2) or four (4) year colleges, universities, technical institutes and vocational schools or training in a field directly related to a specific occupation," as well as a five year teaching degree program. Parents enrolled in such post-secondary education programs are considered to be meeting state work requirements. They may be required to engage in internships or have work experience related to their degree. However, any additional work requirements for participants enrolled in educational programs are not to exceed 15 hours/week (unless it is determined that allowing education to count as work adversely affected the state's ability to meet its federal work participation rates). Support services (e.g., child care and transportation) are provided to participants.
- **California.** Parents who had already been enrolled in post-secondary education when Calworks was implemented are allowed to count up to 24 months of education as a work activity, while other parents can count up to 18 months of education for this purpose. While post-secondary education can be a stand-alone program, many students must combine it with other work activities since, until recently, only classroom hours were counted toward the 32 hour work participation requirement. Now, an additional six hours of study post-secondary education study time may count toward the requirement. Students may continue beyond 24 months if in a degree program, but must satisfy work requirements concurrently. Certain college majors are accepted; the state provides the county with a list of acceptable majors and the criteria for denying majors that are not on the list before a parent's educational program can be denied.
- **Delaware.** In June, legislation was passed, *A Better Chance*, that allows both secondary education and post-secondary education up to the Bachelor's level, and vocational training to count as an approved work activity without a specific time limitation. The combination of credit and work hours must total 20 hours/week while school is in session. The work requirement may be met through work study, internships, externships, or through work as a research assistant. Recipients receive the same support services while in school, such

⁵² For a current, and more detailed, analysis of recent changes in state law, *See State Choices for Post-Secondary Education under TANF*, Washington DC: Center on Budget and Policy Priorities (October 7, 1999, unpublished report).

as child care and transportation, as other welfare recipients. The welfare agency is required to tell recipients about this education option when they apply and at each re-certification. If parents hit the time limit on cash assistance in the middle of a semester, they are eligible for an extension to finish the semester.

- **Illinois.** A January 1999 Executive Order, adopted in response to recommendations put forth by the Governor's Commission on the Status of Women, changed the state's policy to one that now supports four years of full-time post-secondary education. A parent enrolled full-time in post-secondary education with at least a 2.5 grade point average has the "time clock" stopped for up to 36 months (not necessarily consecutive). No work requirement is imposed, so long as the 2.5 GPA is maintained. A related bill passed in August 1999 that provides low-income parents with child care support if they are participating in the same range of work, education, and training programs as TANF families, regardless of whether they are receiving TANF assistance.
- **Kentucky.** By change in regulation, Kentucky expanded from one to two years the time welfare recipients can be in post-secondary education and have it satisfy work requirements. Child care is guaranteed for the time spent in post-secondary education. Recipients must be in school full time and be making satisfactory progress as defined by the school. After 24 months, recipients must combine education with 20 hours of other work activity. They can meet this work requirement through practicums, internships, co-op programs, and work study as well as regular employment. The welfare agency must notify parents of the education components of the state's TANF program at least once a year (at least six weeks before the start of the fall semester), during any self-sufficiency planning meetings, and at any time requested by the parent. Kentucky also supports post-secondary education and training for *former* TANF recipients by providing child care assistance.
- **Michigan.** A recent change in statute adopts a 10-10-10 approach. Recipients can count 10 hours of occupationally-relevant post-secondary education toward the work requirement along with one hour of study time for each hour of classroom time (an additional ten hours). Recipients must also engage in work activities for an additional ten hours (this can include internships, practicums). Parents may count education as a work activity for up to 12 months, and may engage in short term vocational programs, internships, practicums, or clinicals required by a certification program for up to 30 hours per week without any additional work requirements; these activities, however, can count for a period not to exceed six months.
- **North Carolina.** Legislation passed in July, 1999 suspends North Carolina's two year time limit on cash assistance for up to three years for students enrolled in post-secondary education who maintain a 2.5 grade point average. Also, the statutory change allows up to 20% of recipients to enroll in post-

secondary education, at least part-time, and have it count as an authorized work activity.

In addition, as noted above, Maine and Wyoming have established state MOE-funded programs that allow recipients to go post-secondary education programs full time.

Summary

In Connecticut's emerging knowledge-based economy, post-secondary education is the essential to the economic security of a family. Current changes in the economy and in state policy place many low-income Connecticut families at risk of becoming a permanent under-class, with no meaningful social upward mobility. Poverty in these families will, in turn, increase dramatically the likelihood of poverty among their children's families, as Connecticut children being raised in poverty will fall behind their peers throughout their K-12 education and, then -- lacking both the educational attainment and the economic means to enter post-secondary education -- will enter adulthood unable to compete in a global, knowledge-based economy.

In addition, since nearly one in every five Connecticut children now lives in poverty, our failure to address this pressing need for additional education and training for low-income parents compromises the state's capacity to remain economically competitive in this New Economy, as well. Over the next decades, as Connecticut's population continues to age, our dependence on the skills of *each* of our young adults will *increase* as their numbers decline as a proportion of our population. If these young adults are not well-prepared, Connecticut will fall behind other states in workforce competitiveness.

The economy is now strong. The workforce demands of the New Economy are becoming evident. Now is the time to make bold investments in enhancing post-secondary educational opportunities for our low-income parents and for *all* of our state's youth.