

Access and Barriers to Post-Secondary Education Under Michigan's Welfare to Work Policies

Policy Background and Recipients' Experiences

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Executive Summary

This is the Executive Summary of a longer report developed to provide information to policy makers and others who are interested in promoting the long-term self-sufficiency of people currently receiving public assistance. The report was researched and written by the Coalition For Independence Through Education (CFITE), an organization of Michigan educators, researchers, advocates, student parents, college administrators and others who advocate for welfare recipients' access to college.

The Coalition supports opportunities for low-income parents to complete college because extensive research has shown that completion of post-secondary education increases welfare recipients' wages much more rapidly than does work experience. A Michigan study commissioned by the Department of Career Development shows that former participants leaving welfare for work now earn on average between \$8.27 and \$8.78 per hour in jobs where they are employed on average 36 hours per week; they are financially no better off working and in some cases worse off than when receiving benefits. Less than half of the families who left welfare for work reported that they were better off in terms of their household income. More than half of the families could not pay their mortgage, rent or utility bill at least once in the previous year. Allowing recipients to enroll in education programs that lead to better-paying jobs would provide benefits to the state (such as tax income) as well as to these individuals

Post-secondary education increases the likelihood that a former recipient will find and maintain steady employment, given that college degrees sharply reduce unemployment. In Michigan, the Department of Career Development reports that only 1.3% of college graduates are unemployed, compared with 4.6% of high school only graduates. Six different studies of welfare recipients show that after they complete post-secondary education, they work more steadily, find jobs related to their degrees, and earn higher wages.

These same studies also demonstrate the connection between post-secondary education and both family well-being and increases in children's educational aspirations and achievement. Also, mothers with college degrees are able to secure better positions that allow for better work schedules, thus allowing them to spend more time with their children and be more involved in their children's educational and social lives.

The Low Income Student Parent Survey

A key portion of this report consists of findings from The Low Income Student Parent Survey, a survey of parents who attended post-secondary education while receiving assistance. The survey was conducted by the Center for Civil Justice, in conjunction with the Coalition For Independence Through Education.

Survey results reveal four possible explanations for the current dramatically low rate of participation in education and training by Michigan's Work First participants:

- § **A lack of encouragement for education**, as well as negative messages about education as a means to achieve self-sufficiency.
- § **A negative impact on academic performance and parenting** when parents strive to attend post-secondary education while struggling to comply with work requirements.
- § **A lack of access to subsidized quality child care** for hours spent in educational programs.
- § **A lack of information** about education opportunities.

Highlights from the survey include:

- 45% of respondents reported that the general message they received from Family Independence Agency (FIA) and/or Work First representatives was that education was not important, encouraged, or supported.
- 94% of those with a school conflict during Work First orientation were not told they could schedule an individual orientation so as not to miss class.
- 89% reported that their FIA caseworker (and 83% of their Work First caseworkers) did not talk about counting education hours toward their work requirements.
- 28% reported having to drop out of school because they couldn't meet work requirements and go to school at the same time.
- 18% reported that their Work First orientation leader [incorrectly] stated that higher education can never be counted as work activity, the way secondary or vocational education programs can.

- 17% of single parents of children under six were told by agency personnel that they had to work more than the state's actual requirement of 20 hours/week.
- 66% were unable to get Child Day Care subsidies for the hours they spent in class.
- 11% had to drop out of school because FIA denied or took too long in processing Child Day Care subsidy payments.
- 15% dropped out of school because their FIA caseworker [incorrectly] informed them that FIA doesn't pay benefits if the recipient is enrolled in higher education.

Also included in this report are background information about Michigan's current welfare policies and state data reflecting the experience of student parents under these policies. Michigan restricts access to post-secondary education by limiting the counting of education hours towards work requirements, now 40 hours per week, to the last year of a two-year or four-year program approved by Work First case managers; by providing only limited child day care assistance in connection with school; and by delivering incomplete, inaccurate, or conflicting information to clients. The state's own data show that only 5% of recipients are enrolled in school, many without the approval of their case managers and so without being able to count education hours towards work requirements; fewer than 2% are in approved post-secondary education.

The report does not suggest that welfare recipients should be "paid to go to college" with no contribution on the part of the individual. As with any other student attending college, recipients would be making use of financial aid packages that typically include loans and Work-Study employment for 10-15 hours a week. Rather, this report argues for allowing Work-Study employment, along with class time, to be considered fulfillment of work requirements in place for TANF and Work First in an effort to move people off welfare and to a point of self-sufficiency.

Policy Recommendations

The Coalition provides a comprehensive list of policy recommendations for consideration at the end of the full report. This report recommends that the State of Michigan should:

- **Promote post-secondary education as a path out of poverty to lifelong self-sufficiency**

- **Increase ability of recipients to count education as work activity**
- **Promote and expand access to high quality licensed child care**
- **Improve communication and information delivery regarding educational options within both FIA and Work First agencies**
- **Increase supports for recipients working on degrees/certificates**
- **Continue Michigan policy of not enforcing the TANF 5 year lifetime limit**
- **Evaluate outcomes of recipients, comparing those who did or did not access higher education in relation to labor force attachment and earnings**

As an aid to policy makers, the report also presents best practice information from selected states where welfare recipients have greater access to post-secondary educational opportunities than Michigan allows. Because states have broad discretion in defining what activities can count as work, 22 states already allow participation in post-secondary degree programs for more than 12 months to count as work. Specific programs supporting recipients in post-secondary education in Maine, Illinois, Kentucky and California are described.

It is the Coalition's hope that policy makers will recognize the economic benefit to the state, as well as to welfare recipients themselves, that can be achieved when recipients are given greater support in completing their degrees, thus ending their need for both cash and non-cash forms of public assistance. Section III of the full report includes an analysis of expected savings to the state if Michigan were to adopt many of the Coalition's recommendations. Over the long term, Michigan would save millions in child care assistance not paid out to former FIP recipients once they were employed and able to afford these services themselves. These savings could be greatly enhanced if state policies were changed to allow increased access to post-secondary education — an expansion of the current policy to cover 2 years of education would save the state approximately \$2.32 million every 3 years, even after taking into account the up-front costs of expansion. Not only would savings occur sooner, as student recipients would complete their degrees in less time, but the number of welfare leavers still receiving non-cash assistance would decrease.

For Copies of the Report

Copies of the complete report are available in downloadable PDF format from the University of Michigan Center for the Education of Women at <http://www.umich.edu/~cew/cfite.html>. For assistance, call CEW at 734/998-7080.

Introduction

This report analyzes current Work First and Family Independence Agency policies and practices in relation to post-secondary education in Michigan and reports on findings from the Low Income Student Survey. The Survey was conducted in February 2001 by the Center for Civil Justice, a non-profit law firm providing representation to low income persons in a 10-county region of eastern Michigan, in conjunction with the Coalition For Independence Through Education (CFITE), an organization consisting of educators, researchers, advocates, student parents, college administrators, and others concerned about declining access to education for low income parents under Michigan's welfare reform policies.

The Low Income Student Survey was conducted in an effort to explore the obstacles to participation in post-secondary education among parents who receive public assistance in Michigan. After reviewing the survey results, CFITE and the Center for Civil Justice felt it important to share these results with the public, describe the results within the larger policy context, and suggest policy changes that would improve the educational access and success of participants. Thus, the report that follows examines and synthesizes public documents and research available regarding student parent recipients in Michigan and nationally. This information, coupled with the survey analysis, has led CFITE to recommend a specific group of policies addressing the pursuit of post-secondary education by TANF recipients.

The Impact of post-secondary education on self-sufficiency

Research overwhelmingly demonstrates that post-secondary education is the most effective way for a low-income person to become self-sufficient through long-term employment and thus secure her family's well-being.

In Michigan and nationally, many clients exiting welfare in the last four years have encountered only low-wage work, continuing poverty, and family hardship.¹ Six different studies of welfare recipients show that after they complete post-secondary education, they work more steadily, find jobs related to their degrees and fields of study, earn higher wages, receive more post employment training, and report higher levels of family well being.² Reeves³ showed that Michigan community college students previously on cash

assistance increased their income 600% after receiving their associates' degrees or certificates.

These findings about the specific role of education for welfare recipients are consistent with more general findings about college degrees and the economic self-sufficiency and social well-being of families. College degrees sharply reduce unemployment. In Michigan, the Department of Career Development reports that only 1.3% of college graduates are unemployed, compared with 4.6% of high school only graduates.⁴ Nationally, the poverty rate of those with college degrees is very low, and both Michigan and national studies show that those with post-secondary education have large hourly wage and annual earnings advantages over those without. These same studies show that education improves earnings much more rapidly than does work experience.⁵

In addition, mothers with college degrees are able to secure better positions that allow for better work schedules, thus allowing them to spend more time with their children and be more involved in their children's educational and social lives.⁶ Several studies have found that post-secondary education not only increases mothers' income, but also increases their children's educational aspirations and promotes early literacy.⁷

Michigan's Policy

In the five years since passage of the federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Michigan has pursued a "Work First" approach in its efforts to reduce the number of families receiving aid from its cash assistance program, known as the Family Independence Program or FIP. The goal of Work First is rapid labor force attachment and fulfillment of hourly work requirements. The Work First program, together with the healthy economy, resulted in dramatic declines in FIP cash assistance caseloads. However, many of the families who leave cash assistance find that they are not "better off" in terms of their family's economic or physical well-being.⁸ Other families are not successful in finding and maintaining employment that pays enough to move their family off cash assistance, in spite of assistance from the Work First program.

As cash assistance caseloads declined and Michigan met PRWORA's targets for work participation, legislators, policymakers, and advocates began to examine options for improving the education and skill levels of low income parents, in order to improve their ability to find and keep jobs that would improve their family's quality of life.

Despite legislative and policy changes in 1999 which permitted some limited education and training opportunities to be counted as a “work activity” for purposes of meeting “work requirements” in the Work First and Family Independence Program (FIP), and despite subsequent policy changes that make some supportive services for education available to low income families who receive either cash or non-cash assistance from the Michigan Family Independence Agency, Michigan Department of Career Development data show that fewer than 3% of Work First participants are participating in approved education or training programs, including not only post-secondary education, but also remedial or basic education, high school completion, and vocational training programs. Fewer than 2% of Work First participants are enrolled in approved post-secondary education.⁹ Only a few hundred families statewide have been approved to receive supportive services (e.g. child care) for post-secondary education while they are receiving non cash assistance such as Food Stamps or Medicaid.¹⁰ The percentage of Work First participants engaged in education and training has remained between 1 and 3% of the total caseload since 1997 in spite of legislative and policy changes that appeared to make pursuit of post-secondary education a more realistic option for low income parents.¹¹

Also included in the legislative changes of 1999 was language that required the FIA and the Work First agencies to provide accurate information to recipients regarding education and work options, through the means of joint guidelines. Yet, parents repeatedly report that they receive no information on educational options, or at best misinformation.

Summary of Findings

The results of the Low Income Student Parent Survey reveal four possible explanations for the dramatically low rate of participation in education and training by Michigan's Work First participants:

- § **A lack of encouragement for education**, as well as negative messages about education as a means to achieve self-sufficiency.
- § **A negative impact on academic performance and parenting** when parents strive to attend post-secondary education while struggling to comply with work requirements.
- § **A lack of access to subsidized quality child care** for hours spent in educational programs.
- § **A lack of information** about education opportunities.

SECTION I:

Current Michigan Policies on Post-secondary Education for Low-income Parents Receiving Public Assistance