

Endnotes

¹ Assistant Secretary of State for Planning and Evaluation (2000). Leavers and diversion studies: Summary of research on welfare outcomes funded by ASPE. Washington, D.C. (available at <http://aspe.hhs.gov/hsp/leavers99/ombsum.htm>); Brauner, S. and Lopreset, P. (1999) Where are they now? What states studies of people who left welfare tell us. Washington, D.C.: The Urban Institute; Loprest, P. (1999) How families that left welfare are doing: A national picture. Washington, D.C.: The Urban Institute (available at http://newfederalism.urban.org/html/series_b/anf_b1.html); Parrott, S. (1998) Welfare recipients who find jobs. Washington, D.C.: Center for Budget and Policy Priorities.; Boushey, H. and Gundersen, B. (2001) When work just isn't enough: Measuring hardships faced by families after moving from welfare to work. Washington, D.C.: Economic Policy Institute, 2001 (available at <http://epinet.org>).

² Gittell, M., Schehl, M. and Fareri, C. (1990) From welfare to independence: The college option: A report to the Ford Foundation. New York: Howard Samuels State Management and Policy Center.; Gittell, M., Gross, J. and Holdaway, J. (1993) Building human capital: The impact of post-secondary education on AFDC recipients in five states: A report to the Ford Foundation. New York: Howard Samuels State Management and Policy Center.; Karier, T. (1997) Welfare graduates: A case study of welfare recipients who graduated from a comprehensive university. (available at www.class.ewu.edu/ECON/karier on 1/12/98); Boldt, N. (2000) From welfare to college to work. PhD dissertation. University of Vermont.; Reeves, A. (1999) An analysis of economic achievement experienced by graduates of a Perkins funded single parent and displaced homemakers program. Flint, Michigan: Mott Community College.; Alexander, M. and Clendenning, D. (1999) The State of Maine's Parents as Scholars Program: Executive summary of early findings. Orono, ME: Center for Community Inclusion, University of Maine.

³ Reeves, 1999.

⁴ Michigan, Department of Career Development (DCD), (1999) Michigan's labor market: Entering the 21st century. Lansing, MI: DCD.

⁵ DCD, 1999; Corcoran, M. and Loeb, S. (1999, Spring) Will wages grow with experience for welfare mothers? *Focus*, 20 (2), 20-21.; Spalter-Roth, R. and Hartmann, H. (1991) Increasing working mothers' earnings. Washington, D.C.: Institute for Women's Policy Research.; U.S. Dept. of Labor (1997) A profile of the working poor. 1996. Washington, D.C.: USGPO.; Pavetti, L. (1999, Spring) How much more can welfare mothers work? *Focus*, 20 (2), 16-19.; Kane, T. J. and Rouse, C. E. (1985) Labor market returns to two and four year college degrees. *American Economic Review* 85(3), 600-614.

⁶ Presser, H. and Cox, A. (1997) The work schedules of low educated American women and welfare reform. *Monthly Labor Review*, 25-34.; Heymann, J. (2000) The Widening Gap: Why America's working families are in jeopardy and what can be done about it. New York: Basic Books.

⁷ Federal Inter-agency Forum on Child and Family Statistics (1997) America's children: Key national indicators of well-being. Washington, D.C.: FIFCFS.

⁸ Institute for Human Services Research, (2001) Report on Former Work First Participants: Fiscal Year 2001. Lansing, MI. www.mfia.state.mi.us/Reports/Boilerplate/WorkFirstStudy.pdf According to this study, which was contracted by the Michigan Department of Career Development and the Family Independence Agency, less than half of the families who leave welfare for work report that they are better off in terms of their household income. Less than 1/3 report being better off in terms of their housing conditions, their food and nutrition needs, and the health care needs of both their children and themselves. More than half of the families could not pay their mortgage, rent, or utility bill at least once in the previous year.

⁹ Michigan Department of Career Development, Monthly Welfare Reform Reports, December 2000 through September 2001.

¹⁰ Michigan DCD Monthly Welfare Reform Reports, December 2000 through September 2001.

¹¹ Michigan DCD Monthly Welfare Reform Reports, December 2000 through September 2001; Department of Career Development WF-Comp Reports for fiscal years 1996 through 1999.

¹² FIA makes Medicaid eligibility decisions for most low income families, under an agreement with the Michigan Department of Community Health, which is the single state agency responsible for administering the Medicaid program in Michigan.

¹³ Passage of 2001 Public Acts 280, effective March 22, 2002, may modify some of the work first requirements, including the hourly work requirements and the definitions of "approved educational programs." At the writing of this report it is not yet clear how these changes will be administered by the agencies affected.

¹⁴ Parents do not have to work a required number of hours in order to receive assistance for themselves or their children under the Food Stamp, Medicaid, or Child Day Care programs.

¹⁵ Family Independence Agency Program Eligibility Manual (PEM) Item 230A

¹⁶ See 2001 Public Acts 82 section 630(FIA) and Public Acts 80 section 305 (DCD), 2000 Public Acts 294 section 630 (FIA) and Public Acts 292 section 305 (DCD), 1999 Public Acts 135 section 646 (FIA) and Public Acts 120 section 303 (DCD). See also note #13 regarding the passage of 2001 Public Acts 280.

¹⁷ The survey and this report focus on parents enrolled in colleges and universities, however, other forms of education can also be counted as work activity. Parents who are attending very short-term vocational programs that take no more than 6 months to complete and require 30 hours per week of class time may fulfill FIP work requirements also. In addition, class time and study time in a 1 year or less program may be counted under the 10/10/10 option #2 in the text, above. The FIA policies are contained in PEM Item 230. DCD Policy is contained in their Office of Workforce Development (OWD) Policy Issuance 01-06, which replaced OWD Policy Issuance 99-27.

¹⁸ Applicable policies conflict; for example, under federal Food Stamp law a parent who is attending school at least half time will not be penalized for reducing work hours.. However, a student parent receiving Food Stamps but not FIP will be unable to receive Child Day Care assistance if she reduces work hours.

¹⁹ Office of Workforce Development (OWD) Policy Issuance 99-45.

²⁰ An exception exists for parents who cut back hours but do not reduce their earnings *i.e.* those who reduce work hours at the same time as they get a raise or find a higher paying job. *See* OWD Policy Issuance 99-45 Change 1.

²¹ FIA policy on the types of the situations for which parents may obtain child day care (CDC) assistance in connection with activities other than paid work are contained in PEM Item 703. In addition to the post-secondary education discussed in this report, FIA provides CDC to teen parents finishing their secondary education and in connection with some other remedial or vocational education programs. CDC also is available in connection with some types of family preservation activities, for children at risk for child neglect or abuse. *See* PEM Item 703.

²² *See* FIA form # 4749 (Rev. 3-00).

²³ A grandfather clause allows FIA to continue providing Child Day Care assistance only for education approved by FIA prior to August 2001.

²⁴ OWD Policy Issuances 99-45 and 99-45 Change 4.

²⁵ OWD Policy Issuance 99-40.

²⁶ 1999 Public Acts 120 section 303(12) (Department of Career Development Appropriations Act) and 135 (FIA Appropriations Act) section 646(1).

²⁷ 2000 Public Acts 292 section 305(12) (DCD) and 294 Section 630(1) (FIA) and 2001 Public Acts 80, section 311(11) (DCD) and 82, section 630(1) (FIA)

²⁸ 1999 Public Acts 120 section 303(7), 2000 Public Acts 292 section 305(7), 2001 Public Acts 80 section 311(7).

²⁹ 1999 Public Acts 135 section 646(5), 2000 Public Acts 294 section 630(5), 2001 Public Acts 82 section 630(5).

³⁰ 2000 Public Acts 294 section 630(5), 2001 Public Acts 82 section 630(5).

³¹ PEM Item 229 p. 4.

³² DCD Welfare Reform Monthly Report Table A-3, issued June 8, 2001; DCD Welfare Reform Monthly Report table A-3, issued November 7, 2000

³³ Kahn, P. and Polakow, V. (2000) Struggling to stay in school: Obstacles to post-secondary education under the welfare-to-work restrictions in Michigan.
www.umich.edu/~cew/pubs/PolakowKahn2000.pdf.

³⁴ Kids Count in Michigan Data Book 2001: County Profiles of Child Well Being. Lansing, MI: Michigan League for Human Services.

³⁵ In Washtenaw County, in Southeast Michigan, the average annual cost for one full time infant at a licensed center is \$7,577 or \$631 per month (Childcare Network, April, 2001), thereby leaving low-income parents with few options: paying out of pocket for the cost differential or seeking less expensive, but unregulated, informal care

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- ³⁶ Kids Count in Michigan Data Book 2000: County Profiles of Child Well Being. Lansing, MI: Michigan League for Human Services.
- ³⁷ Michigan Office of the Auditor-General. (1999) Performance and financial related audit of the child development and care program: Family Independence Agency. Lansing, MI: Office of the Auditor-General..
- ³⁸ Cost, Quality, and Outcomes Study Team (1995). Cost, quality and child outcomes in child care centers. Executive summary. Denver: University of Colorado at Denver, Economics Department.
- ³⁹ Blank, H. (1997) Helping parents work and children success. Washington, DC: Children's Defense Fund.
- ⁴⁰ PEM Item 230, pp. 10 and 29 (issued 4-1-2001). FIA policy also incorrectly states that a 2 parent family receiving child care assistance must work 20 hours in addition to participation in a full-time internship, PEM Item 230 p. 29, although DCD policy states that such families need only work the additional hours needed to total 55 hours per week in combination with the internship hours.
- ⁴¹ OWD Policy Issuance 01-38. DCD and FIA Appropriations Acts allowed two Condensed Vocational Programs beginning in fiscal year 2001.
- ⁴² Michigan Compiled Laws Annotated 400.57d.
- ⁴³ FIA Reference Forms and Publications, RFF 250, p.13 (issued 8-1-2001).
- ⁴⁴ PEM Item 230 pp. 9 & 29, OWD Policy Issuance 01-38.
- ⁴⁵ DCD Monthly Report, Table A-1, issued November 7, 2000.
- ⁴⁶ Institute for Human Services Research (2001), Report on former Work First participants: Fiscal year 2001, available online at www.mfia.state.mi.us/Reports/Boilerplate/WorkFirstStudy.pdf.
- ⁴⁷ Institute for Human Services Research (2001), p. 6
- ⁴⁸ Michigan League for Human Services (1998) Economic self-sufficiency: A Michigan benchmark Lansing, MI: MLHS.
- ⁴⁹ A copy of the survey instrument is attached as *Appendix III*.
- ⁵⁰ Carter, S. and Kirk, A. (1997) Effects of welfare reform on community college students in Michigan. A report prepared for the State Board for Community Colleges; Greenberg, M. Strawn, J. and Plimpton, L (1999) State opportunities to provide access to post secondary education under TANF. Washington D.C. Center for Law and Social Policy; Institute for Women's Policy Research 1998, April Welfare reform and post secondary education. *Welfare Reform Network News*, 2
- ⁵¹ *See also* Kahn and Polakow 2000.
- ⁵² A summary of information about the respondents is attached as *Appendix II*.

⁵³ See FIA form # 4749 (Rev. 3-00). Under current policy, however, FIA no longer is able to approve education and student parents will only receive FIA Child Day Care assistance for time spent in education if the education is approved by the MWA under the stringent limits that apply to counting education as work activity for FIP recipients who must meet hourly work activity requirements. PEM Item 703 (rev. 8/01).

⁵⁴ See 2001 Public Acts 82 section 630(FIA) and Public Acts 80 section 305 (DCD), 2000 Public Acts 294 section 630 (FIA) and Public Acts 292 section 305 (DCD), 1999 Public Acts 135 section 646 (FIA) and Public Acts 120 section 303 (DCD).

⁵⁵ Greenberg, M., Strawn, J. and Plimpton, L. (2000) State opportunities to provide access to postsecondary education under TANF. Washington, D.C.: Center for Law and Social Policy.

⁵⁶ Federal legislation stipulates that clients are limited to a total of five years of federally funded TANF benefits in a lifetime and that even limited cash benefits count towards this limit. States, however, may fund benefits entirely from their own funds, and receipt of state-funded benefits does not count against the five year limit on federal funds. States that assist parents in education with state funds thus "stop the federal TANF time clock" and preserve student parents' ability to draw on their limited federal benefits at other times.

⁵⁷ See discussion of the benefits of post-secondary education on self-sufficiency in the introduction.

⁵⁸ From Education and Schooling, December 2000, Report SC-2000-4: The Survey Center, Office of Quality Assurance, Budget, Analysis and Financial Management, Michigan Family Independence Agency.

⁵⁹ Estimate based on September 2000 caseload data and percentage of FIP recipients in post-secondary education from: Education and Schooling December 2000, Report SC-2000-4: The Survey Center, Office of Quality Assurance, Budget, Analysis and Financial Management, Michigan Family Independence Agency.

⁶⁰ http://www.micareerstart.org/career/browse_mois.asp. Uses Bureau of Labor wage and earnings data from 1998.

⁶¹ The cost estimates in this report do not include programs such as Food Stamps that are entirely federally funded.

⁶² Wage and earnings data from 1998, Bureau of Labor Statistics

⁶³ Reeves, 1999.

⁶⁴ FIA Fiscal Year 2000 caseload data

⁶⁵ Approximately 1270 FIP recipients are enrolled in a post-secondary education program and approved under 10-10-10, per Department of Career Development caseload data and FIA report Education and Schooling December 2000, Report SC-2000-4: The Survey Center, Office of Quality Assurance, Budget, Analysis and Financial Management, Michigan Family Independence Agency.

⁶⁶ Assume a 67% take-up rate for the Child Day Care program based on responses from surveyed student parents. Parents who did not receive CDC assistance were more likely to have older, school-age children for whom child care was not required: $\$6696 \times 0.67 \times 1270 = \$5,742,486.60$

⁶⁷ Average expected earnings of a parent on FIP completing a post-secondary degree program. See Figure 2.

⁶⁸ \$327 vs. \$947; Michigan Department of the Treasury , Michigan Income Tax Withholding Table, effective January 1, 2002 and Institute for Human Services Research Report on Former Work First participants: Fiscal Year 2001 ,.

⁶⁹ This analysis focuses exclusively on FIP and Child Day Care costs, in large part because these two programs represent approximately 95% of the cost of the 10-10-10 program. The remaining five percent, the state s share of Medicaid, which is approximately \$880/year for a non-disabled, non-senior adult, has a negligible impact on either cost or savings resulting from an expansion because the cost to provide Medicaid to is exactly the same, regardless of a parent s year in school.

⁷⁰ Overall, FIA does pay slightly more in FIP for parents in their final year. However, the difference is far less than one might expect due to the impact of federal financial aid on FIP benefits. Many FIP recipients who are working more hours because they are not yet in their final year of college nevertheless receive the maximum FIP grant because they are employed at Work-Study jobs that are part of their federal financial aid package, including Pell Grants and Stafford Loans, to cover the cost of tuition, fees, books and other education-related expenses. Because the amount of financial aid a student receives is based solely on the student s education-related costs and does not take into account other expenses, such as caring for children, federal law prohibits financial aid from being considered when determining eligibility for any federally funded benefits. 20 U.S.C. 1097uu. Approximately 57% of surveyed students who were currently enrolled in post-secondary education were employed at Work-Study jobs, which typically provide other important benefits for student parents, such as work experience in a field directly related to the student s educational program and jobs located on or close to campus with schedules geared to their educational demands.

⁷¹ Currently, parents caring for a child under age 6 must work a minimum of 20 hours per week. Starting April 1, 2002, however, all parents, regardless of their child s age, will have a 40 hour work activity requirement, forcing parents not yet in their final year to work 40 hours per week in addition to time spent in class. See 2001 Public Acts 280, Section 57(e)

⁷² All estimates in this section use an average household size of 3, consisting of a single parent with 2 children.

⁷³ Estimate assumes 10 hours per week of work at \$6.11 per hour during months in school, 29 hours per week of work during summer months not in school, and 43% of student parents not enrolled in summer school, based on average wages and summer school enrollment data: Education and Schooling December 2000, Report SC-2000-4: The Survey Center, Office of Quality Assurance, Budget, Analysis and Financial Management, Michigan Family Independence Agency. Also assumes 57% of students receive federally funded Work-Study, based on data from the Low Income Student Parent Survey.

⁷⁴ Assumes two thirds (67%) of student parents use FIA Child Day Care assistance, based on data from the Low Income Student Parent Survey, at an average cost of \$516 per month per family using the CDC program. For parents who receive child care subsidies assumes 27 hours of care per week 10 hours of work, 12 hours of class time and 5 hours commuting time at \$1.84 per hour for months in school. Also assumes 43% of student parents are not enrolled in summer school, based on data in Education and Schooling, and, for months not in school, an average cost per hour of care and average hours of care from FIA FY 2000 caseload data.

⁷⁵ Assumes 29 hours of work at \$6.11 per hour, per average wage and average hours of work from Education and Schooling December 2000, Report SC-2000-4: The Survey Center, Office of Quality Assurance, Budget, Analysis and Financial Management, Family Independence Agency. Assumes 57% of students employed through federally funded Work-Study, based on the Low Income Student Parent Survey data.

⁷⁶ Assumes 29 hours of work and 5 hours commuting time at \$1.84 per hour. Also assumes 43% of student parents are not enrolled in summer school per Education and Schooling . Average cost per hour of care and average hours of care from FIA FY 2000 caseload data. Average hours worked from FIA report Education and Schooling , December 2000, Report SC 2000-4.

⁷⁷ Annual estimate of \$9,063 slightly exceeds monthly estimate multiplied by 12 (\$755 in FIP and Child Day Care x 12 months = \$9,060) because costs are not rounded to the nearest dollar when computing annual figures.

⁷⁸ Annual estimate of \$8,490 slightly exceeds monthly estimate multiplied by 12 (\$707 x 12 months = \$8,484) because costs are not rounded to the nearest dollar when computing annual figures.

⁷⁹ Estimates from Department of Career Development caseload data for Fiscal Year 2001 and Education and Schooling December 2000, Report SC-2000-4: The Survey Center, Office of Quality Assurance, Budget, Analysis and Financial Management, Michigan Family Independence Agency.

⁸⁰ Cost based on all 1900 community college students plus one-third of 4-year college students not in their final year, for a total of 2300 students x \$573 per year = \$1,317,900

⁸¹ Cost based on remaining 2/3 of 4-year college students not in their final year, for a total of 800 students x \$573 = \$458,400.

⁸² The additional cost to expand 10-10-10 from 2 to four years is less than half the initial cost to expand 10-10-10 from 1 to 2 years because 63% of FIP recipients in post-secondary education are enrolled in a community college program, whereas only 37% of FIP recipients in post-secondary education are enrolled in a 4-year degree program.

⁸³ Child Day Care assistance is provided on a sliding scale to parents whose incomes fall below about 185% of poverty approximately \$26,000 per year for a family of 3.

⁸⁴ Average annual cost in FIP and Child Day Care assistance for a parent enrolled in 10-10-10 is \$9063 (see Cost to Expand 10-10-10), multiplied by 2 years = \$18,126

⁸⁵ \$9063 x 4 years = \$36,252

⁸⁶ \$8,490 (yearly FIP and CDC costs while in school but not in final year) + \$4,486 (average yearly Child Day Care costs for low-income parent working full time at a 67% take-up rate) + \$9,063 (yearly FIP and CDC costs while in school and in final year) = \$22,039

⁸⁷ \$8,490 (yearly FIP and CDC costs while in school but not in final year) + \$9,063 (yearly FIP and CDC costs while in school and in final year) = \$17,553

⁸⁸ [\$22,039 x 0.4] + [\$17,553 x 0.6] = \$19,347

⁸⁹ \$19,347 (average current cost) - \$18,126 (total cost under an expanded 10-10-10 program) = \$1,221.

⁹⁰ [\$8,490 (yearly FIP and CDC costs while in school but not in final year) x 3 years] + [\$4,486 (average CDC costs for low-income parent working full time) x 2 years] + \$9,063 (yearly FIP and CDC costs while in school and in final year) = \$43,505

⁹¹ Assumes 40% of student parents in 4-year programs interrupt their education for two years for a total cost of \$43,505 over 4 years and 60% of parents complete a 4-year program within 4 years for a total cost under current rules of \$34,533 over four years, yielding an average cost under current system of \$38,122. Total cost under an expanded 10-10-10 program would be approximately \$36,252 over 4 years. (See earlier section: *Cost per year to expand 10-10-10 Program from 12 months to 2 or 4 years*) The **net** savings per parent over a six-year period are therefore \$1,870.

⁹² \$1,221 x 1900 students = \$2,319,900 net savings over 3 years

⁹³ It is unlikely that the overall savings will be equally distributed during the first several years of an expanded program. However, because state budgets operate on an annualized basis, and therefore require an estimate of annual cost/savings, an equalized distribution is the closest available approximation of annual cost.

⁹⁴ \$2,320,000 ÷ 3 years = \$773,333 per year

⁹⁵ \$1,870 x 1200 students = \$2,244,000 net savings over 6 years

⁹⁶ The Maine Parents as Scholars , or PaS program, recently completed an evaluation of the program s impact among low-income student parents. Data from that program, including completion rates, is forthcoming.

⁹⁷ See note #69.

⁹⁸ Public assistance for 10 years of low wage work computed based on 10 years x \$4,486, which is the average yearly CDC subsidy for a low income parent working full time at a 67% take-up rate.

⁹⁹ See note #98.

¹⁰⁰ There is an \$573 per year, per parent difference. See earlier section: *Cost per year to expand 10-10-10 Program from 12 months to 2 or 4 years*.

¹⁰¹ 42 U.S.C. 607(a).

¹⁰² 42 U.S.C. (c) and (d). PRWORA does not define vocational educational training. No more than 30% of the families may be counted as meeting work requirements based on vocational educational training or teen parent participation in secondary education. *Id.* at 607(c)(2)(D).

¹⁰³ 7 U.S.C. 2015(e).

¹⁰⁴ 7 U.S.C. 2015(d)(1). Note that some parents will be exempt from work penalties based on disability, age, child-caring responsibilities, etc., or will have good cause for quitting, reducing, or refusing work.

¹⁰⁵ Unlike FIP, the Food Stamp program does not have hourly work requirements. However, if a family is receiving both Food Stamps and FIP, and the family's FIP is reduced or terminated due to noncompliance with FIP/Work First work requirements, FIA will budget the family's Food Stamps as if they were continuing to receive the previous FIP grant, for one month after the FIP is reduced or terminated.