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TANF and Higher Education

Abstract

Welfare reforms in 1996 created the Temporary Assistance for Needy Families Block Grant program (TANF). Under the assumption that a job will provide recipients with a path to self-sufficiency, this program focuses primarily on putting them to work. Unfortunately, this work-first focus has not resulted in a path out of poverty for the majority of recipients. New York State must reform its TANF program to provide relevant education and training for its recipients, equipping them with the tools they need to break the cycle of poverty and maintain a self-sufficient life.

Keywords

Buffalo, Poverty/Low Wage Work/Income Inequality, Education, University Education, Public Assistance, Policy Brief, PPG, PDF

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Welfare reforms in 1996 created the Temporary Assistance for Needy Families Block Grant program (TANF). Under the assumption that a job will provide recipients with a path to self-sufficiency, this program focuses primarily on putting them to work. Unfortunately, this work-first focus has not resulted in a path out of poverty for the majority of recipients.

New York State must reform its TANF program to provide relevant education and training for its recipients, equipping them with the tools they need to break the cycle of poverty and maintain a self-sufficient life.

What is Higher Education?

Higher education is education above a high school level, including certificate programs, associate degree programs, and four year undergraduate degree programs.ⁱ

What is TANF?

In 1996, the U.S. Congress and President Bill Clinton passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), replacing the old AFDC welfare program with a block grant program entitled Temporary Assistance for Needy Families (TANF).ⁱⁱ PRWORA limits benefits for welfare recipients to a total of five years over their lifetime, and TANF provides cash assistance for families with children and pregnant women in need.ⁱⁱⁱ

PRWORA changed welfare to “focus on employment, personal responsibility, and positive family formation.”^{iv} TANF emphasizes a work-first approach for its recipients, which makes finding them

employment priority number one, while ignoring their education options.^v Clients receiving TANF must be employed within two years of receiving benefits,^{vi} and as a result, the number of welfare recipients enrolled in higher education has declined drastically.^{vii}

What are Maintenance of Effort (MOE) Funds?

As a requirement of the TANF block grant, states are required to spend a specific amount of state funds, called maintenance of effort (MOE) funds, to benefit and provide services for needy families.^{viii} The federal law specifies five areas where states can spend money and count it toward their MOE requirement. These areas are:

- Cash assistance
- Child care assistance
- Educational activities designed to increase self-sufficiency, job training and work
- Any other use of funds reasonably calculated to accomplish a TANF purpose
- Administrative costs in connection with other allowable purposes (not to exceed 15%).^{ix}



How does TANF inhibit education?

Unfortunately, TANF makes it difficult for states to provide recipients with education. Federal law requires a minimum percentage of adult TANF recipients in the state to meet work participation requirements.^x If a state does not meet the requirements, it may be financially penalized with up to a 5% reduction in the TANF block grant and/or an increase in the MOE requirement.^{xi} Federal rules require a minimum of 50% of TANF recipients to be engaged in “allowable activities,” and two parent homes receiving TANF must maintain a minimum of 90% participation in “allowable activities.”^{xii}

TANF funds may be used for only one year of postsecondary education, which is limited to vocational education. TANF also places a large amount of pressure on states to meet work requirement quotas, making it difficult for states to offer four years of higher education to welfare recipients.^{xiii} Essentially, the “work-first” philosophy of TANF “emphasized rapid entry into the labor force and penalized states for allowing long-term access to education and training.”^{xiv}

The Deficit Reduction Act of 2005 reauthorized the TANF program. Effective October 1, 2008, the final TANF rule allows states to include recipients participating in a bachelor's degree or advanced degree program in their definition of vocational educational training, although so far New York State has not included these degrees in its definition.^{xv} Two-year and certificate programs continue to qualify as countable activities in the state's work participation rate.^{xvi}

How does a state meet its work participation requirements under TANF?

To meet federal work participation requirements:^{xvii}

- 50% of the state's TANF recipients must work at least 30 hours per week: 20 hours per week for single parents with a child under age six, and 35 hours per week for two-parent families.
- At least 20 hours (30 hours for two parent families) must be spent in any of the following "allowable activities:"
 - unsubsidized and subsidized employment
 - work experience
 - on-the-job training
 - job search and job readiness activities
 - community service programs
 - vocational education training (as designed by the state, and only allowed for up to 12 months).
- The remaining required hours may be in any of the above activities, or any of the following:
 - job skills training directly related to employment
 - education directly related to employment (for those with no high school diploma)
 - secondary school or program leading to a certificate of general equivalence (for those with no high school diploma).



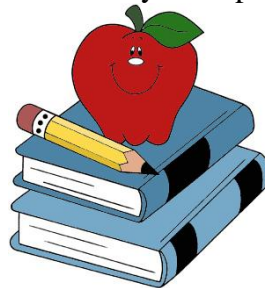
Why is higher education important for TANF recipients?

Countless studies show a strong link between higher education and improved earning outcomes.^{xviii} For example,

- In 2000, female high school graduates, on average, earned \$14,695 a year, while women with associate degrees earned about \$21,959 per year.^{xix}

- High school graduates are two to three times more likely to be unemployed than those with at least some college education.^{xx}
- In families headed by single women, those with no postsecondary education are two times as likely to live in poverty than those who have at least one year in higher education.^{xxi}
- Close to half of TANF recipients do not possess a high school diploma.^{xxii}

Further, child poverty is directly related to family income, and the higher the parental education levels, the higher the family income.^{xxiii} Thus, by providing education for TANF recipients, the welfare system could provide the tools necessary to break the cycle of poverty.



Over the past ten years, research studies have shown that “many TANF clients cycle in and out of the low-wage labor market with little opportunity to advance to higher-paying positions,”^{xxiv} and they typically have lower job tenure rates than other workers.^{xxv} Of the clients who left TANF between 2000 and 2002, about 25% were back on cash assistance by the end of the two year study.^{xxvi} If New York designs a program to allow motivated students to pursue and complete baccalaureate and advanced degrees, it will provide TANF clients with a proven path off of government benefits and out of poverty,^{xxvii} because “higher education leads to greater earning power, which leads to increased employment and a decrease in receipt of public assistance such as TANF.”^{xxviii}

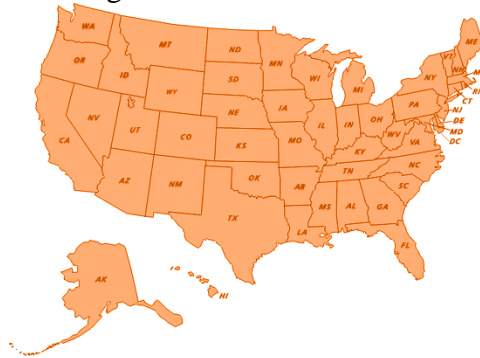
What are some key provisions in New York’s TANF program?

New York defines “work activities” as:^{xxix}

- unsubsidized employment
- subsidized private and/or public sector employment
- work experience in the public and non-profit sectors
- on the job training
- job search and job readiness assistance countable toward participation rate
- community service
- vocational educational training
- job skills training directly related to employment
- education directly related to employment
- in the care of a recipient who has not completed secondary school or high school equivalency

- job search and job readiness assistance beyond the level allowed to count toward participation rate
- certain educational activities
- other programs designed to meet the goals of PRWORA and Title 9-B of the New York Social Services Law and included in a social services district’s local plan as accepted by the Office of Temporary and Disability Assistance.

Of these “allowable activities,” New York State’s TANF program focuses on unsubsidized employment, work experience, and community service to meet their federal work participation requirement, and does not take advantage of the education and training options available under the federal TANF rules.^{xxx} Federal law permits 30% of the TANF caseload to be engaged in vocational education training; however, as of September 2007, only 14% of public assistance recipients in New York were participating in education and/or training activities.^{xxxii}



What are other states doing to promote education for their TANF recipients?

Illinois, Wyoming, and Maine operate programs for higher education through the use of MOE funded programs. By using state funds to support TANF eligible clients pursuing a higher education, states do not have to comply with TANF regulations and work requirements.^{xxxii}

Illinois allows TANF recipients enrolled in full time two or four year higher education programs to count their education as an allowable TANF work activity.^{xxxiii} For eligible clients in good standing (GPA of 2.5+), the TANF clock stops for up to 36 discontinuous months.^{xxxiv} While the clock is “stopped,” MOE funds support clients.^{xxxv} However, if a TANF recipient’s GPA falls below 2.5 for two consecutive quarters, they return to the TANF-funded program and must meet minimum work requirements, and the TANF clock restarts.^{xxxvi}

Maine also supports a higher education program through the use of MOE funds. Full time students are exempt from work activities for up to two years.^{xxxvii} However, after those two years, clients are required to participate in allowable work activities (which may include class time, studying, school-related volunteer activities, tutoring, internships, and work study).^{xxxviii} In order for clients to be eligible, they must

- be enrolled as an undergraduate in a two or four year education program as a full-time student in good standing (2.0 GPA),
- not already have a marketable bachelor's degree,
- not have skills necessary to earn 85% of the state median income,
- pursue education that will improve their ability to support their family, and
- show aptitude, ability, and a commitment to succeed in the program.^{xxxix}

If the client wishes to continue the program after the two years allotted, they must “participate in a combination of education, training, study, or work-site experience for an average of 20 hours per week (study time is counted as 1.5 times the class hours” and “work 15 hours a week (in addition to class and study time), or combine class hours, study hours, and work for a total of 40 hours per week.”^{xl}



Wyoming, too, uses a MOE funded program to support higher education for qualified TANF clients. In addition to meeting the requirements of TANF eligibility, the student must

- “be a single adult in a TANF eligible family,
- reside in the state of Wyoming for at least two years prior to starting the educational program or be a graduate from a Wyoming high school,
- be employed at least 32 hours per week for ten or more of the 16 weeks prior to registration and enrollment and after every two semesters of school (essentially this requirement is to maintain employment in the summer months),
- “enroll at a Wyoming public state college or university or other approved educational program,
- enroll in a program for which it is reasonable to expect employment in Wyoming,
- maintain enrollment of at least 12 credit hours each semester and a total of 30 credits per school year,
- maintain a cumulative grade point average of at least a ‘C,’” and
- “cooperate with assigning child support, establishing paternity, and pursuing child support.”

Because Wyoming uses MOE money to fund this program, they do not have to adhere to federal TANF requirements for this group of recipients.

What should New York State do?

There are four options New York State should consider to promote and facilitate education for TANF recipients.



First, New York should **include two and four year higher education programs in the definition of vocational training** so it can count such clients in its work participation rate (for up to 12 months).^{xli} Defining “vocational training” is left to the states. However, “no more than 30% of clients counted toward a state’s federal participation requirement may be engaged in educational activities...including vocational training, teenage parents in high school, GED programs, or basic education.”^{xliii}

Second, after these 12 months, New York **should fund higher education under a separate state program using MOE funds**. Federal TANF guidelines require states to spend a certain amount of its funds (called Maintenance of Effort (MOE)) on benefits and services for low-income families.^{xliiii} Federal guidelines dictate “MOE expenditures may include educational activities designed to increase self-sufficiency, job training, and work.”^{xliiv} If New York decides not to spend MOE funds on a higher education program for TANF eligible individuals, it can fund the program using general revenue dollars which do not count toward a state’s MOE expenditure.^{xlv}

Third, the Final Federal TANF rule allows a certain number of unsupervised homework hours to count toward a recipients required work hours, although only a few counties in New York State have implemented this. New York should **pass state legislation requiring counties to count unsupervised homework hours** towards a recipient's work obligations. A bill including this provision was introduced in New York in 2006, although it has not come to a vote.^{xlvi}

Finally, while the state must maintain the minimum 50% work participation rate, New York can **allow the remaining 50% to participate in non-countable activities, which may include higher education** (however, only 10% of two parent families may be engaged in

higher education as they must maintain a 90% participation rate). So, as long as the state can meet and maintain its 50% overall TANF work participation requirements, they have some flexibility to allow clients to pursue higher education as a stand-alone activity. However, this strategy alone would pose a particular problem for two-parent families who must maintain a much higher work participation requirement.^{xlvi}

Studies suggests that employers are more willing to both hire and train employees who have demonstrated a capacity for learning. In designing higher education programs for TANF recipients, the state would be providing clients the opportunity to develop skills, obtain education, and acquire work experience that will help them advance in the labor market.^{xlvi} New York State needs to reevaluate its priorities and shift its focus from blindly meeting federal requirements to designing a program that allows for higher education and provides a path away from welfare dependency.^{xlix}

ⁱ Higher education. Dictionary.com. Dictionary.com Unabridged. Random House, Inc. [http://dictionary.reference.com/browse/higher education](http://dictionary.reference.com/browse/higher+education) (accessed: April 19, 2010)

ⁱⁱ Weikart, Lynne A. *The Era of Meanness: Welfare Reform and Barriers to a College Degree* (2005).

ⁱⁱⁱ *Id.*

^{iv} Hoffman, Linda. *State Strategies for Improving the Employment Outcomes of TANF and Low-Income Families*, NGA Center for Best Practices (June 13, 2007), available at www.nga.org/center.

^v Christopher Mazzeo, Sara Rab, and Susam Eachus. *Work First or Work Only: Welfare Reform, State Policy, and Access to Postsecondary Education*, March 2003.

^{vi} *Almanac of Policy Issues, Welfare*, available at http://www.policyalmanac.org/social_welfare/welfare.shtml.

^{vii} Mazzeo, *Supra* note 6.

^{viii} Mark Greenberg, CLASP, *The TANF Maintenance of Effort Requirement*, available at <http://s242739747.onlinehome.us/publications/TANFMaintenanceofEffortRequirement.pdf>.

^{ix} 42 U.S.C. §609(a)(7)(B)(i); 45 C.F.R. §263.2.

^x Mayfield, Jim. *Full-Time Higher Education Under TANF: Other States' Practices and Policy Options for Washington*, Washington State Institute for Public Policy, November 2001, available at www.wa.gov/wsipp.

^{xi} *Id.*

^{xii} 42 U.S.C. §607 (c).

^{xiii} Weikart, Lynne A. *The Era of Meanness: Welfare Reform and Barriers to a College Degree* (2005).

^{xiv} Adair, V.C. *Fulfilling the promise of higher education*. In V.C. Adair & S/L/ Dahlberg (Eds.), *Reclaiming class: Women, poverty, and the promise of higher education in America*, pgs. 240-265 at 248. Philadelphia: Temple University Press.

^{xv} 45 CFR § 261.2(i).

^{xvi} Hoffman, *Supra* note 5.

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- ^{xvii} 45 C.F.R. §261.31.
- ^{xviii} Mayfield, Supra note 12.
- ^{xix} U.S. Census Bureau, Money Income in the United States: 1999, Current Population Reports, Consumer Income (2000).
- ^{xx} U.S. Department of Census, Statistical Abstract of the United States, (Washington, D.C., 1996).
- ^{xxi} Center for Women Policy Studies, Getting Smart about Welfare (Washington, D.C., 1999).
- ^{xxii} Evelyn Ganzglass, Strategies for Increasing Participation in TANF Education and Training Activities, Center for Law and Social Policy (17 April, 2006).
- ^{xxiii} Assembly Standing Committee on Social Services: Notice of Public Hearing, available at <http://assembly.state.ny.us/comm/SocServ/20081105/>.
- ^{xxiv} Hoffman, Supra note 5.
- ^{xxv} Id..
- ^{xxvi} Loprest, Pamela, Fewer Welfare Leavers Employed in Weak Economy (Washington, D.C.: The Urban Institute, August 21, 2003), 1.
- ^{xxvii} Report on Legislation, Social Welfare Law Committee, available at www.abeny.org.
- ^{xxviii} Mayfield, Supra note 12.
- ^{xxix} State Plan, Outline of the General Provisions of its Temporary Assistance for Needy Families (TANF) Program, A (ii) 2.
- ^{xxx} Assembly Standing Committee, Supra note 26.
- ^{xxxi} Id.
- ^{xxxii} Mayfield, Supra note 12.
- ^{xxxiii} Id.
- ^{xxxiv} Id.
- ^{xxxv} Id.
- ^{xxxvi} Id.
- ^{xxxvii} Id.
- ^{xxxviii} Id.
- ^{xxxix} Id.
- ^{xl} Id.
- ^{xli} Hoffman, Supra note 5.
- ^{xlii} Mayfield, Supra note 12 (emphasis added).
- ^{xliiii} Id.
- ^{xliiv} Id.
- ^{xlv} Hoffman, Supra note 5.
- ^{xlvi} Susan C. Antos, Empire Justice Center Testimony on New York State's TANF Plan 2009-2011, available at <http://www.empirejustice.org/policy-advocacy/testimony/comments-on-new-york-states.html>.
- ^{xlvii} Mayfield, Supra note 12.
- ^{xlviii} Hoffman, Supra note 5.
- ^{xlix} Id.