

WR - Welfare amendment

Bruce/Cynthia/Andrea

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## RESPONSES TO FREQUENTLY ASKED QUESTIONS ABOUT THE IMPACT OF THE CAP ON EDUCATION AND TRAINING IN WELFARE REFORM

Prepared by the Center for Law and Social Policy, July 1998

WR - Education

### 1) What is really happening in the states?

- > **State policies regarding access to postsecondary education and training for recipients appear to be much more restrictive under TANF compared to JOBS.**

A new report from the General Accounting Office on welfare reform in seven states shows substantial drops in the percentage of welfare-to-work participants involved in education and training as compared to other activities:

#### Percentage of Active Welfare-to-Work Participants in Education and Training Activities Before and After Federal Reform<sup>1</sup>

Year	Calif.	Conn.	La.	Md.	Oreg.	Tex.	Wis.
1994	76.7	85.0	87.8	65.1	44.4	75.3	60.4
1997	53.3	31.7	48.6	10.5	27.5	36.1	12.5

Other sources seem to corroborate the GAO report. Under the JOBS program, federal law allowed states to choose to allow postsecondary education as a countable JOBS activity. All but 3 states opted to allow postsecondary for at least two years.<sup>2</sup> (In most cases, this meant providing support services rather than tuition.) By contrast, preliminary data for 21 states indicate that in TANF, most states appear to be following the federal law's lead on vocational education and limiting postsecondary education and training as an allowable work activity by itself to no more than 12 months.<sup>3</sup>

- > **While many states allow postsecondary activities after recipients work 20 hours each week, steep drops in enrollment in many colleges suggest it may be difficult for low income, single parents to combine work, school, and parenting.**

While there is no systematic data yet available on the trends in recipient enrollment in

<sup>1</sup> *Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence*, GAO, June 1998.

<sup>2</sup> *Characteristics of State Plans for the Job Opportunities and Basic Skills Training (JOBS) Program*, 1995-96 edition, U.S. Department of Health and Human Services, 1995. The exceptions were MI, NV, and OR.

<sup>3</sup> Preliminary, unpublished data for 21 states from the State Documentation Policy Project, a 50-state survey being conducted by the Center for Law and Social Policy and the Center on Budget and Policy Priorities.

postsecondary education, some sharp drops have been documented. In Massachusetts, for example, participation data from the state shows a 26% drop in recipients in college from March 1997 to March 1998.<sup>4</sup> This data doesn't capture, however, the majority of recipients in college who are there on their own initiative, and MA community college data shows a 47% decline over a two-year period. Other institutions report similarly steep declines: Milwaukee Area Technical College (from 1,755 students to 244), City University of New York (from about 27,000 to about 17,000 over three years), and Baltimore City Community College (from 893 to 633 from fall 1996 to fall 1997).<sup>5</sup> Given that caseloads have fallen at least 27% since enactment of TANF, it is hard to disaggregate, however, how many recipients are leaving due to changes in policies concerning education and how many are simply leaving voluntarily because of the strong economy.

2) **Have states reached the 30% cap for those who can be in vocational educational training?** (Note: Much uncertainty exists about how the rates will be calculated because there are no final federal rules on the caseload reduction credit and separate state programs.) **Are recipients being denied higher education?**

➤ **Recent GAO data suggests both that states have sharply curtailed access to education and training and that even so, some states may still exceed the cap.**

The same GAO report cited above shows that even though the percentage of all participants assigned to education and training work activities has declined steeply since enactment of TANF, education and training remained the most common activity in two of the seven states studied (representing 53% of participants in California and 49% in Louisiana), and in three others is the second most common activity (32% in Connecticut, 28% in Oregon, and 36% in Texas).<sup>6</sup>

➤ **Most states seem to be giving allowing only 12 months of access to postsecondary education and training and 12 months is too short in many cases to complete even a one-year occupational certificate program, if any remedial or English-as-a-Second Language (ESL) courses are required.**

Of the 364,000 independent postsecondary students who received both student aid and AFDC in 1995-96, it appears that most were enrolled in programs of two years or less, because the majority attended community colleges (47%) or proprietary schools (24%).<sup>7</sup> Yet even to

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<sup>4</sup> Massachusetts' Department of Transitional Assistance, Statewide Client Participation, March 1998.

<sup>5</sup> *Chronicle of Higher Education*, January 23, 1998; *Getting Smart About Welfare*, Center for Women Policy Studies, July 1998.

<sup>6</sup> These percentages do not correspond to actual participation rates in the states because individuals may not be participating to the extent necessary to count toward federal rates. The actual percentages are likely lower. *Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence*, GAO, June 1998.

<sup>7</sup> *New Welfare Law: Role of Education and Training*, Congressional Research Service, May 5, 1997. An additional 109,000 students classified as "dependent" by the student aid system also received AFDC in 1995-96.

complete a one-year occupational certificate program can take longer than 12 months because noncredit courses, such as remedial education and ESL, may be required and are in addition to a full year of credit coursework for the certificate. That is why federal student aid policy allows 150% of the normal length of a program for completion and case-by-case extensions where family emergencies force students to drop out mid-semester. Welfare recipients have disproportionately low basic skills and are thus more likely to need such noncredit courses.

**3) What is the evidence that two years of vocational education or higher education is helpful to these students?**

**> Opponents of recipient access to education and training set a much higher burden of proof for its effectiveness than for other activities countable as work in TANF.**

“Community service,” for example, is a countable activity for which there is no research on effectiveness. “Community work experience” is a countable TANF activity which was shown in multiple studies in the 1980's *not* to increase employment or earnings.<sup>8</sup> “Job search” has been shown to increase employment in the short-term but to have no long-term impact on employment or earnings.<sup>9</sup>

**> Rigorous, experimental research on welfare-to-work programs shows that only programs with a job training or postsecondary education component have succeeded in helping recipients find better jobs—jobs that pay more, last longer, and provide benefits.**

The recent, very impressive results from the Portland, Oregon site of the National Evaluation of Welfare-to-Work Strategies (NEWWS) confirm earlier research findings—the most effective welfare-to-work programs are those that have a central focus on employment, but also make substantial use of education and training as a tool for helping recipients find better jobs.<sup>10</sup> While employment and earnings impacts in the more job-search focused NEWWS sites were already fading at the end of two years, in Portland the impacts are among the biggest ever seen and growing at the end of two years. This pattern is consistent with earlier research on programs like Baltimore Options, that stressed better jobs and made substantial use of postsecondary education and training—though smaller than Portland's, the Options program's earnings impacts were

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<sup>8</sup> *Unpaid Work Experience for Welfare Recipients*, Manpower Demonstration Research Corporation, September 1993.

<sup>9</sup> *Beyond Job Search or Basic Education: Rethinking the Role of Skills in Welfare Reform*, Center for Law and Social Policy, April 1998.

<sup>10</sup> *Evaluating Two Welfare-to-Work Program Approaches: Two-Year Findings on the Labor Force Attachment and Human Capital Development Programs in Three Sites*, U.S. Department of Health and Human Services and the U.S. Department of Education, September 1997; *Beyond Job Search or Basic Education*, CLASP, April 1998; *After AFDC: Welfare-to-Work Choices and Challenges for States*, Manpower Demonstration Research Corporation, 1997.

substantial and still growing five years after participants entered the program.<sup>11</sup>

- **Other, nonexperimental research shows that postsecondary education and training for low income individuals has a high return. Women with associates degrees, for example, earn between 19-23% more than other women, even after controlling for differences in who enrolls in college.<sup>12</sup>**

The same study, which analyzed nearly twenty years of longitudinal data while attempting to adjust for differences in ability and family background, found that women who obtained a bachelor's degree earned 28-33% more than their peers. Other studies have found that each year of postsecondary education increases earnings by 6-12%.<sup>13</sup> In addition, studies that have tracked welfare recipients who completed two or four-year degrees have found that about 90% of these graduates leave welfare and earn far more than other recipients.<sup>14</sup>

Census data also show a strong relationship between educational attainment, earnings, and the likelihood of being unemployed or out of the labor market. March 1996 Current Population Survey Data show, for example, that women with an associate degree earn \$3.34 more an hour than women with only a high school diploma, and earn nearly twice as much as women who have not finished high school (\$12.46 an hour compared to \$6.69).<sup>15</sup> Women with some college also spend far more time employed (76% of weeks over a four-year period) than women without a high school diploma (employed only 49% of the same period).

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<sup>11</sup> *Five Years After: The Long Term Effects of Welfare -to-Work Programs*, Russell Sage Foundation, 1995.

<sup>12</sup> "Labor-Market Returns to Two- and Four-Year College," *American Economic Review*, June 1995.

<sup>13</sup> *What Works*, U.S. Department of Labor, 1995.

<sup>14</sup> "Welfare Graduates: College and Financial Independence," Jerome Levy Economics Institute Policy Notes, 1998; *From Welfare to Independence: The College Option*, Ford Foundation, March 1990.

<sup>15</sup> "Real Hourly Wages by Education, Using CPS Education Definitions Beginning in 1992," Economic Policy Institute's internet site, "DataZone."

**Help More Women Go To College--  
Support the Higher Education Amendments of 1998 (S 1882)**

July 8, 1998

Dear Senator:

On behalf of the 160,000 members of the American Association of University Women (AAUW), I urge you to promote women's safety and educational opportunities at colleges and universities by supporting the Higher Education Amendments of 1998 (HEA-S 1882). I also urge you to support Senator Paul Wellstone's (D-MN) amendment to S 1882 to expand educational opportunities and encourage economic self-sufficiency for welfare recipients.

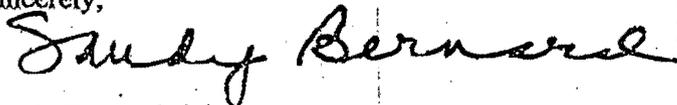
AAUW supports access, safety, and gender fairness through all levels of education. S 1882 contains many provisions that will continue to allow increased numbers of women to enter postsecondary education institutions and will further meet the needs of an older, more diverse student population, including: an increase in the Pell Grant dependent care allowance; improved access to child care through the support of on-campus child care centers; an increase in campus safety standards through better accuracy in crime reporting; and better public access to information on women's and men's athletic opportunities and participation. The provisions included in S 1882 will advance women's access to, and safety at, colleges and universities.

The Wellstone amendment to S 1882 has three provisions that would help welfare recipients move permanently from welfare to work: (1) increase the limit on vocational education from 12 to 24 months; (2) allow 24 months of postsecondary education to count as a "work activity" under Temporary Assistance for Needy Families (TANF); and (3) remove teen parents from the existing vocational education cap so that more adults can pursue education and training. If the true goal of welfare reform is to move recipients permanently into the workforce, then states must have the flexibility to provide education and training opportunities, including postsecondary education.

The changes advocated by the Wellstone TANF amendment will strengthen the road to self-sufficiency for many low-income women. Current law caps the number of participants in vocational educational training at 35 percent of the entire welfare caseload for each state, including teenage parents who are completing high school or a GED program. Removing teenage parents from this cap will increase the number of women who will be able to participate in vocational educational training. Further, postsecondary education is a cost-effective strategy for permanently moving welfare recipients from welfare to work at a decent wage. On average, women with a college degree earn an additional \$3.65 per hour over the wages of women with only a high school diploma.

Once again, I urge you to better meet the needs of female students by supporting S 1882, and increase access to educational opportunities for low-income women by supporting the Wellstone TANF amendment. If you have any questions, please call Nancy Zirkin, Director of Government Relations, 202/785-7720, or Cindy Brown, Senior Legislative Associate, 202/785-7730.

Sincerely,



Sandy Bernard  
President

**List of conferees for the Higher Education Amendments of 1998 (HR 6/S 1882)**

House Conferees:

Republicans: Goodling (PA), McKeon (CA), Souder (IN), Petri (WI), Graham (SC),  
Peterson (PA)

Democrats: Clay (MO), Kildee (MI), Andrews (NJ), Martinez (CA)

Wellstone amendment Subconference:

Democrats: Levin (MI), Clay (MO)

Republicans: Shaw (FL), Camp (MI), Goodling (PA), Talent (MO)

Senate Conferees:

The Labor and Human Resources Committee

Republicans: (10)

Jeffords (VT)

Coats (IN)

Gregg (NH)

Frist (TN)

DeWine (OH)

Enzi (WY)

Hutchinson (AR)

Warner (VA)

McConnell (KY)

Collins (ME)

Democrats: (8)

Kennedy (MA)

Dodd (CT)

Harkin (IA)

Mikulski (MD)

Bingaman (NM)

Wellstone (MN)

Murray (WA)

Reed (RI)



WR-Edc

UNITED STATES DEPARTMENT OF EDUCATION

THE DEPUTY SECRETARY

JUL - 8 1997

Mr. Bruce Reed  
Assistant to the President  
for Domestic Policy  
Office of Policy Development  
Executive Office of the President  
1600 Pennsylvania Ave., N.W.  
2nd Floor, West Wing  
Washington, D.C. 20500

Dear Bruce:

I am writing to convey the Department's views regarding one issue under the House and Senate versions of the reconciliation bill that raises important considerations for education. The issue concerns a provision in the welfare legislation which provides a cap on the number of TANF recipients "[participating] in vocational educational training" who "may be determined to be engaged in work" for purpose of meeting a State's mandatory work participation requirements. (Section 407(c)(2)(D) of the Social Security Act, as amended last year by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193)

Under current section 407, as generally understood by the States and by our Department, 20 per cent of a State's welfare caseload (including teen parents who may remain in high school or complete their GED) may be counted for work participation purposes by virtue of participation in vocational educational training.

The House reconciliation bill (H.R. 2015) contains two revised versions of this provision. One version, sec. 9003, emanating from the Ways and Means Committee, would reduce the cap to 30 percent of the number of TANF recipients "who are treated as engaged in work for a month," but would remove teen parents from the computation. The other, sec. 5002 from the Committee on Education and the Workforce, would limit the cap to 20 per cent of those "treated as engaged in work for a month," including teen parents. The Senate version, section 5905(k) of S. 947, as passed by the Senate on June 25, would clarify that the cap is 20 per cent of "individuals in all families and 2-parent families," or the entire caseload; the same language as is in the current TANF statute, and would remove the teen parents from the calculation.

In several letters to the relevant committees, the Administration opposed any changes in the cap as not within the scope of the Budget Agreement and recommended that the current law limitation (20 per cent of caseload, including teen parents) be retained. However, both Houses, by their different actions on the provision, have indicated an intent to change current law. For the reasons stated below, we believe that the Administration should now express a preference for the Senate version.

1. The Senate version is closest to the Administration position (no change in current law) except that it removes teen parents. In removing teen parents from the computation, the Senate bill simply and properly avoids differences in treatment among States based on their significant variations in teen parent counts, thus putting States on a more equal footing in serving their adult TANF populations who need vocational educational training to be placed in a job that will permanently remove them from the welfare rolls.

2. The Senate version gives greater flexibility to the States in responding to these needs without jeopardizing receipt of TANF funds. Both House versions reduce the flexibility of States in responding to the educational needs of their adult TANF recipients as compared with current law. The option of how to use this flexibility lies with the States. The National Governors' Association wrote the House Committee on Ways and Means on June 5, regarding an earlier version of its proposal: "The proposed new cap would place states at risk of financial penalties and greatly limit the state flexibility and discretion that we believe is essential to state implementation of the TANF program."

3. The Senate version retains the overall emphasis of the TANF statute on placement in work rather than vocational education. No change is made in the work requirements applicable to individuals. However, data indicates that acquisition of targeted, sustained vocational training provides a welfare recipient with a greater opportunity to find and hold a job providing a wage sufficient to support a family. A healthy mix of education and training has contributed to the success of welfare-to-work programs. Education, along with work experience, is clearly important to further the careers and financial well-being of TANF recipients. Based on a survey of a number of models of welfare-to-work programs, including the successful Riverside, California GAIN program, a recent study concluded that the most successful programs were those that involved a "mixed" approach, including strong education and training components, as well as job search. See Dan Bloom, Welfare-to-Work Choices and Challenges for States, at 40-50 (MDRC, 1997).

Page 3 -- Mr. Bruce Reed

We believe that the Administration should state a clear preference for the Senate version as closer to current law and the Budget Agreement, and as more likely to enhance State flexibility and foster links between education and work in the interest of moving recipients from welfare to work. An identical letter has been sent to Director Raines.

Sincerely,



Marshall S. Smith  
Acting Deputy Secretary

THE WHITE HOUSE

WASHINGTON

January 28, 1994

MEMORANDUM FOR SECRETARY ROBERT REICH  
DEPARTMENT OF LABOR

SECRETARY RICHARD RILEY  
DEPARTMENT OF EDUCATION

SECRETARY DONNA SHALALA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECRETARY LES ASPIN  
DEPARTMENT OF DEFENSE

FROM: CAROL H. RASCO   
ASSISTANT TO THE PRESIDENT FOR DOMESTIC  
POLICY

SUBJECT: Coordinated Efforts on Education and Training

The President recently received a memo from Secretaries Reich and Shalala outlining a possible joint strategy for Welfare Reform and Dislocated Workers. At the same time it was suggested that the four of you together (and possibly others) talk about easier "one stop" processing of state requests for waivers in the area of workforce development.

We are also very interested in coordinating better the programs each of you has in place, or will soon introduce, so that waivers aren't always necessary. Further, you will receive very soon (if you have not already done so), a letter from the National Governors' Association suggesting a similar look at improving coordinated workforce development systems. I have attached a copy of the letter from the NGA. President Clinton may answer the NGA letter prior to the start of the NGA Winter Meeting this weekend; we will make certain you are copied on that letter when it is sent.

Knowing that many of you and your staff who are working on this

issue will be involved in the NGA and/or the National Education Goals Panel meetings through Tuesday, I am asking my assistant, Rosalyn Miller, to call your office to poll for the best meeting time next week for the four of you (and staff you wish to bring) to come to the White House for a meeting on this issue. I sincerely hope each of you is present at the meeting.

Thank you for your attention to this critical matter.

cc: Bob Rubin  
Marcia Hale

Attachment



January 26, 1994

The President  
The White House  
Washington, DC 20500

Dear Mr. President:

Together we represent the leadership of the National Governors' Association on education, welfare reform, and job training issues. We have been actively engaged with your administration over the past year in developing proposals to reform the welfare system and the education system, and to restructure aid to dislocated workers. We believe such reform is necessary to achieve important goals that we all share, such as developing a high-skill, high-wage workforce, building a prosperous economy, and fostering strong, self-sufficient families.

A common thread running through many of these diverse reform efforts is how best to deliver job training services to youth and adults. For example, the Department of Education is rethinking the role of student aid programs in funding job training; as you know, student aid is currently the single largest source of federal funding for job training. The Department of Health and Human Services is proposing a vast expansion of its employment and training program for welfare recipients. The Department of Labor will soon release its proposal to restructure and greatly expand assistance to dislocated workers, and to promote "one-stop career centers" for DOL-funded job training programs. The department also plans this year to begin redesigning its job training program for low-income adults, Title II of the Job Training Partnership Act.

We welcome this attention to workforce development issues and, indeed, a number of the proposed changes are ones which the Governors have long supported. We have seen over the past year, however, that just as responsibility for job training is scattered across numerous federal agencies, reforms in these programs are proceeding in a piecemeal way which mirrors and will add to the fragmentation of federal job training efforts. Unless a serious effort is made soon to *integrate* these reform efforts before legislative proposals are introduced, we will all lose an important opportunity to consolidate and improve these programs in ways that benefit both taxpayers and the customers of job training services.

We would like to propose forming a joint work group with your administration to address this problem. The work group would be composed of senior staff of the Governors most active on workforce development issues and appropriate staff representatives from the White House and the relevant federal departments. The purpose of the work group would be to ensure that any changes in federal job training programs -- including federal student aid -- fit into a larger strategy for creating high-quality, well-integrated workforce development systems at the state and local level.

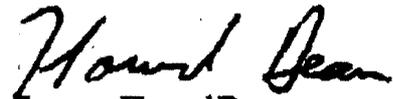
This joint work group could pursue this national strategy to promote integrated workforce development systems in two ways. First, the group could help the government change the way it does business by helping federal agencies develop job training initiatives in an integrated way so that taken together, these initiatives reduce rather than increase the existing problems of different eligibility and reporting requirements, and fragmented lines of authority for operating programs. To date in your administration, the departments have relied chiefly on new waiver authority to promote better coordination of programs. We welcome this new flexibility, however, we believe that it will not be enough. The federal government must also address the tough work of developing a coherent, integrated workforce development policy.

Second, the work group could explore ways, in addition to waiver authority, to increase state and local flexibility in administering job training programs. Where political obstacles prevent integration of programs at the federal level, better access to higher quality job training and employment services can best be achieved by giving states the flexibility to integrate similar programs, to determine the appropriate governance structure for state workforce development systems, and to set high, outcome-based standards for services. New waiver authority is helpful to a certain extent, but as a nation we will move very slowly toward the goal of integrated workforce development systems if each state must apply separately to each different federal department for permission to integrate programs.

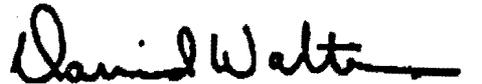
In sum, we believe that efforts to reform and expand workforce development programs must recognize that these programs share many of the same customers. We would like to work closely with your administration to ensure that each job training initiative complements the others, and that their combined effect is higher quality, more integrated, and more accessible workforce development systems. We look forward to hearing from you soon.

Sincerely,

  
 Governor Carroll A. Campbell Jr.  
 Chair, National Governors' Association

  
 Governor Howard Dean  
 Vice-Chair, National Governors' Association

  
 Governor Pete Wilson  
 Chair, Human Resources Committee

  
 Governor David Walters  
 Vice Chair, Human Resources Committee

  
 Governor Jim Edgar  
 Co-Chair, Education Leadership Team

  
 Governor James B. Hunt Jr.  
 Co-Chair, Education Leadership Team

  
 Governor John Engler  
 Co-Chair, Welfare Reform Leadership Team

  
 Governor Tom Carper  
 Co-Chair, Welfare Reform Leadership Team

cc: The Honorable Robert B. Reich, Secretary of Labor  
 The Honorable Richard Riley, Secretary of Education  
 The Honorable Donna E. Shalala, Secretary of Health and Human Services



## FAX COVER SHEET

*WR - Educ-Training*

**TO:** David Ellwood, HHS  
fax # 690-7383  
Bruce Reed, Domestic Policy Council  
fax #456-7739  
Mary Jo Bane, HHS  
fax #401-5770

**FROM:** Ray Cortines, DOEd

**TOTAL PAGES (INCLUDING COVER SHEET): 2**

**COMMENTS:**

If you receive this fax in error, please notify Missy Apodaca at 202-401-0412. Thank you.



UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202

OFFICE OF THE SECRETARY

July 14, 1993

MEMORANDUM

TO: David Ellwood, Assistant Secretary for Planning, HHS  
Bruce Reed, Deputy Assistant to the President for Domestic Policy  
Mary Jo Bane, Assistant Secretary Designate for the Administration for Children  
and Families, HHS

From: Ramon Cortines, Assistant Secretary Designate for Intergovernmental and  
Interagency Affairs, Department of Education

Subject: Followup comments from July 7th Working Group meeting

The July 7th presentations by the Department of Labor, CEA and NEC were extremely informative and helpful in learning of the availability of training programs and job outlook.

Several Working Group members mentioned basic skills education as a focus point for welfare reform. As a representative of the Education Department, I believe I should touch on this subject.

Past emphasis of education and training programs for welfare recipients have been what is commonly referred to as basic education. However, the skills welfare recipients need to be prepared for in today's working world are far from "basic." Education and training programs for welfare recipients should be based on the higher-order thinking skills, rich context-driven curricula, and contain high standards for all students.

Education is the key to dealing with welfare recipients on a long-term basis. In our welfare reform efforts, we should concentrate on the quality of these education and training programs while ensuring the caliber of the trainers.

We need to send the positive message that education and training is the bridge that will move students from the classroom into the working world with ease, and assist them in keeping the job.

Thank you for the consideration of my comments. Should you have any questions, please feel free to call upon me at 401-3022.

cc: Madeleine Kunin  
Mike Smith