
The Pennsylvania Welfare Coalition

223 North Street, P.O. Box 2835

Harrisburg, PA 17105

cpalm@comcast.net or fjv@pacatholic.org

Making TANF Work in Pennsylvania: Why Congress Should Expand Access to Education, Job Training, and Barrier Reduction Activities

(2/2005)

The Issue

In order to ensure that TANF clients get off and stay off welfare, they need the tools to find good jobs. Many of Pennsylvania's TANF clients face multiple challenges to finding and retaining work, these clients require access to individualized and holistic barrier reduction activities. For other TANF clients access to education – vocational or postsecondary -- will be the ingredient to long-term self-sufficiency. Despite the diversity of TANF clients, a common denominator remains: employers across the nation continue to need well-trained workers with effective skills.

Current law unnecessarily restricts states' ability to allow education and training opportunities. Some TANF reauthorization proposals being considered in Congress would further prevent states from offering these options. Rather than further restrict state options in this area, TANF legislation should give states additional flexibility to connect clients to barrier reduction activities and education.

Scope of the Problem

Congressional proposals to increase the required hours of work-related activity, while at the same time excluding the kinds of rehabilitation activities from what will count as "work," comes at a time when an increasing proportion of the caseload has significant barriers to employment.

Parents with physical or behavioral health problems continue to face major hurdles to leaving TANF and earning adequate wages. 38 percent of welfare clients have not completed a 12th grade education and many others read below the 8th grade level. It is these clients that are among the most vulnerable to the more rigid work requirements in current Reauthorization proposals.

Of the 74,104 adults on TANF in Pennsylvania, 11,879 are exempt from work activities due to a documented medical disability, 3,131 more are enrolled in the Maximizing Participation Project (MPP), a program tailored to address their needs, and another 974 have been granted temporary "good cause" exemptions due to domestic violence. These parents account for over 27 percent of Pennsylvania's TANF population. In order to move toward self-sufficiency, these parents need supportive services tailored to meet their individualized needs – and adequate time to participate in these services.

In Philadelphia, where 43 percent of Pennsylvania's TANF caseload resides, the Manpower Demonstration Research Corporation found that the majority of TANF recipients faced multiple barriers to employment. Based on a survey of over 600 TANF recipients, nearly half of those parents who were not working had a physical health problem and/or were at risk for clinical depression. Even among parents without personal disabilities, barriers to work remain. Many have children or family members with disabilities for whom they provide care. These parents should not be held to higher standards that will prevent them from meeting the needs of their families.

Current federal TANF law forces states to confront rigid rules about counting recipients engaged in education and training toward the state's work participation rate. It also imposes caps on the number of clients that the state can, in fact, include when documenting their work participation rate.

Because of these limitations and despite the demonstrated links between education and higher earnings, less than 5 percent of Pennsylvania TANF recipients participate in education and training activities. National rates are similarly low.

In light of the fact that education and training programs are among the core ingredients to finding and retaining a job as well as increased wages appropriate for supporting families, states have called for changes in TANF laws that would:

- include education, including postsecondary education, among the activities that can be counted toward the work rates;
- lift the cap on the number of parents in these activities who may be counted toward the work rates; and
- allow these activities to be counted for as long as necessary for participants to complete their education or training programs.

Rationale for expanding or maintaining flexibility of current law

States have found that allowing TANF recipients to participate in education and training programs in areas such as nursing, information technology, accounting, or machinery on a full-time or nearly-full time basis for one year or more can train recipients for more stable, higher-paying jobs and are a sound investment.¹

For example:

- A recent **Illinois** study found that TANF recipients who graduated from training programs *made 180% of the hourly wages of TANF recipients who did not have additional training.*
- Graduates of the **Maine** "Parents As Scholars" program *increased their wages from a median \$8.00/hour before college to \$11.71/hour immediately after college – a 46 percent increase.* Ninety-two percent of graduates received employer-provided benefits, consequently decreasing reliance on state-funded healthcare, childcare, and food stamps.
- In **Maryland**, a pilot program called "School Counts/Impact 2000" allowed TANF recipients to count community college as a work activity. *Participants were three times less likely to return to TANF than non-participants and had higher rates of employment and earnings.*
- The Regional Training Partnership offered occupational training to low-income **Milwaukee** residents. *Average post-training wages were 33 percent higher than pre-training wages.*
- Participants in **Portland** JOBS Program, a mixed work and training strategy, *had a 21 percent increase in length of employment and average five-year earnings \$5,000 higher than non-JOBS participants.*
- In **Texas**, low-income San Antonio residents were eligible for industry-specific occupational training programs. *Graduates' hourly wages were 23-40 percent higher than their wages before the program. They also increased the number of hours they worked per week, adding between \$4,923 and \$7,457 to their yearly earnings.*
- A 1998 study of former welfare recipients attending Eastern Washington University in **Washington** state found that median wages for graduates after five to 17 months in the labor market was \$11.00 per hour, enough for most families previously on welfare to attain economic independence on cash assistance. *The study suggests that every year of college yields greater average earnings.*

Recommendations

In order to allow states the flexibility to maintain and establish successful programs, we support these critical provisions in TANF reauthorization:

- count education, including postsecondary education, as allowable work activities;
- eliminate the cap on the number of parents in these activities who may be counted toward the work rates;
- permit education and training up to 24 months for up to 30% of the caseload; and
- allow states to count rehabilitative services as work activity beyond six months, so long as the parent also participates in another work activity for at least one-half of the hours needed for the state to get a specified level of work credit for the parent

¹ In addition, studies that have been cited as showing that education and training have little impact on TANF and former TANF recipients were methodologically flawed and/or have been misinterpreted. For example, a study of TANF clients in Riverside, California by Manpower Demonstration Research Corporation has been cited as supporting the notion that a "work-first" model is most effective. In fact, MDRC in that study and subsequent research found that a mix of skills-building and work strategies was more effective. See Iversen, R. (2002). *Moving up is a steep climb: Parents' work and children's welfare.* Annie E. Casey Foundation Jobs Initiative. Annie E. Casey Foundation; Workforce Alliance (2002). *Skills training works: Examining the evidence.* Retrieved from www.workforcealliance.org.