Full-Time Higher Education Under TANF:
Other States’ Practices and
Policy Options for Washington

Jim Mayfield

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EXECUTIVE SUMMARY

In the spring of 2001, the Washington State Legislature directed the Washington State Institute for Public Policy (Institute) to recommend how Washington could consider adding a targeted, stand-alone higher education component to the WorkFirst program in a way that is cost-neutral and consistent with the WorkFirst philosophy. By July 2001, the WorkFirst program had implemented a stand-alone higher education component allowing a small number of clients to pursue specific fields of study. This report examines other states’ practices, federal TANF regulations, and research regarding welfare and higher education.

Do Federal Regulations Permit Higher Education Under TANF? Federal regulations grant states considerable discretion in designing their TANF programs, and states have adopted different approaches. We found that 16 states, including Washington, allow some TANF clients to pursue higher education as a stand-alone activity. Unfortunately, the efforts in other states have not been rigorously evaluated. As a result, no research-based model exists from which recommendations can be reliably drawn.

Is Higher Education a Cost-Effective WorkFirst Activity? For this study, we reviewed existing research on the effectiveness of higher education and found strong research evidence linking higher education with improved earnings outcomes. These findings, however, are based on studies of the general population and may not necessarily apply to welfare recipients. Research that shows whether higher education for TANF clients is effective is not available. Therefore, at present, it is not possible to know if such a program would be a cost-effective way to achieve the goals of the WorkFirst program.

“Cost-Neutrality,” a goal described in the legislation, is unlikely to be met in the short-run. Up-front administrative and welfare costs are likely to be higher for clients participating in stand-alone higher education. The question of whether the benefits from such a program (reduced welfare dependency and higher earnings) would exceed the up-front costs over a longer period of time is a valid, but yet unanswered, question.

Recommendations. If Washington wishes to determine if a higher education program is a cost-neutral or cost-beneficial stand-alone WorkFirst activity in the long-run, we propose the following steps:

1. Choose a higher education program model that modifies or replaces the current higher education component. The current program is too small to permit an effective evaluation of outcomes and costs.

2. Based on fiscal and other constraints, determine the number of clients to be served and develop protocols to identify TANF clients who are eligible for the higher education program.

3. Implement the program as a pilot project in a limited geographic area or to a random selection of candidates statewide. Explicitly incorporate a rigorous evaluation component as part of the program design to ensure the ability to measure costs and outcomes.

4. Use cost and outcomes information from the evaluation to determine if and how the program should continue to operate.
INTRODUCTION

In the spring of 2001, the Washington State Legislature asked the Washington State Institute for Public Policy (Institute) to examine recent experiences in states where welfare recipients may attend college full-time as their required work activity under the Temporary Assistance for Needy Families (TANF) program. The legislation requested the Institute to:

...examine the structure, policies, and recent experiences in states where welfare recipients may attend college full-time as their required TANF work activity. The institute will provide findings and recommend how Washington could consider adding this feature in a targeted, cost-neutral manner that would complement the present-day WorkFirst efforts and caseload. [ESSB 6153 Section 608 (7)]

This report summarizes the experiences of other states and recommends how Washington could consider adding a targeted program that allows some TANF clients to pursue higher education as a stand-alone activity.

Background: Washington State’s WorkFirst Program

WorkFirst is Washington State’s implementation of the federal TANF program, replacing the Aid to Families with Dependent Children (AFDC) entitlement program. Since its enactment in April 1997, WorkFirst has changed the nature of income assistance in Washington.

WorkFirst Emphasizes Job Search and Employment. Job-ready WorkFirst clients are required to participate in employment, Job Search, or other approved activities. They also face a 60-month lifetime limit on welfare. In a 1999 evaluation of the program, the Institute found that WorkFirst significantly reduced the adult caseload and increased average levels of employment and earnings when compared with AFDC.

The primary emphasis of WorkFirst is to encourage clients to become employed or re-employed as soon as possible. Rather than provide extensive assessment and training, WorkFirst initially assists clients with job search. Employed clients are eligible for post-employment services to help them stay employed and obtain higher-paying jobs. The Institute evaluated WorkFirst Job Search and post-employment services and found they

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1 The focus of this report is higher education (that is, two- or four-year programs at colleges and universities), not postsecondary education in general, which may include basic adult education, job skills and vocational training, and other educational programs.
3 All adult TANF clients must participate in WorkFirst activities unless they have a young child or have good cause for not participating. Clients refusing to participate are subject to financial sanctions.
significantly improve the short-term employment outcomes of participants. It should be noted that long-term impacts of Washington’s program have yet to be evaluated. Follow-up studies of other states’ quick-employment welfare-to-work programs, some combined with basic skills development, show positive employment impacts peaking in the first two years after participation, then declining or leveling off.

**The WorkFirst Approach to Education and Training.** In addition to the quick employment focus of WorkFirst, Washington’s program also supports education and training opportunities for grant recipients under specific circumstances. While engaged in these activities, clients continue to receive a cash grant, food stamps, medical assistance, and support services such as child care. These educational activities focus on three objectives:

1. **Overcoming Barriers to Work.** Clients unable to find employment or deemed not ready for work may be referred to services intended to overcome employment barriers, such as substance abuse treatment, high school completion, on-the-job training, work experience, and basic job skills training. They may still be required to look for work while engaged in these activities.

2. **Going to School While Working.** Employed clients working at least 20 hours a week (16 hours if in work study) may receive tuition assistance and other support services as they pursue up to 12 months of job-related vocational education.

3. **Preparing for Work.** Clients who enter Job Search but lack specific skills required for jobs in their local labor market may participate in one of two activities that consist of full-time stand-alone training:
   - **Pre-Employment Training** is a 22-week training course customized for specific employers and developed locally by community and technical colleges in partnership with employers and WorkFirst agencies. A participant must enter training within 30 days of referral and accept any resulting job offers.
   - **High-Wage/High-Demand Education (HWHD)** is an opportunity for TANF recipients to take one year to complete a certificate or college degree leading to employment in technology, healthcare, or other high-wage, high-demand occupations. Under exceptional circumstances, clients may pursue up to one year of full-time higher education in two- or four-year institutions.

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Washington’s New High-Wage/High-Demand Education Program. Beginning July 2, 2001, WorkFirst implemented the HWHD option for clients referred to Job Search. The purpose of the program is to provide an option that might be the best route to self-sufficiency for a small group of WorkFirst participants. The program allows WorkFirst clients to receive welfare benefits and support services while pursuing either of the following HWHD tracks:

- A one-year certificate from a community or technical college in the information technology or health care fields.
- A one-year option to complete a two- or four-year degree in a high-wage, high-demand field as determined by the Washington State Employment Security Department.

Colleges screen referred cases and forward likely candidates to WorkFirst agency headquarters for approval. To qualify, a participant must:

- Obtain the certificate/degree within 12 months.
- Participate full-time in the training program and make satisfactory progress.
- Cooperate with WorkFirst staff during the last quarter of training for job placement.
- Return to Job Search after completing the program.

As of September 2001, five clients out of 74 referrals had been enrolled in the HWHD WorkFirst component. See Appendix A for more information on HWHD.

More Than 12 Months of Higher Education. Currently, higher education in excess of 12 months or in programs not considered to be high-wage, high-demand fields are not supported by the WorkFirst program. These educational activities may count toward a client’s participation requirements if combined with work, but the WorkFirst program does not provide support services, such as child care, for the hours the parent is attending classes.

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6 Source: Jobs Automated System (JAS), administrative data from the Department of Social and Health Services and the Employment Security Department.
It is assumed that higher education, if made available to qualified welfare recipients, will increase earnings and lessen dependence on public welfare. Higher education—as offered in two- or four-year colleges and universities—is not a supported activity under the WorkFirst program unless it fits the requirements of the new High-Wage/High-Demand (HWHD) program. Given the low educational attainment and other barriers facing the welfare population, higher education is not a feasible option for the majority of WorkFirst clients.

However, for some motivated and well-prepared WorkFirst participants, higher education may be an effective path to long-term self-sufficiency. In this section, we address the following question: Is research available to strongly suggest that higher education itself will help welfare recipients stay off public assistance in a cost-effective manner?

What the Research Says. Higher education is frequently associated with better earnings and corresponding improvements in unemployment and poverty status.

- According to the U.S. census, female high school graduates earn just $14,695 a year, while women with associate degrees earn $21,959.\(^7\)
- High school graduates are two to three times more likely to be unemployed than those with at least some college education.\(^8\)
- Among families headed by single women, those with only a high school education are twice as likely to be in poverty compared with women who have least one year of higher education.\(^9\)

These differences in income, unemployment, and poverty, however, may not be entirely attributable to differences in higher education. Other personal attributes associated with higher educational achievement—such as academic preparation, aptitude, family background, work habits, and motivation—may also account for differences in outcomes. In short, it takes a rigorous evaluation to sort out the effect of higher education from all other possible causes.

In theory, higher education leads to greater earning power, which leads to increased employment and a decrease in receipt of public assistance such as TANF. A considerable body of empirical research links education with improved employment outcomes—even after accounting for differences in personal attributes. After controlling for differences in

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ability and family background, higher education appears to have the following significant impacts on employment outcomes:10

- Women with associate degrees earn 19 to 23 percent more than women with only a high school education.
- Women with bachelor's degrees earn 28 to 33 percent more than women with only a high school education.
- Earnings increase 6 to 16 percent for every year of education.
- An additional year of college is associated with a 4 to 7 percent increase in hourly wages, even among those without a degree.

Unfortunately, however, most of the empirical evidence linking higher earnings and education comes from studies of the general population, not individuals receiving welfare. No research exists that indicates whether programs that support welfare recipients pursuing higher education are cost effective.11 This lack of evidence may be due to the fact that few welfare demonstrations have offered higher education to a significant number of participants. And, in the few programs that have supported education, too few welfare recipients participated to make a rigorous evaluation possible.12

Previously, Washington State evaluated a demonstration welfare program that encouraged education and training. From July 1988 to June 1993, Washington operated the Family Independence Program (FIP), a welfare demonstration project that provided financial incentives to promote participation in education and training. While FIP was deemed unsuccessful in an evaluation by The Urban Institute,13 key differences between WorkFirst and FIP should not be overlooked when considering the potential effectiveness of higher education for those on welfare today.

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12 Friedlander and Burtless, Five Years After.

THE FAMILY INDEPENDENCE PROGRAM

The Family Independence Program (FIP) was an Aid to Families with Dependent Children (AFDC) welfare reform experiment in Washington State that failed, according to an evaluation by the Urban Institute. Available in five pilot areas across the state, the voluntary program provided incentives to encourage welfare recipients to obtain training and education. The program did little to increase participation in education or training, but it increased the amount of time clients spent on welfare, and may have attracted clients to the caseload.

The cost-benefit analysis by the Urban Institute found FIP to be ineffective. The failed program is sometimes used as evidence that stand-alone training and education are not effective in combating welfare dependence. While there is no evidence that FIP would have been cost effective even if it had succeeded in encouraging more education and training, the failure of the program did not prove that stand-alone education and training could not be effective for some clients.

The following are key differences between FIP and WorkFirst’s new High-Wage/High-Demand program.

<table>
<thead>
<tr>
<th>Family Independence Program</th>
<th>WorkFirst HWHD</th>
</tr>
</thead>
<tbody>
<tr>
<td>• AFDC entitlement program</td>
<td>• Not an entitlement under TANF</td>
</tr>
<tr>
<td>• Anyone eligible for welfare may participate in educational activities</td>
<td>• Education is available only under limited circumstances</td>
</tr>
<tr>
<td>• Recipients are not required to participate in any activities</td>
<td>• Recipients are required to participate in activities</td>
</tr>
<tr>
<td>• Unlimited time on welfare</td>
<td>• 60-month limit on welfare</td>
</tr>
<tr>
<td>• Any field of study</td>
<td>• Approved fields of study only</td>
</tr>
<tr>
<td>• No “good standing” requirements</td>
<td>• Requires satisfactory progress</td>
</tr>
<tr>
<td>• No limit on attendance</td>
<td>• Limited to one year</td>
</tr>
<tr>
<td>• Provides financial incentives to pursue education</td>
<td>• Provides financial incentives to encourage paid employment</td>
</tr>
</tbody>
</table>
Summary

Given the substantial evidence of the economic benefits of higher education to the general population, it is reasonable to expect it will also have a positive impact on some welfare recipients. However, without concrete evidence that the benefits of higher education for WorkFirst recipients outweigh the additional costs, it may be wise to proceed with caution until more is known about the consequences of such a program. 14

If the state considers allowing some WorkFirst clients to pursue higher education as a stand-alone activity, it should implement a program on a limited scale and in such a way that the program’s net impact can be rigorously evaluated. The recently implemented WorkFirst HWHD program allows a few TANF clients to pursue stand-alone higher education, but, as currently implemented, it is unclear if the program will attract enough clients to permit a useful evaluation.

14 See Appendix B for a brief discussion of cost considerations with regard to higher education under TANF.
If the legislature modifies Washington’s WorkFirst program to increase adult recipients’ access to higher education, an important question to address is regulatory: Would federal TANF rules permit it? According to federal rules governing the TANF program, a minimum percentage of adult TANF recipients in a state must meet federal participation requirements. If a state fails to meet federal participation requirements, it may be subject to financial penalties.15

Federal rules dictate that, in 2001, 45 percent of the TANF recipients who are expected to participate must be engaged in one or more “allowable activities” (see Exhibit 1).16 Higher education programs are not specifically listed among these activities. Under TANF, however, states have considerable flexibility in designing their own programs and defining what activities constitute participation. Within the rules of the TANF program, it is possible for some recipients to participate in higher education programs as a stand-alone activity—without incurring financial penalties to the state.

### Exhibit 1
Allowable Activities Counted for Federal Participation17

<table>
<thead>
<tr>
<th>Stand-alone activities:* At least 20 hours (30 hours for two-parent families) must be spent in:</th>
<th>The remaining required hours** may be in any of the stand-alone activities or the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unsubsidized employment</td>
<td>• Job skills training directly related to employment</td>
</tr>
<tr>
<td>• Subsidized employment</td>
<td>• Education directly related to employment (for those with no high school diploma)</td>
</tr>
<tr>
<td>• Work experience</td>
<td>• Secondary school or program leading to a certificate of general equivalence (for those with no high school diploma)</td>
</tr>
<tr>
<td>• On-the-job training</td>
<td></td>
</tr>
<tr>
<td>• Job search and job readiness activities</td>
<td></td>
</tr>
<tr>
<td>• Community service programs</td>
<td></td>
</tr>
<tr>
<td><strong>Vocational educational training (for up to 12 months per person)</strong></td>
<td></td>
</tr>
<tr>
<td>• Provision of child care services to a person participating in community service</td>
<td></td>
</tr>
</tbody>
</table>

* A client may count toward federal participation rates by participating the minimum number of hours in any one of these activities. It is not necessary to combine these activities with any others.

** Minimum number of hours are 30 hours per week overall, 20 hours per week for single parents with a child under age six, and 35 hours per week for two-parent families.

15 States face up to a 5 percent reduction in their TANF block grant and an increase in the maintenance of effort requirement (from 75 percent to 80 percent) for not meeting these requirements.
16 Not all clients are expected to participate. For instance, single parents with infants may be exempted from participation requirements.
17 42 U.S.C. Section 607(c),(d); 45 C.F.R. Section 261.31
The federal rules concerning TANF participation rates and work activities are complex. For simplicity, this discussion focuses only on key issues pertaining to higher education as a stand-alone activity in Washington State. There are four key issues to consider:

- Higher education as a countable activity;
- Options after meeting federal participation rate requirements;
- Funding higher education under a separate state program; and
- The “Engaged in Work” requirement.

**Higher Education as a Countable Activity.** Under certain conditions, higher education may be countable as a TANF activity. Activities listed in Exhibit 1 count toward fulfilling federal participation requirements. The first column lists stand-alone activities, such as unsubsidized employment, that count toward participation. One of these activities, vocational training, is left to the states to define.

As is practiced in other states (see following section), participation in one year of a higher education program may count as vocational training if the participant can complete a degree or certificate that qualifies the client for a specific job or improves his or her employability. Each client is limited to 12 months of vocational training. Therefore, after 12 months, higher education may no longer be counted as vocational training.

Another limiting factor is that no more than 30 percent of clients counted toward a state’s federal participation requirement may be engaged in educational activities. Educational activities include vocational training, teenage parents in high school, GED programs, or basic education.

**Options After Meeting Federal Participation Rate Requirements.** A state may allow clients to participate in higher education without penalty as long as the state meets overall federal participation requirements. States may be penalized for failing to meet overall or two-parent participation rate requirements described in Exhibit 1.

Overall (as of 2001), 45 percent of TANF clients expected to participate must be engaged in a minimum number of hours of countable activities. The remaining 55 percent may be engaged in non-countable activities, which can include higher education. Participation rates for two-parent households are considerably more stringent than the overall requirement. Only 10 percent of two-parent families may be engaged in non-countable activities.

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18 For instance, some states use existing federal waivers to include higher education in their definition of countable work activities. Washington State has no existing waiver relevant to this issue, so it is not discussed here.

19 Job skills training directly related to employment is also left to the states to define. However, job skills training is not countable as a stand-alone activity (see Exhibit 1).

20 This is also a conclusion drawn from an analysis of federal TANF rules conducted by the Center for Law and Social Policy. M. Greenberg, J. Strawn, and L. Plimpton, *State Opportunities to Provide Access to Postsecondary Education Under TANF* (Washington, D.C.: Center for Law and Social Policy, February 2000).

21 Minimum number of hours are 30 hours per week overall, 20 hours per week for single parents with a child under age six, and 35 hours per week for two-parent families. 45 C.F.R. Sections 260.41–260.44.
Exhibit 2
Overall and Two-Parent Federal Participation Rate Requirements in Countable Activities

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall</th>
<th>Two-Parent Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>1998</td>
<td>30%</td>
<td>75%</td>
</tr>
<tr>
<td>1999</td>
<td>35%</td>
<td>90%</td>
</tr>
<tr>
<td>2000</td>
<td>40%</td>
<td>90%</td>
</tr>
<tr>
<td>2001</td>
<td>45%</td>
<td>90%</td>
</tr>
<tr>
<td>2002</td>
<td>50%</td>
<td>90%</td>
</tr>
</tbody>
</table>

States must meet the federal participation rate requirements, but they are not specifically held to the targets shown in Exhibit 2. While the statute governing TANF sets target participation rates, another provision of the program adjusts the actual rate each state is expected to meet. This provision—the caseload reduction credit—allows states to adjust their participation rates in proportion to the change in their TANF caseload.22

The federal participation rate requirement in 1999 was 35 percent. However, due to the caseload reduction credit, Washington State’s adjusted participation rate requirement was 13 percent overall.23 The state’s overall participation rate in 1999, 40 percent, was well above the adjusted federal requirement for that year.

Therefore, as long as the state can meet its overall TANF participation requirements, there is flexibility in allowing recipients to pursue higher education as a stand-alone activity. However, the higher participation requirements for two-parent families may make higher education a less viable option for that segment of the caseload.

Funding Higher Education Under a Separate State Program. One condition for receiving a yearly federal block grant for TANF is that a state must spend a designated level of its funds—called Maintenance of Effort (MOE)—on benefits and services for low-income families. States are not required to spend their MOE funds on TANF, but federal regulations describe the types of expenditures that count toward TANF MOE. In addition to cash assistance and child care, MOE expenditures may include “educational activities

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22 The participation rate is reduced by one percentage point for each percentage point that a state’s welfare caseload in the previous fiscal year is below fiscal year 1995 levels. For example, a state with a 10 percent caseload decline between FY1995 and FY1997 would have been required to meet an overall participation rate of 15 percent (rather than 25 percent) for fiscal year 1997.

23 Alternative Outcome Measures: TANF Block Grant, Appendix C: Participation Requirements for Welfare Recipients Under the JOBS and TANF Programs, (Department of Health and Human Services Administration for Children and Families and Assistant Secretary for Planning and Evaluation, December 2000), <http://aspe.hhs.gov/hsp/alt-outcomes00/app_c.htm#t2>.
designed to increase self-sufficiency, job training, and work.\textsuperscript{24}\ Other states have interpreted this to mean that MOE funds may be used to fund clients participating in higher education and have created separate programs to do so.

\textbf{The “Engaged in Work” Requirement.} In addition to the federal participation rate requirements, TANF requires that adults be engaged in work within 24 months of being on assistance. This requirement relies on a broad definition of work that also gives states considerable discretion.\textsuperscript{25} While TANF provides a specific list of activities for calculating participation rates, the law states only that within 24 months an adult must be engaged in work \textit{as defined by the state}. No minimum work hours are specified; therefore, clients may still be able to pursue higher education as a primary activity.

\textbf{Summary}

Within the federal rules governing the TANF program, and if not solely to avoid federal participation requirements, it is possible for states to structure their TANF programs in such a way that some clients may pursue higher education. As we indicate in the following section, many states have done so. States may use the discretion granted to them under TANF to define vocational training and engaged in work in such a way that allows qualified TANF recipients to participate in higher education as a stand-alone activity. Higher education would then count toward a state’s federal participation rate for up to 12 months per client.

A state already meeting its federal participation rate requirement also has flexibility to permit TANF recipients to engage in a broader range of stand-alone activities. Such activities may include higher education, even if it is not countable under federal rules. Because of the higher participation rates required of two-parent families, stand-alone higher education may only be an option for those clients if it is paid for under a separately funded state program. States may use MOE funds to fund clients participating in higher education under a separate program if they so choose.

\textsuperscript{24} 45 C.F.R. § 263.2(a)(3).
\textsuperscript{25} As authorized by section 402(a)(1)(A)(ii) of P.L. 104-193 (ii). “[States will] require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier, consistent with section 407(e)(2).”
HIGHER EDUCATION UNDER TANF: WHAT ARE OTHER STATES DOING?

This section summarizes policies in other states regarding higher education under TANF. It identifies states that support higher education and provides examples of eligibility criteria used to target clients.

We then take a closer look at how four states, Illinois, Kentucky, Maine, and Wyoming, structure their TANF programs to support clients engaged in higher education. These programs may provide insight to how Washington could structure a targeted program that allows some TANF clients to participate in higher education programs as a stand-alone activity.

State Practices

Based on our review of state TANF plans, existing multi-state surveys, and conversations with program administrators, the following picture of state approaches to higher education emerges. A list of states, organized according to their policies regarding higher education, is provided in Exhibit 3.

States permitting higher education. In 37 states, TANF clients may pursue higher education to some degree as an approved activity. Sixteen states allow higher education as a stand-alone activity for a year or more. Nine states (Alabama, Connecticut, Idaho, Massachusetts, Mississippi, Oklahoma, Oregon, South Dakota, and Wisconsin) limit client participation in higher education to one year or less of vocational education.

Months of higher education permitted. Some states permit clients to pursue higher education longer than others. These states can be divided between those that allow up to one year of higher education and those that allow more than one year.

- **One year of higher education:** Fourteen states allow TANF clients to pursue higher education alone or in combination with other activities for up to one year.

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26 These states were selected because they were among the 11 states that allow clients to pursue full-time education as a stand-alone activity for more than one year. These states also had more information regarding their programs. The states are not intended to represent best or worst practices.


28 This summary represents the state programs as of 2000. Recent changes in state approaches to higher education are not included.

29 Four states (Colorado, Montana, New York, and Ohio) delegate the decision to allow higher education to their counties. These states are not included in the following summary of state practices.

30 States are referred to as “permitting” or “allowing” higher education. This only refers to whether a state supports higher education under TANF. No state can prevent a TANF client from pursuing higher education on his or her own initiative.
Five of these states (Alaska, Florida, Pennsylvania, Nevada, and Washington) permit higher education as a stand-alone activity.

- **More than one year of higher education:** Twenty-three states allow TANF clients to pursue higher education alone or in combination with other activities for more than one year. Eleven (Georgia, Illinois, Iowa, Kentucky, Maine, Minnesota, Nebraska, Rhode Island, Utah, Vermont, and Wyoming) allow higher education as a stand-alone activity.

**Access to two-year or four-year programs.** Of the states that allow qualified clients to participate in higher education, eight (Florida, Indiana, Kansas, Louisiana, West Virginia, Maryland, New Hampshire, and New Jersey) explicitly restrict this activity to two-year degree or technical programs. While the remaining states may permit some clients to pursue education in four-year programs, participation in four-year programs is not encouraged.

### Exhibit 3
**State Policies Regarding TANF Clients Pursuing Higher Education**

<table>
<thead>
<tr>
<th>Does Not Count Toward State Participation Requirements</th>
<th>Counts Toward State Participation Requirements (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For up to 12 months</td>
</tr>
<tr>
<td></td>
<td>No other activity required</td>
</tr>
<tr>
<td>Alabama</td>
<td>Florida(3)</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>Idaho</td>
<td>Nevada</td>
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<tr>
<td>Massachusetts</td>
<td>Washington</td>
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<tr>
<td>Mississippi</td>
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<td>Oklahoma</td>
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<td>Oregon</td>
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<td>South Dakota</td>
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<td>Wisconsin</td>
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</tr>
</tbody>
</table>

**Table Notes:**

1. Higher education does not include short-term pre-employment programs or programs restricted to the 12 months of occupation-specific vocational training.
2. Colorado, Montana, New York, and Ohio delegate this decision to county administrators.
3. States that do not permit participation in four-year programs.
4. Pilot projects.

Adapted from the State Policy Documentation Project ([http://www.spdp.org](http://www.spdp.org)) a joint project of the Center for Law and Social Policy and the Center on Budget and Policy. Revised based on additional review of state TANF plans and interviews with a sample of state TANF administrators.

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31 As of July 2, 2001, some Washington State TANF clients within one year of completing higher education in a high-wage, high-demand field may pursue such a program as a stand-alone activity.
Conditions for pursuing higher education. All states that permit TANF clients to participate in higher education programs do so with certain expectations or requirements of the client. These requirements appear designed to either limit the number of clients who may participate in the activity or help identify motivated clients who may be more likely to succeed in a higher education program.

For example, one such condition is that TANF clients work full-time for a specified period prior to enrolling in a higher education program. Some states only allow TANF clients who were already enrolled in a higher education program to count that activity as part of their TANF participation requirement. Examples of the variety of conditions imposed by states before approving higher education as a stand-alone activity are provided in Exhibit 4.

Exhibit 4
Examples of Conditions Imposed by States That Allow Higher Education

<table>
<thead>
<tr>
<th>A TANF client must …</th>
<th>… must …</th>
</tr>
</thead>
<tbody>
<tr>
<td>not already have a self-supporting job.</td>
<td>enroll as a full-time student.</td>
</tr>
<tr>
<td>have a high school diploma or GED.</td>
<td>demonstrate the ability to complete the program in the time available.</td>
</tr>
<tr>
<td>currently be enrolled in a program and in good standing.</td>
<td>enroll in a program that trains for high-wage, high-demand jobs.</td>
</tr>
<tr>
<td>not possess a bachelor’s degree.</td>
<td>appeal to the discretion of the local administrator, office supervisor, or caseworker.</td>
</tr>
<tr>
<td>enroll in an approved course of study and attend an accredited institution.</td>
<td>meet stricter work requirements to participate in four-year programs.</td>
</tr>
<tr>
<td>demonstrate that the program of study leads to employment or a marketable degree.</td>
<td>complete Job Search before beginning an academic program.</td>
</tr>
<tr>
<td>work full-time for at least ten weeks prior to enrolling in school.</td>
<td>agree to coordinate with Job Search providers during the final months of the program.</td>
</tr>
<tr>
<td>maintain a specified GPA or “Good Standing” as defined by the institution.</td>
<td>demonstrate ability to finance education costs not covered by the TANF program.</td>
</tr>
<tr>
<td>not possess a marketable skill or certificate.</td>
<td>live in-state for the two previous years.</td>
</tr>
<tr>
<td>not possess skills that can earn over 85% of the state median income.</td>
<td>...</td>
</tr>
</tbody>
</table>

Sources: State TANF plans, interviews with state TANF administrators, and The State Policy Documentation Project (http://www.spdp.org), a joint project of the Center for Law and Social Policy and the Center on Budget and Policy.

In addition to the restrictions noted in Exhibit 4, many states give case managers considerable discretion in approving a self-sufficiency plan that includes higher education.32

32 In most states, TANF clients work with a case manager to create a plan indicating the steps they will take to become economically self-sufficient. In Washington State, this is called the Individual Responsibility Plan (IRP).
At this time, it is not known if these restrictions, or case manager discretion, are effective at identifying clients for whom stand-alone higher education is a good investment.

Of the 11 states that allow higher education as a stand-alone activity for more than one year, the number of clients participating range from 10 to more than 1,000 (see Exhibit 5). As a percentage of the TANF caseload, participation ranges from less than 1 percent in Georgia to 10 percent in Maine. In Washington State, a program comprising 1 to 10 percent of the caseload would have 450 to 4,500 participants, respectively.

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Clients</th>
<th>Percent of TANF Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>46</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Illinois</td>
<td>600</td>
<td>1%</td>
</tr>
<tr>
<td>Iowa</td>
<td>798</td>
<td>4%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>1,100</td>
<td>3%</td>
</tr>
<tr>
<td>Maine</td>
<td>1,000</td>
<td>10%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>636</td>
<td>2%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>482</td>
<td>5%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>130</td>
<td>1%</td>
</tr>
<tr>
<td>Utah</td>
<td>Not available</td>
<td>Not available</td>
</tr>
<tr>
<td>Vermont</td>
<td>350</td>
<td>6%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>10</td>
<td>2%</td>
</tr>
</tbody>
</table>

(1) Though not required, some clients may still be working.
(2) May include 12-month vocational clients.
(3) Clients in their 13th to 24th month of higher education.

Source: September 2001 client estimates by state TANF program personnel. Total TANF cases as of March 2001.

**A Closer Look: Four States’ Approaches**

Of the 11 states that allow more than one year of higher education as a stand-alone activity, four are examined here more closely. With some limitations, Illinois, Kentucky, Maine, and Wyoming all allow TANF clients to pursue higher education without having to meet other work requirements. Each state structures its program somewhat differently.

- **Illinois**, with 600 participants, operates a program using maintenance of effort (MOE) funds for higher-achieving clients and a more limited program for other clients in the TANF-funded program.
- **Kentucky**, with 1,100 participants, uses TANF funds and has relatively relaxed eligibility standards for participating in higher education.
- **Maine**, has 1,000 participants but is approved to serve up to 2,000 clients through its relatively generous MOE-funded program.
• **Wyoming**, with only 10 participants, also uses MOE funds for its program, but has somewhat stringent eligibility standards. In addition, Wyoming exercises considerable case manager discretion in limiting access to the program.

Although these states differ regarding eligibility, definitions of work activities, and funding mechanisms, they share some commonalities:

- The higher education programs are voluntary.\(^33\)
- Participants receive their full cash assistance grant, food stamps, and medical assistance as long as they participate and remain eligible for TANF.
- Child care, transportation, and other support services continue to be provided.
- Clients are expected to pay for their own tuition and other school expenses by obtaining loans, scholarships, Pell Grants, and other financial assistance.\(^34\)

No research currently exists that examines the cost-effectiveness of the programs profiled here or informs us as to which approach may be best suited for Washington. However, it is worth noting that none of the four states profiled reported any negative impacts on the federal participation rates or their caseload.\(^35\) The following examples are representative of other states’ approaches.

**Illinois.** In Illinois, full-time higher education counts as an allowable TANF work activity and eligible clients have the option to attend a two- or four-year program. The TANF clock also stops for students in good standing (2.5+ GPA) for up to 36 discontinuous months. While the clock is stopped, clients are supported by MOE funds. If a client’s GPA falls below 2.5 for two consecutive quarters, the client reverts to the TANF-funded program, becomes subject to minimum work requirements, and the TANF clock restarts.

In addition to making certain clients meet the minimum GPA standards, case managers must consider the following before approving higher education as a stand-alone activity:

- Is the field of study directly related to a job offer, in a field for which there are job opportunities locally, or in a locality that the recipient intends to reside?
- Is the program of study consistent with the recipient’s prior education and career goals?
- Can the recipient finance educational expenses not covered by the state’s TANF program, make child care arrangements, and meet transportation needs?
- Is the student enrolled full-time?\(^36\)

Currently, the Illinois program supports approximately 600 clients who attend two- or four-year higher education programs as a stand-alone activity, which represents about 1 percent of the state’s TANF population. A qualified client is allowed to participate for up to 36

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\(^{33}\) All of the programs have mandatory participation requirements, but clients are not required to participate in higher education specifically.

\(^{34}\) States will cover some expenses that are not paid for by student loans and other financial aid.

\(^{35}\) These are the impressions of program managers, not the results of formal evaluations.

\(^{36}\) If enrolled part-time, the client must make up the difference with another approved activity.
months (longer if he or she meets work requirements) and may enroll in the college or university of his or her choice. [37]

**Kentucky.** If they are full-time students making satisfactory progress as defined by the educational institution, Kentucky TANF recipients may participate in two years of higher education before they must participate in required TANF activities. After two years, recipients must participate in required activities for 30 hours per week, which may also include up to ten hours of higher education. Even then, work activities are broadly defined and include such activities as work study and internships. TANF recipients are frequently notified of the vocational and higher education options available to them under the state’s TANF program.

In Kentucky, case managers must approve a higher education program request if the activity is countable toward the federal work participation rate, alone or in combination with other activities. The following guidelines are used to determine eligibility or continuation in the program:

- The educational program is part of a self-sufficiency plan which leads to a specific employment goal.
- The client meets admission criteria for the educational program.
- The client does not already have marketable skills sufficient to achieve at least 200 percent of the federal poverty level. [38]
- The client is enrolled full-time and making satisfactory progress in the program as defined by the school. [39]
- The client shows he or she is able to meet the financial obligations of the program through financial aid and loans.

While in the program, other adults in the household still must meet TANF work requirements. The client must also:

- Maintain a 2.0 GPA and attend classes as scheduled.
- Report changes in status and quarterly or semester grades as requested.

In a June 2001 report, approximately 3 percent of Kentucky’s TANF caseload (1,100 clients) were pursuing higher education as their work activity. [40]

**Maine.** Maine’s Parents as Scholars (PaS) program supports qualified parents receiving welfare as they pursue a higher education that will help them acquire self-sustaining employment. Full-time students are not required to participate in other work activities for up to 24 months. After two years, clients must participate in required activities (which may

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37 Telephone conversation with Mary Ann Langston, Associate Director, Office of Financial Support Services, Illinois Department of Human Services, September 10, 2001.
38 The federal poverty level at 200 percent is equal to $29,260 per year for a family of three.
39 If enrolled part-time, the client must make up the difference with another approved activity.
include class time, studying, school-related volunteer activities, tutoring, internships, and work study). This program is supported by MOE funds.

At caseworker discretion, PaS clients may effectively count full-time higher education as their work activity if they meet the following conditions:

• Enrolled as an undergraduate in a two- or four-year higher education program.
• Full-time student in good standing (2.0 GPA). Additional time to complete a program may be allowed for good cause.
• Not already have a marketable bachelor’s degree.
• Not have skills necessary to earn 85 percent of the state median income.41
• Pursue education that will improve their ability to support their family (considering the opportunities provided in the local labor market).
• Show aptitude, ability, and a commitment to succeed in the program.

To continue in the program beyond two years, the client 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 at 1.5 times the class hours).
• 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.

PaS clients may attend the college of their choice, assuming they meet admission standards. With good cause, students may take as long as three years to complete an associate degree and six years to complete a bachelor’s degree. PaS participants receive the same supports as other TANF clients participating in the state’s welfare-to-work program, including tuition assistance for students ineligible for other financial aid.

Since its implementation in 1997, over 2,000 clients have participated in PaS. The program is capped at 2,000 clients at any point in time, but enrollment has never neared that level. Because the program uses MOE funds, clients are not required to meet federal participation requirements, are excluded from the state’s calculation of federal TANF participation rates, and their participation is not counted against the lifetime limit of 60 months for cash assistance. Currently, approximately 1,000 students in PaS are engaged in the following academic programs:42

• 22 percent in technical colleges, dominated by those studying business administration and nursing;
• 33 percent working toward associate degrees, with the most common fields of social work, medical technology, and law enforcement; and
• 42 percent in baccalaureate programs, dominated by those studying social work, education, or nursing.

41 Median income in Maine is $36,456 per year for a family of three.
A process study and an evaluation of the program’s short-term outcomes were recently completed and will soon be published. However, the study does not discuss the net impacts or cost-effectiveness of the program.\textsuperscript{43}

\textbf{Wyoming.} Using MOE funds, Wyoming supports qualified TANF clients while they pursue higher education in state-approved two- or four-year college or vocational programs. Due to the requirements of the program and the state’s small TANF caseload, only ten clients currently pursue higher education as a countable activity.\textsuperscript{44}

Wyoming defines work to include educational activities which lead to no more than the first baccalaureate degree or to one vocational training program directly related to employment. The following criteria, defined in state statute, determine who is eligible for higher education. In addition to being eligible for TANF, 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 of 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.
- 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.”
- Cooperate with assigning child support, establishing paternity, and pursuing child support.

Wyoming does not actively encourage higher education for TANF recipients. The program is available to only a few highly motivated clients. Immediately prior to TANF implementation, there were 367 clients in higher education programs in Wyoming—about 10 percent of those on welfare. At that time, eligibility requirements were considerably less stringent. About 2 percent (10) of the state’s small caseload pursue higher education under this MOE-funded program.

Clients in the program may attend the college of their choice and are enrolled in both two- and four-year programs. There is no limit on the amount of time clients may spend in a program. However, the minimum credit requirements make it difficult for clients to remain in the program indefinitely. Because it is a state program, federal time limits do not apply, and state participation rates are not affected.


\textsuperscript{44} Telephone conversation with Ken Kaz, Program Manager, Wyoming Department of Family Services, September 19, 2001.
Summary

Thirty-seven out of 50 of states, including Washington, permit some TANF clients to pursue higher education as a stand-alone activity or in combination with other approved activities.

- Sixteen states allow clients to pursue higher education as a stand-alone activity for a year or longer.
- Twenty-nine states allow clients to pursue part or all of two- and four-year college programs (14 require the client to be engaged in other activities while doing so).
- Nine states only support the educational activities of clients who already meet participation requirements through other activities.

States that permit TANF clients to participate in higher education as a stand-alone activity structure their programs in ways that allow them to meet federal participation requirements. Some states:

- Fund clients pursuing higher education using MOE funds;
- Take advantage of caseload reduction bonuses to create more flexible programs that can still be funded by federal TANF dollars;
- Use existing federal waivers to define work activities more broadly so that allowable activities may include higher education;
- Structure their programs in ways that limit the number of clients eligible to participate in higher education in lieu of paid employment; and
- Limit the number of clients pursuing higher education as a stand-alone activity or in combination with other countable activities.

States use a variety of methods to limit participation in higher education, including considerable caseworker discretion. Washington State’s recently implemented HWHD stand-alone education option is similar in structure to other state programs. However, Washington limits participation to one year, while 11 other states allow TANF clients to pursue higher education as a stand-alone activity for more than one year.

Washington’s HWHD program also limits stand-alone higher education to TANF clients studying information technology, health care, and other specifically defined high-wage, high-demand fields. Many other states also limit the program of study, but are not as prescriptive as Washington. For instance, some states only require that the program of study improve a client’s ability to support a family or is part of a realistic employment plan.

A comprehensive survey of state TANF programs was not undertaken for this study. However, discussions with a number of state TANF administrators and a review of recent literature indicates that states are not experiencing problems with caseload or participation rates as a result of allowing some clients to pursue higher education. It is too early to know

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45 An additional four states grant counties discretion to allow participation in higher education.
46 Washington does not have a waiver that would be applicable to higher education.
if the programs are cost effective, and there is no indication that any rigorous evaluations of the programs will be available in the near future.47

47 Maine is conducting a study of the Parents as Scholars program. However, the study methodology does not include a comparison of outcomes and costs associated with similar clients who do not participate in higher education.
The legislation authorizing this study directed the Institute to recommend how Washington could consider adding a stand-alone higher education component to the WorkFirst program, with the condition that the higher education component would be cost-neutral and consistent with the overall principles of the WorkFirst program. The WorkFirst program has since implemented a TANF-funded stand-alone higher education component, the High-Wage/High-Demand Education (HWHD) program, for specified fields of study.

In this study, we reviewed existing research on the effectiveness of higher education. There is strong research evidence linking higher education with improved earnings. The findings of these studies, however, apply to the general population, not necessarily to welfare recipients. There is also research evidence that higher earning power is associated with reduced poverty and lower welfare dependency. What is missing is research that shows whether higher education for TANF clients is effective. Without this information, it is not possible to know whether such a program would be a cost-effective way to achieve the goals of Washington’s WorkFirst program.

We found that 16 states, including Washington’s HWHD program, allow some TANF clients to pursue higher education as a stand-alone activity. We also found that federal regulations allow fairly wide latitude in designing these programs, and states have adopted different approaches. Unfortunately, these efforts have not been evaluated, and no research-based model exists from which conclusions can be reliably drawn.

The legislation authorizing this study directed the Institute to consider programs that are

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**Washington’s New High-Wage/High Demand Education Program (HWHD)**

Beginning July 2, 2001, WorkFirst implemented the HWHD option for clients referred to Job Search. The purpose of the program is to provide an option that might be the best route to self-sufficiency for a small group of WorkFirst participants. The program allows WorkFirst clients to receive welfare benefits and support services while pursuing either one of the following HWHD tracks:

- A one-year certificate from a community or technical college in the information technology or health care fields.
- A one-year option to complete a two- or four-year degree in a high-wage, high-demand field as determined by the Washington State Employment Security Department.

Colleges screen referred cases and forward likely candidates to WorkFirst agency headquarters for approval. To qualify, a participant must:

- Obtain the certificate/degree within 12 calendar months;
- Participate full-time in the training program and make satisfactory progress;
- Cooperate with WorkFirst staff during the last quarter of training for job placement; and
- Return to Job Search after completing the program.

As of September 2001, five clients (of 74 referrals) had been enrolled in the HWHD WorkFirst component.

See Appendix A for more information on HWHD.

*Source: Jobs Automated System (JAS)*
“cost-neutral.” In the short run, it is unlikely this goal can be met. Due to the additional administrative and welfare costs that would be incurred, any program that allows TANF clients to pursue higher education as a stand-alone activity while receiving WorkFirst benefits is unlikely to be cost neutral in the short run (see Appendix B). A valid—but as yet untested—question, however, is whether the benefits from such a program (reduced welfare dependency and higher earnings) would exceed the up-front costs over a longer period of time.

If the state wishes to determine if the HWHD or an alternative higher education program is a cost-neutral stand-alone WorkFirst activity in the long-run, we propose the following steps be taken:

1. Choose a higher education program model that modifies or replaces the current HWHD option. Currently, the HWHD program is too small to permit an effective evaluation of outcomes and costs. A modified version of the HWHD program may attract a larger number of clients.

The following are examples of optional programs that may increase the number of clients available for a higher education pilot project evaluation. The options are based on three defining characteristics of the current HWHD program: field of study, duration of study, and the definition of high-wage, high-demand jobs.

- **Option 1 – One-Year Degree Completion:** Remove the requirement that the higher education program consist of training specific to a technology, health care, or a high-wage, high-demand field. Instead, require only that the program of study lead to a completed degree or certificate that is part of a client’s Individual Responsibility Plan (IRP). This option would still be limited to one year.

- **Option 2 – Two-Year HWHD Degree Completion:** Remove the one-year limitation on higher education and allow up to 18 months of participation consistent with all other requirements of the existing HWHD program.

- **Option 3 – Two-Year Degree Completion:** Remove the requirement that the higher education program consist of training specific to a high-wage, high-demand field. Instead, require only that the program of study lead to a completed degree or certificate that is part of a client’s IRP, and remove the one-year limitation on higher education, allowing up to 18 months of participation in higher education.

- **Option 4 – Redefine High-Wage, High-Demand Jobs:** Do not change the basic structure of the current HWHD program. However, it may be possible to increase the number of clients approved for the program by lowering the wage threshold of what constitutes a high-wage job, redefining what constitutes a high-demand field, or both.

2. Based on fiscal and other constraints, determine the number of clients to be served, and develop protocols to identify TANF clients who are eligible for the higher education program.
3. Implement the program as a pilot project in a limited geographic area or to a random selection of candidates statewide. Explicitly incorporate a rigorous evaluation component as part of the program design to ensure the ability to measure costs and outcomes associated with the program. At a minimum, the evaluation should estimate the increase in earnings attributable to the program over a four-year follow-up period.\(^{48}\)

It is strongly recommended that the evaluation design include a comparison group of eligible, non-participating clients. The evaluation should not rely solely on a comparison of graduates and dropouts or analysis of the same clients before and after participating in the program, as little can be learned from research studies designed this way.

4. Use cost and outcomes information from the evaluation to determine if the program should be continued or how it may be improved.

\(^{48}\) TANF recipients have a five-year limit on cash assistance. A new client receiving assistance while completing one or two years of higher education would have, respectively, four to three more years of TANF eligibility. A four-year follow-up would capture the majority of possible cost-savings that are likely to occur.
APPENDIX A: WASHINGTON STATE’S HIGH-WAGE/HIGH-DEMAND EDUCATION PROGRAM (HWHD)

The information for Appendix A was retrieved from the Department of Social and Health Services website, http://www-app2.wa.gov/dshs/esa/wfhand/pethwhddescription.htm.
Step-by-Step Guide

Referring Participants From Job Search to Full-Time Training

Below we describe the process for informing participants of full-time training options during job search and getting full-time training approved.

**Step One: Referrals (RI)**

The case manager uses the current referral process to refer all participants who are able to look for work to job search (RI).

**Step Two: Exploring Work & Training Options at Job Search (JI/JS/RZ)**

The job service specialist:

- Enters participants into a job search component (JI or JS);
- Coordinates with college staff to make sure that within five days the participant learns about pre-employment and high-wage, high-demand training options;
- Completes the Success Plan; and
- Refers participants who request training to the college and documents and tracks these training requests in JAS (RZ).

*RZ is a new referral code in JAS for referrals from job search to full-time training.*

**Step Three: Getting Approved Training into Success Plans**

College staff follows through on training requests within two weeks. They approve appropriate pre-employment or high-wage, high-demand training, create a training plan, and send it to the job service specialist and the case manager.

*Planned system changes will allow colleges to send the training plan electronically as an addendum to the participant’s Success Plan.*

**Step Four: IRP & JAS Updates**

After getting an approved training plan, the case manager updates the participant’s IRP. The job service specialist enters approved pre-employment (PE) or high-wage, high-demand (HW) training components into JAS and authorizes needed support services within available funding.

**Step Five: Monitoring Approved Training**

College staff will work with all participants in approved training, as follows:

- Maintain quarterly contact with the participant to monitor progress in school.
- Notify case manager if the participant is not maintaining satisfactory progress so the Individual Responsibility Plan can be revised, as needed.
- Connect the participant with ESD co-located staff for job placement before the end of training.

*See Attachment C, Pre-employment Training and HWHD Training At a Glance, for a participant flow chart*
Questions & Answers

More Information About Training Options

Why are we creating the HWHD training option?

We are adding an option that may be the best route to self-sufficiency for a small group of participants – those who can meet the college pre-requisites to enroll in one of a specific group of occupational certificates or degrees. We expect participants who earn these certificates or degrees will qualify for stable jobs in high-demand fields and will be able to leave TANF for better wages and job benefits than they could obtain otherwise.

What if approved training won’t start right away?

Pre-employment training must start within 30 days of the referral. During that 30 days, participants can go directly into other educational components to prepare for pre-employment training until classes begin.

High-Wage/High-Demand training must start by the beginning of the next school quarter (and the participant can go into other educational components in the interim). If a participant needs to wait longer for the classes to begin, s/he must go directly to job search and secure part-time or full-time employment.

How will colleges approve HWHD training?

HWHD #1: Information Technology & Health Care: WorkFirst college coordinators can approve any of the information technology or health care training programs listed under their college in Attachment A if the participant meets all the other conditions (like meeting course pre-requisites).

HWHD #2: Degree Completion: WorkFirst college coordinators will need to follow a longer process for participant degree completion requests. For this option, college coordinators will:

1. Screen referrals to make sure the participant meets basic requirements (enrolled or accepted to admittance to the training, is making satisfactory progress, and can complete the certificate or degree within 12 months).

2. Screen the training program using the LMEA Skills Gap Analyzer at [http://www.wilma.org/skillsgap](http://www.wilma.org/skillsgap) for their local labor market to determine if the degree is likely to lead directly to a high-wage job, using the following high-wage, high-demand criteria:
   - High-wage: For Seattle-King County, the job must pay $14.00 an hour or more. The high-wage rate for the rest of the state is $12.00 an hour or more.
   - High-demand: The job must be high or very high demand and low or very low competition.

3. Send viable requests to Kelly Holmes of the State Board for Community and Technical Colleges at kholmes@sbctc.ctc.edu.

4. Kelly will get a final decision within two weeks and forward it to the WorkFirst college coordinator. The college coordinator will notify partners if the requested training is approved.

Who covers HWHD tuition costs?

The Information Technology/Health Care HWHD training programs are provided by community and technical colleges and paid for with tuition assistance funds.

For certificate/degree completion, tuition assistance pays for training provided by community and technical colleges and paid for with Work-Based Tuition Assistance funds. Work-Based Tuition Assistance will also cover tuition costs for certificates or degrees that are completed at a community or technical college.
**Who qualifies for childcare assistance?**

TANF recipients in approved pre-employment or high-wage/high-demand training qualify for childcare assistance through the Working Connections Child Care program once it is added to the participant’s IRP.

**How will we track cases and measure results?**

The WorkFirst Operational Report will include two new measures -- one for pre-employment training and the other for HWHD training. You will be able to get more details by referring to data dictionary in the upcoming Operational Strategies Report. To describe the measures in a general way, they will measure a three-step process:

1. Number and percentage of participants moving from job search entry to pre-employment and HWHD training;

2. Number and percentage of pre-employment and HWHD training participants placed/employed within 60 days of the end of training; and,

3. How many pre-employment and HWHD training participant exit TANF within 90 days of the job placement date.

*College staff is also developing a real-time measure that will show which pre-employment training courses are available in each local area. This measure will go on to track how many participants are referred, enrolled, and complete the course. Target date for this report to go online is July 2001.*
Changes to WAC 388-310-0600

On July 2, 2001, the department made the following changes to WAC 388-310-0600, WorkFirst – Job Search by emergency adoption. The department has also started to make this change to WAC through the regular WAC adoption process.

WAC 388-310-0600   WorkFirst--Job search.

(1) What is job search?
Job search is an opportunity to learn and use skills you need to find and keep a job. Job search may include:
(a) Classroom instruction; and/or
(b) Structured job search that helps you find job openings, complete applications, practice interviews and apply other skills and abilities with a job search specialist or a group of fellow job-seekers; and/or
(c) Pre-employment training; and/or
(d) High wage, high demand training.

(2) What is pre-employment training?
Pre-employment training helps you learn skills you need for an identified entry level job that pays more than average entry level wages. 
(a) Pre-employment training is an acceptable job search activity when an employer or industry commits to hiring or giving hiring preference to WorkFirst participants who successfully complete pre-employment training.
(b) You can find out about current pre-employment training opportunities by asking your job service specialist, your case manager or staff at your local community and technical college.

(3) What is high wage, high demand training?
There are two types of High-Wage/High-Demand (HWHD) full-time training options for TANF recipients to complete a certificate or degree that will lead to employment in a high-wage, high-demand occupation.
(a) Information Technology & Health Care: This option allows participants to start and finish a one-year community or technical college training program in the information technology or health care fields; and/or
(b) Certificate/Degree Completion: This option allows participants to finish up the last year of a two- or four-year certificate or degree in a high-wage, high-demand field on an exception basis. The high-wage/high-demand criteria for this option is based on median income and high-demand occupations within the local labor market as determined by Employment Security Department.
(c) For both types of HWHD training, the training can be approved one-time only (barring an approved exception to policy). There is no work requirement with either option for the 12 months of training time.
(d) To qualify for HWHD training, a participant must also:
   (i) Meet all of the pre-requisites for the course;
   (ii) Obtain the certificate or degree within 12 calendar months;
   (iii) Participate full-time in the training program and make satisfactory progress;
   (iv) Work with co-located ESD staff during the last quarter of training for job placement; and
   (v) Return to job search once s/he completes the educational program if still unemployed.
APPENDIX B: ADDITIONAL COSTS ASSOCIATED WITH ALLOWING HIGHER EDUCATION UNDER WORKFIRST

In the short-term, due to the additional administrative and welfare costs that would be incurred, any program that allows TANF clients to pursue higher education as a stand-alone activity will probably not be cost-neutral. While specific cost estimates are not generated here, it is possible to describe why such a program would incur additional costs. The expenditures considered here are administration, welfare, tuition and fees, and support services.

- **Administration.** If monitoring and screening efforts are similar to the level of effort currently in place for other WorkFirst participants, then average administrative and case management costs will not change. However, to the extent that participating in a higher education program increases the length of time clients spend on the caseload, total administrative costs will increase.

- **Welfare.** Clients attending college full-time have fewer hours available for employment. As a result, they will probably earn less and receive larger TANF grants and food stamp allotments while attending college. For example, if you assume full-time students are half as likely to work as all other clients, and they do not leave the caseload during the nine-month school year, each client would cost the state approximately $1,600 in additional welfare grants and food stamps over that period. A second school year may more than double the additional per-client costs as clients in school continue to collect welfare while other clients leave or continue to stay off the TANF caseload.

- **Tuition and Fees.** Tuition and school fees will not increase state or TANF expenditures if clients are required to use federal financial aid, scholarships, student loans, and other non-state funding sources. Under the current HWHD program, TANF funds are used to pay for tuition and fees not covered by other sources.

- **Support Services.** Services such as child care would be available to clients pursuing higher education. However, there is no evidence that clients in higher education would

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50 Clients who leave the caseload or have smaller grant amounts are still eligible for transitional medical assistance and cost the same as all TANF clients in the short-term—in terms of medical assistance.

51 The average high school graduate on TANF, who is ready for Job Search, receives approximately $3,120 in cash assistance over nine months (a school year). The average grant estimate for higher education participants ($480/month) assumes a 14 percent employment rate for higher education clients. Source: WSIPP analysis of WorkFirst administrative data (ACES, JAS, and OFM Eligibility file), January 1998 through July 1998. Food stamp amounts are based on weighted averages of food stamp allotments for clients who work and clients who do not work. Source: Steve Lerch, Jim Mayfield, and Mason Burley, *Evaluating WorkFirst: Analyses of Cost-Effectiveness, Barriers to Employment, and Job Search Services* (Olympia, WA: Washington State Institute for Public Policy, June 2000).
use more support services than they would otherwise require in the absence of such a program.⁵²

Allowing clients to participate in higher education as a stand-alone activity will probably increase per-client costs in the short run. However, the expectation of such a program is that participants may eventually earn more and use fewer state resources in the future, rendering the program cost-neutral over time. Whether such a program will succeed in recovering these additional costs is an empirical question that has yet to be answered.

For now, the answer to the cost question is highly dependent on assumptions about caseload entry effects, caseload exits, employment rates, income effects, and use of support services. Differing assumptions regarding a higher education program proposed in SB5201 generated fiscal estimates ranging from $5.4 million to $31.8 million over one biennium for a program that would serve up to 2,398 clients a month.⁵³ A rigorous evaluation of a smaller pilot program would help resolve these considerable differences.

⁵² Some speculate that individuals may seek TANF eligibility to gain access to child care while in school and, therefore, represent an additional cost to the state. However, under WorkFirst, most individuals attempting to do so would simply be referred to Job Search rather than a WorkFirst higher education component.