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

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.

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

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