Access and Barriers to Post-Secondary Education Under Michigan's Welfare to Work Policies

Policy Background and Recipients' Experiences

Coalition for Independence Through Education (CFITE)
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Executive Summary

This is the Executive Summary of a longer report developed to provide information to policy makers and others who are interested in promoting the long-term self-sufficiency of people currently receiving public assistance. The report was researched and written by the Coalition For Independence Through Education (CFITE), an organization of Michigan educators, researchers, advocates, student parents, college administrators and others who advocate for welfare recipients' access to college.

The Coalition supports opportunities for low-income parents to complete college because extensive research has shown that completion of post-secondary education increases welfare recipients' wages much more rapidly than does work experience. A Michigan study commissioned by the Department of Career Development shows that former participants leaving welfare for work now earn on average between $8.27 and $8.78 per hour in jobs where they are employed on average 36 hours per week; they are financially no better off working and in some cases worse off than when receiving benefits. Less than half of the families who left welfare for work reported that they were better off in terms of their household income. More than half of the families could not pay their mortgage, rent or utility bill at least once in the previous year. Allowing recipients to enroll in education programs that lead to better-paying jobs would provide benefits to the state (such as tax income) as well as to these individuals.

Post-secondary education increases the likelihood that a former recipient will find and maintain steady employment, given that college degrees sharply reduce unemployment. In Michigan, the Department of Career Development reports that only 1.3% of college graduates are unemployed, compared with 4.6% of high school only graduates. Six different studies of welfare recipients show that after they complete post-secondary education, they work more steadily, find jobs related to their degrees, and earn higher wages.

These same studies also demonstrate the connection between post-secondary education and both family well-being and increases in children's educational aspirations and achievement. Also, mothers with college degrees are able to secure better positions that allow for better work schedules, thus allowing them to spend more time with their children and be more involved in their children's educational and social lives.
The Low Income Student Parent Survey

A key portion of this report consists of findings from The Low Income Student Parent Survey, a survey of parents who attended post-secondary education while receiving assistance. The survey was conducted by the Center for Civil Justice, in conjunction with the Coalition For Independence Through Education.

Survey results reveal four possible explanations for the current dramatically low rate of participation in education and training by Michigan's Work First participants:

- **A lack of encouragement for education**, as well as negative messages about education as a means to achieve self-sufficiency.
- **A negative impact on academic performance and parenting** when parents strive to attend post-secondary education while struggling to comply with work requirements.
- **A lack of access to subsidized quality child care** for hours spent in educational programs.
- **A lack of information** about education opportunities.

Highlights from the survey include:

- 45% of respondents reported that the general message they received from Family Independence Agency (FIA) and/or Work First representatives was that education was not important, encouraged, or supported.
- 94% of those with a school conflict during Work First orientation were not told they could schedule an individual orientation so as not to miss class.
- 89% reported that their FIA caseworker (and 83% of their Work First caseworkers) did not talk about counting education hours toward their work requirements.
- 28% reported having to drop out of school because they couldn’t meet work requirements and go to school at the same time.
- 18% reported that their Work First orientation leader [incorrectly] stated that higher education can never be counted as work activity, the way secondary or vocational education programs can.
• 17% of single parents of children under six were told by agency personnel that they had to work more than the state’s actual requirement of 20 hours/week.

• 66% were unable to get Child Day Care subsidies for the hours they spent in class.

• 11% had to drop out of school because FIA denied or took too long in processing Child Day Care subsidy payments.

• 15% dropped out of school because their FIA caseworker [incorrectly] informed them that FIA doesn't pay benefits if the recipient is enrolled in higher education.

Also included in this report are background information about Michigan's current welfare policies and state data reflecting the experience of student parents under these policies. Michigan restricts access to post-secondary education by limiting the counting of education hours towards work requirements, now 40 hours per week, to the last year of a two-year or four-year program approved by Work First case managers; by providing only limited child day care assistance in connection with school; and by delivering incomplete, inaccurate, or conflicting information to clients. The state's own data show that only 5% of recipients are enrolled in school, many without the approval of their case managers and so without being able to count education hours towards work requirements; fewer than 2% are in approved post-secondary education.

The report does not suggest that welfare recipients should be "paid to go to college" with no contribution on the part of the individual. As with any other student attending college, recipients would be making use of financial aid packages that typically include loans and Work-Study employment for 10-15 hours a week. Rather, this report argues for allowing Work-Study employment, along with class time, to be considered fulfillment of work requirements in place for TANF and Work First in an effort to move people off welfare and to a point of self-sufficiency.

Policy Recommendations

The Coalition provides a comprehensive list of policy recommendations for consideration at the end of the full report. This report recommends that the State of Michigan should:

• Promote post-secondary education as a path out of poverty to lifelong self-sufficiency
• Increase ability of recipients to count education as work activity
• Promote and expand access to high quality licensed child care
• Improve communication and information delivery regarding educational options within both FIA and Work First agencies
• Increase supports for recipients working on degrees/certificates
• Continue Michigan policy of not enforcing the TANF 5 year lifetime limit
• Evaluate outcomes of recipients, comparing those who did or did not access higher education in relation to labor force attachment and earnings

As an aid to policy makers, the report also presents best practice information from selected states where welfare recipients have greater access to post-secondary educational opportunities than Michigan allows. Because states have broad discretion in defining what activities can count as work, 22 states already allow participation in post-secondary degree programs for more than 12 months to count as work. Specific programs supporting recipients in post-secondary education in Maine, Illinois, Kentucky and California are described.

It is the Coalition’s hope that policy makers will recognize the economic benefit to the state, as well as to welfare recipients themselves, that can be achieved when recipients are given greater support in completing their degrees, thus ending their need for both cash and non-cash forms of public assistance. Section III of the full report includes an analysis of expected savings to the state if Michigan were to adopt many of the Coalition’s recommendations. Over the long term, Michigan would save millions in child care assistance not paid out to former FIP recipients once they were employed and able to afford these services themselves. These savings could be greatly enhanced if state policies were changed to allow increased access to post-secondary education — an expansion of the current policy to cover 2 years of education would save the state approximately $2.32 million every 3 years, even after taking into account the up-front costs of expansion. Not only would savings occur sooner, as student recipients would complete their degrees in less time, but the number of welfare leavers still receiving non-cash assistance would decrease.

For Copies of the Report
Copies of the complete report are available in downloadable PDF format from the University of Michigan Center for the Education of Women at http://www.umich.edu/~cew/cfite.html. For assistance, call CEW at 734/998-7080.
Introduction

This report analyzes current Work First and Family Independence Agency policies and practices in relation to post-secondary education in Michigan and reports on findings from the Low Income Student Survey. The Survey was conducted in February 2001 by the Center for Civil Justice, a non-profit law firm providing representation to low income persons in a 10-county region of eastern Michigan, in conjunction with the Coalition For Independence Through Education (CFITE), an organization consisting of educators, researchers, advocates, student parents, college administrators, and others concerned about declining access to education for low income parents under Michigan’s welfare reform policies.

The Low Income Student Survey was conducted in an effort to explore the obstacles to participation in post-secondary education among parents who receive public assistance in Michigan. After reviewing the survey results, CFITE and the Center for Civil Justice felt it important to share these results with the public, describe the results within the larger policy context, and suggest policy changes that would improve the educational access and success of participants. Thus, the report that follows examines and synthesizes public documents and research available regarding student parent recipients in Michigan and nationally. This information, coupled with the survey analysis, has led CFITE to recommend a specific group of policies addressing the pursuit of post-secondary education by TANF recipients.

The Impact of post-secondary education on self-sufficiency

Research overwhelmingly demonstrates that post-secondary education is the most effective way for a low-income person to become self-sufficient through long-term employment and thus secure her family’s well-being.

In Michigan and nationally, many clients exiting welfare in the last four years have encountered only low-wage work, continuing poverty, and family hardship. Six different studies of welfare recipients show that after they complete post-secondary education, they work more steadily, find jobs related to their degrees and fields of study, earn higher wages, receive more post employment training, and report higher levels of family well being. Reeves showed that Michigan community college students previously on cash
assistance increased their income 600% after receiving their associates’ degrees or certificates.

These findings about the specific role of education for welfare recipients are consistent with more general findings about college degrees and the economic self-sufficiency and social well-being of families. College degrees sharply reduce unemployment. In Michigan, the Department of Career Development reports that only 1.3% of college graduates are unemployed, compared with 4.6% of high school only graduates. Nationally, the poverty rate of those with college degrees is very low, and both Michigan and national studies show that those with post-secondary education have large hourly wage and annual earnings advantages over those without. These same studies show that education improves earnings much more rapidly than does work experience.

In addition, mothers with college degrees are able to secure better positions that allow for better work schedules, thus allowing them to spend more time with their children and be more involved in their children’s educational and social lives. Several studies have found that post-secondary education not only increases mothers’ income, but also increases their children’s educational aspirations and promotes early literacy.

**Michigan’s Policy**

In the five years since passage of the federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Michigan has pursued a “Work First” approach in its efforts to reduce the number of families receiving aid from its cash assistance program, known as the Family Independence Program or FIP. The goal of Work First is rapid labor force attachment and fulfillment of hourly work requirements. The Work First program, together with the healthy economy, resulted in dramatic declines in FIP cash assistance caseloads. However, many of the families who leave cash assistance find that they are not “better off” in terms of their family’s economic or physical well-being. Other families are not successful in finding and maintaining employment that pays enough to move their family off cash assistance, in spite of assistance from the Work First program.

As cash assistance caseloads declined and Michigan met PRWORA’s targets for work participation, legislators, policymakers, and advocates began to examine options for improving the education and skill levels of low income parents, in order to improve their ability to find and keep jobs that would improve their family’s quality of life.
Despite legislative and policy changes in 1999 which permitted some limited education and training opportunities to be counted as a “work activity” for purposes of meeting “work requirements” in the Work First and Family Independence Program (FIP), and despite subsequent policy changes that make some supportive services for education available to low income families who receive either cash or non-cash assistance from the Michigan Family Independence Agency, Michigan Department of Career Development data show that fewer than 3% of Work First participants are participating in approved education or training programs, including not only post-secondary education, but also remedial or basic education, high school completion, and vocational training programs. Fewer than 2% of Work First participants are enrolled in approved post-secondary education. Only a few hundred families statewide have been approved to receive supportive services (e.g. child care) for post-secondary education while they are receiving non cash assistance such as Food Stamps or Medicaid. The percentage of Work First participants engaged in education and training has remained between 1 and 3% of the total caseload since 1997 in spite of legislative and policy changes that appeared to make pursuit of post-secondary education a more realistic option for low income parents.

Also included in the legislative changes of 1999 was language that required the FIA and the Work First agencies to provide accurate information to recipients regarding education and work options, through the means of joint guidelines. Yet, parents repeatedly report that they receive no information on educational options, or at best misinformation.

**Summary of Findings**

The results of the Low Income Student Parent Survey reveal four possible explanations for the dramatically low rate of participation in education and training by Michigan’s Work First participants:

- **A lack of encouragement for education**, as well as negative messages about education as a means to achieve self-sufficiency.
- **A negative impact on academic performance and parenting** when parents strive to attend post-secondary education while struggling to comply with work requirements.
- **A lack of access to subsidized quality child care** for hours spent in educational programs.
- **A lack of information** about education opportunities.
SECTION I:

Current Michigan Policies on Post-secondary Education for Low-income Parents Receiving Public Assistance
Current Michigan Policies

The survey and this report focus on the policies and practices of two administrative agencies in Michigan:

The Family Independence Agency (FIA), which administers the state’s “welfare” programs for low income families, including Food Stamps, Child Day Care assistance, Medicaid health insurance, and Family Independence Program (FIP) cash assistance for families under the federal Temporary Assistance to Needy Families (TANF) block grant. The Department of Career Development (DCD), which administers the “welfare reform” workforce development programs in Michigan, including the Work First, Welfare to Work, Non-Cash Recipient, and Non-Custodial Parent programs. DCD administers these programs through local or regional Michigan Works Agencies (MWAs), which, in turn, contract with other agencies or organizations to run the programs.

Policies on counting post-secondary education as “work activity” to meet Work First and Family Independence Program (FIP) work requirements

In general, FIP cash assistance is only available to families in which the parents meet weekly work activity requirements, which range from twenty hours per week for a single parent with a child under age six, to fifty-five hours per week for a two-parent family that receives child day care assistance from the FIA. Only FIP recipients are subject to hourly work requirements. Parents who receive FIP may be exempt or “deferred” from meeting work activity requirements if they or their children are disabled, or if they are experiencing domestic violence or other circumstances that prevent them from complying with work requirements.

Parents on FIP who are not deferred and are not employed the required number of hours are referred by FIA to the Work First program, which is operated by the DCD through Michigan Works Agencies and Work First contractors. The Work First program assists and encourages parents in efforts to obtain employment for the required number of hours. Work First also may provide some supportive services, such as transportation or clothing, to assist parents in obtaining or retaining employment, or in pursuing approved education.
In limited circumstances, some hours that a parent spends in education may be counted toward their required hours of work activity.

The current policies on counting post-secondary education toward meeting work requirements for FIP/Work First have been legislatively mandated by the Appropriations Acts for both DCD and FIA, beginning with fiscal year 2000. As a result of the legislation, FIA and Department of Career Development (DCD) policy allows post-secondary education to count as work activity in two situations:

1. A full time internship, clinical, or practicum will fulfill FIP work requirements if it is required for graduation or for professional certification or licensure.
2. For up to 12 months in a lifetime, a parent in the last year of a two-year or four-year degree program, may count up to 10 hours per week of class time, plus one hour of study time for each hour of countable class time, toward FIP work requirements if the parent is working at least 10 hours per week at paid employment. This is known as the “10-10-10 program.”

The Work First contractor must approve an education program as "occupationally relevant" in order for time spent in post-secondary education to be counted.

**Policies on education as “good cause” for not complying with work-related rules**

In general, families that receive FIP cash assistance and fail to meet hourly work requirements or Work First requirements (e.g. attending a Work First orientation) will be subject to reduction or termination of their FIP (and, in some cases, other program benefits) as a penalty. However, if post-secondary education is approved by the MWA, the Family Independence Agency will not apply penalties against the family’s FIP cash assistance for the parent’s failure to accept work or to comply with Work First assignments that conflict with the approved education.

**Policy on “approved” education**

Education may be approved by the Michigan Works Agency (MWA) to count as work activity for FIP and Work First, as discussed above. It also may be approved in connection with qualifying for education-related child day care or payment of other education-related expenses, as discussed below. If the family does not receive FIP cash assistance, their
education program must be approved under the Non-Cash Recipient (NCR) program rather than the Work First program.

For both the NCR and the Work First program, however, the education will be approved only if it meets the criteria for being counted as a work activity for FIP or Work First, as outlined above. Therefore, a parent who is not receiving FIP and thus is not subject to hourly work requirements, or a parent who is recognized as being unable to work and thus is “deferred” from Work First even though she receives FIP, nevertheless must work at least 10 hours per week in order to have class time and study time approved under the 10/10/10 program.

This causes considerable hardship for parents with disabilities or with disabled children, who may need extra education or skills in order to obtain jobs with the flexibility to accommodate their special needs. Parents of disabled children in particular may need to be able to drop everything in order to attend to a child’s education, medical, or emotional needs, and many entry level, unskilled jobs do not provide that type of flexibility.

In addition, education will not be approved for a parent who is not receiving FIP if the parent cuts back on work hours in order to accommodate the demands of the education program. Thus, for example, a parent who is working 30 or 40 hours per week and receiving Medicaid for her children may have time to take only one college class if she cannot reduce her work hours. Under current policy, she will be approved for only 12 months of education, even though it may take considerably longer for her to complete the last year of her 2- or 4-year degree program because she can take only one or two courses per semester.

**Policies on child day care assistance while parents are pursuing post-secondary education**

The child day care program helps parents meet the cost of child care for time spent working or, in some limited circumstances, attending school. Current policy provides education-related child day care assistance to low income parents in limited situations. Child day care is only available in connection with education that has been approved by the local Michigan Works Agency or its contractors, under the criteria discussed above. In addition, FIA will approve assistance only for hours that the parent is in class — not for study time. At the time the survey was conducted, FIA provided child day care to some low income parents based on its own approval of post-secondary education that supported the parents’
career-specific employment goals. Since August 2001, however, FIA has prohibited caseworkers from approving new education programs.

Policies on payment for education-related expenses
Under Department of Career Development policies, Michigan Works Agencies are permitted but not required to pay the costs of participation in “approved” post-secondary education, including tuition, fees, and books, for low income parents. They also may provide other “supportive services” in connection with approved education, such as help with transportation, clothing (such as uniforms or other appropriate clothing needed for internships or clinical programs), and required tools or equipment. No expenses are paid in connection with education that has not been “approved.” Students on assistance still apply for and are granted financial aid from other sources, and this aid includes Work-Study, grants and loans.

Policies on delivery of information about educational options
In 1999, the Michigan legislature directed the Family Independence Agency (FIA) and the Department of Career Development (DCD) to “establish clear joint guidelines on the eligibility of participants for post employment training support and on how training/education hours can be applied toward federal work participation requirements.” In 2000 and 2001, the agencies have been directed to “continue to collaborate on refining and making available to participants” (emphasis added) the clear, joint guidelines that were to have been developed during Fiscal Year 2000 (beginning October 1, 1999).

In addition, in 1999 through 2001, the legislature included in the DCD Appropriations Acts a requirement that “Work first program participants must receive or be provided an explanation of the program including their benefits and responsibilities before the job interview phase of the program. This explanation shall include clear guidelines with regard to an individual’s eligibility for post employment training support and for applying hours in training toward federal work requirements.”

Since 1999, the Appropriations Acts for FIA have directed that FIA and DCD “develop a procedure to ensure that the guidelines [for education and training] are effectively communicated to all possible participants of the postemployment training and education program.” Beginning in 2000, the legislature has also required that the agencies efforts include “the provision of outreach activities in community colleges.”
The individual must be offered a personal orientation as an alternative to the group session if attendance at the group session would interfere with school attendance, according to FIA policy.31

How are Michigan’s Policies Experienced by Recipients?

Despite legislative directives and changes in Michigan’s welfare policies, there is evidence that recipients actually experience a significantly different set of policies than those “on the books.” Data from state agencies indicates that the guidelines outlined above are not necessarily put into practice by local FIA offices and Work First contractors. Some of the gaps between policy and practice are outlined below.

Very few low income parents who receive FIP cash assistance are approved to count post-secondary education as work or to receive supports for education through FIA or the MWA In spite of the legislatively mandated policies that allow some education to count toward FIP/Work First work requirements, very few parents on FIP have been approved by the Work First contractors to participate in education and training. Less than 2% of the parents who participated in Work First were enrolled in “approved” education, in fiscal year 2000 and in the first seven months of fiscal year 2001.32

This is despite the fact that a large number of parents receiving FIP are attending colleges and universities, even though they are not approved to count their education toward work requirements or to receive supportive services. Although many are not in Work First “approved” educational programs, a telephone survey done by FIA indicates that 5% of the parents receiving FIP are enrolled in a college or university (including community colleges and junior colleges). While this percentage is quite small, it is significantly higher than the percentage of Work First participants who are approved for post-secondary education.
Post-secondary education is approved only rarely for parents who receive non-cash assistance

In the first seven months of fiscal year 2001, Michigan Works agencies approved post-secondary education programs for fewer than 421 parents who are Non-Cash Recipients (receiving Food Stamps, employment related Child Day Care, or Medicaid for their children, but not receiving FIP). This represents about one tenth of 1% of the parents receiving Medicaid for their children in Michigan.

Child Care continues to present an obstacle to parents pursuing post-secondary education

Child care is a critical obstacle in relation to accessing post-secondary education in Michigan and nationally. For welfare-reliant and low-income student mothers, accessing quality and affordable child care remains an often insurmountable hurdle. Very few parents are able to receive FIA child day care subsidies for time spend in education, because very few parents’ education programs are "approved" by Work First, which is a prerequisite to receiving child care help. Furthermore, even those who are able to obtain Work First approval for their education and, thus, to receive child day care subsidies are nevertheless often unable to access safe, appropriate child care. Michigan FIA child care subsidies are low. Even the maximum payments available through FIA often cover only 50% of the full cost of care. Parents also report problems accessing child care subsidies including arbitrary denials, reductions and cut offs, slow start ups and late payments, and inaccurate under-calculation of subsidies. Kids Count in Michigan reported that only a small proportion of low-income families across the state received a child care subsidy in 2000. A mere 19% of income eligible children, 120,000 children out of a total eligible population of approximately 600,000 children, receive a child care subsidy.

Child care costs in Michigan are high and in some counties may range from $600-900 per month, but the average monthly child subsidy is only $289 per month. Kids Count reported that fully two thirds of all children receiving subsidies were in unregulated, informal care settings, and in Wayne County which has one of the highest concentrations of children in poverty, 80% of children were in unregulated care. These settings range from care by relatives to untrained day care aides, some of whom are paid as little as $1.35 an hour by FIA.
The lack of access to affordable quality care threatens low income children’s well-being as well as their cognitive and social development. Family stability is undermined, low-income mothers experience acute stress, and children’s developmental risks increase. A recent Michigan child care audit documented that large numbers of low income young children are being placed in informal unlicensed child care settings — settings which are potentially dangerous. Hence, low income student mothers frequently confront the hazards of developmentally dangerous child care with few other options available.

For single mothers in poverty, struggling to attend college as the one sure pathway out of poverty, lack of access to affordable, high quality licensed care continues to constitute a major barrier to college success. Low income student parents are well aware that the positive outcomes of child care have been extensively documented: high quality child care leads to increased cognitive and social competence and is predictive of academic success. The benefits are greatest for low income children traditionally considered at-risk for school failure. High quality child care environments translate into children who make successful social and academic adjustments, with snowball effects on the entire family, decreasing stress levels and promoting family stability.

**Information concerning educational options is inconsistent, often inaccurate, and difficult to acquire**

In spite of the legislature’s efforts to ensure that the agencies would provide consistent information based on a single set of “joint guidelines” on counting education and training as work activity, the agencies have maintained separate and sometimes conflicting guidelines. For example, FIA policy states that “The participant is limited to one condensed vocational program during his/her lifetime”, although DCD policy allows participation in two Condensed Vocational programs as long as their combined length does not exceed six months (consistent with the Appropriations Acts for both agencies).

At present, Work First participants are informed about their rights and responsibilities by way of a group Orientation meeting that is mandated by the Social Welfare Act. At the group Orientation, a Power Point presentation is used to provide information about the Work First program. The Power Point presentation consists of 32 slides, one of which discusses education and training. The slide itself does not indicate that post-secondary education (college or university) may be approved. It reads,
EDUCATION & TRAINING PROGRAMS
Approved Hours Count
Vocational Programs
High School or GED
Tell Work First of Your Interest

The presentation script or notes include information about counting hours. The presentation script or notes include the statement that approved education “may include high school completion or classes to get a GED, if you are working at least 20 hours per week.” This conflicts with both DCD and FIA policy, which provide that single parents with a child under age 6 may work only 10 hours per week and count 10 hours of high school or GED class time toward their 20-hour-per-week work requirement.

Michigan's "Welfare leavers" are not faring well economically
In fiscal year 2000, over 110,000 low-income parents participated in the Work First employment and training program after being referred by FIA. Slightly more than half (53%) of those who participated in Work First were successful in finding employment for the required number of hours. However, only about one quarter (27%) of the participating parents found jobs that they were able to keep for 90 days or more, and only one fifth (20%) earned enough from work to close their cash assistance cases.

A survey commissioned by the Michigan Department of Career Development and the Family Independence Agency, at the direction of the state legislature, looked at the circumstances of families that had successfully completed Work First — i.e. participants whose cases closed due to employment. The study looked at two groups of parents: those whose cases had closed 12-24 months prior to the survey, and a second group of participants whose cases closed within 6-12 months of the survey.

On average, the former participants work 36 hours a week. For those who had completed Work First 6-12 months prior to the survey, the average hourly wage was $8.27. For those who had completed Work First 12-24 months prior to the survey, the average wage was about 50 cents per hour higher, at $8.78 an hour. If these parents are able to earn a full paycheck 52 weeks a year, their earnings still may not be enough to bring their family out of poverty, depending on the size of their family. These wages are well below the level needed for a family to be self-sufficient in Michigan. According to a 1998 study, a single parent with two children must earn $15.72 per hour in order to meet the family's basic
needs without relying on public assistance in Michigan. For a two parent family in which only one parent works (thus reducing child care costs), the “self-sufficiency hourly wage” was calculated at $10.39 per hour.\textsuperscript{48}

<table>
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<tr>
<th>Annualized Earnings of Work First Graduates after 6-12 months</th>
<th>Annualized Earnings of Work First Graduates after 12-24 months</th>
<th>Poverty Level for Family of 3 (e.g. single parent + 2 children)</th>
<th>Poverty Level for Family of 4 (e.g. 2 parents + 2 children, or single parent + 3 children)</th>
<th>Self-sufficiency for Family of 3-</th>
<th>Self-sufficiency for Family of 4</th>
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Only 9\% of those who had left Work First within 6-12 months and only 16\% of those who had left Work First within 12-24 months, were earning more than $10 per hour, according to the FIA/DCD survey.

Not surprisingly, given their low earnings levels, less than half (42-45\%) of those who had met Work First goals felt that they were better off in terms of household income than they were when they received cash assistance from the state. About a third (35-36\%) reported that they were the same, and 15-18\% reported that they were worse off in terms of household income.

Only one third (31-33\%) of the state survey’s respondents reported that their housing conditions were better, and more than half (52-55\%) reported that their housing was the same. Ten percent were worse off in terms of housing. More than half (51-54\%) of the former Work First participants surveyed had been unable to pay their rent, mortgage or utility bills at least once in the previous 12 months. The percentage of those who could not meet these expenses was higher for the group that had been off of Work First the longest. More than one third (33-38\%) had been unable to pay their housing and utility bills repeatedly (more than once) in the previous 12 months.
Only about one fourth (27-28%) of the Work First graduates felt they were better off in terms of their ability to meet food and nutrition needs. Half (50-51%) reported that they were the same, while almost one fifth (19%) reported that they were worse off in terms of food and nutrition.

Only about one quarter of the former Work First participants (25-31%) received health insurance that was paid for by their employer. One quarter (25-26%) had no health insurance at all. Not surprisingly, about one quarter (26-28%) felt they were better off in terms of health insurance coverage, while about one fifth (18-19%) felt that they were worse off.

Roughly one quarter (22-24%) were unemployed at the time they were surveyed. Only half (51-52%) reported that they receive no “public assistance, welfare payments, food stamps, vouchers, SSI or emergency help from FIA or other government agencies.” Only 14-15% reported that they received no money from government agencies in the previous month. About one fifth (20-22%) of the respondents stated that Work First had helped them improve their job skills.

While 39% reported that their employer provided training, only 14-22% of the respondents had access to tuition reimbursement through their employment, and only 3-5% were taking classes that were paid for by their employer. More than half (51-61%) had received no training at all after leaving Work First, while 27-36% received on-the-job training.

In summary, data from various FIA and DCD sources indicate that these agencies are not providing the support for post-secondary education that many recipients need. This is despite the fact that state data also show that the majority of recipients who have completed the Work First program and found employment are underemployed and therefore still in need of state aid.
SECTION II:

C-FITE
Low Income Student Parent Survey
Survey Research Design

To investigate the low participation in education programs among low-income parents in the Work First program, the Center for Civil Justice, in conjunction with the Committee For Independence Through Education, distributed a survey to student parents who attend Michigan colleges or universities and receive assistance from the Family Independence Agency (FIA). FIA administers both the Family Independence Program (FIP) cash assistance program and a variety of non-cash programs, such as Food Stamps, Medicaid, and Child Day Care, for which eligibility is based on financial need.

Survey Goals

The survey was designed with three goals:

1. **Elicit information** about these student parents’ experiences with FIA and Work First agencies;
2. **Describe any barriers** to participation in post-secondary education among low-income parents;
3. **Identify positive features** as well as **recommended improvements** to existing programs that might result in greater participation in post-secondary education programs by low income parents.

Survey Design and Distribution

The survey used several types of questions, including those that elicited answers to “Yes/No” and “Check all that apply” questions, as well as questions calling for narrative descriptions of respondents’ experiences. In the following pages, the quantified results are followed by excerpts from the respondents' comments, in their own words. From December 2000 through February 2001, the survey was distributed on campuses throughout Michigan, through financial aid offices, faculty advisors, campus child care centers, women's centers, and other appropriate locations.

Survey Sample

The survey sample reflects the impact of more restrictive welfare policies on students in post-secondary education. Considerable evidence points to a precipitous decline in numbers of students receiving cash assistance at the time the survey was conducted as
compared to the early 1990s. A 1997 survey of financial aid officers at seven Michigan institutions and the Michigan House Standing Committee on Colleges and Universities in 1998 both concluded that welfare changes from the mid-1990s adversely affected enrollment of low income single parents, while both Lansing and Mott Community Colleges documented 50-60% declines in numbers of students on public assistance at specific intervals in the period 1997-1999. These downward enrollment trends mirrored national developments. The survey sample, therefore, includes relatively few students receiving cash assistance (with relatively more receiving non cash benefits) as only the most persistent and resilient low income parents who have remained in post-secondary education despite mounting policy and agency practice barriers.

Survey Response

Ninety-eight (98) student parents attending 14 different Michigan colleges and universities responded to the survey. All of the adults in the survey received needs-based assistance from Family Independence Agency (FIA)-administered programs. Most of the respondents (85%) received Medicaid health coverage for themselves or their children. Two thirds of those responding (66%) received Food Stamps. Only about 1/3 (34%) received Family Independence Program (FIP) cash assistance.

More than 2/3 of those responding (68%) were working while attending college. About half (51%) were working at least half time (20 hours per week or more). Ten percent were working full time or close to fulltime (35-40 hours per week).
C-FITE Survey Results: The experience of low income student parents in Michigan

1. Parents are discouraged from educational options and receive negative messages from State agencies about education as a means to achieve self-sufficiency

"Education is not considered a priority. The system is more concerned with maintaining the status quo. It is difficult to be self-sufficient when you can’t do the things such as getting a degree that are essential to self-sufficiency and getting off public assistance."

Survey responses revealed that many Work First and FIA case workers and case managers discourage low-income student parents from pursuing education, rather than promote education as a means to achieve self-sufficiency. The narrative responses also clearly suggest that low income parents who are pursuing education in spite of negative messages are doing so because they have a deeply ingrained appreciation of the value of education and its contribution to long term self-sufficiency.

Quantitative Analysis

§ 45% of those responding commented that they received the message from FIA or Work First that education is not important, is not a priority, or is not encouraged or supported by FIA and Work First.

§ Only 7% reported receiving an encouraging message from FIA and Work First.

§ 15% of those responding observed that it would help their education program if FIA and Work First provided information about, and encouragement for, education.
13% of those responding mentioned that they felt pushed into low wage jobs with little opportunity for advancement, even though they knew that they could obtain better jobs if they were able to pursue their educational goals.

In Their Own Words
While some parents reported positive messages and support from FIA or Work First, many more reported negative experiences. Typical responses included:

- “…They want to have you work anywhere just so people can get off assistance. But these minimum wage jobs come and go and eventually they will be right back on FIA. Why not let people attend school so they can get something that will last a lifetime and not ever have to get back on assistance.”
- “The way the current system is set up doesn’t promote self-sufficiency. I was once given a choice by a caseworker of continuing to work at a minimum wage job in order to receive benefits as opposed to obtaining a degree that would enable me to get a higher paying job [but with my benefits cut off].”
- “I feel like I am being penalized for going to school. No matter how I try to better my situation all they care about is the number of hours I work…”
- “There is no help or reward for those of us who are trying to get a college education so we can get better jobs and get off and stay off welfare.”
- “They are more concerned about you just going out and getting any old McDonalds job rather than go[ing] to college to better educate yourself to accomplish a good future and career.”

Messages that were received from FIA and Work First about education included:
- “It was more important to work at a $6 an hour job for the rest of my life than to get an education that was going to get me off welfare forever.”
- Education “…is secondary to work even if the work will never provide a living income in terms of pay or benefits.”
- “It’s not as important as getting a job…would rather have you work at McDonald’s the rest of your life than get an education and stay off the system.”
- “It is better to achieve a short term goal of working at any dead end job than to achieve a long term goal of getting a degree which will provide you with the skills and knowledge to obtain not only a job, but a future with endless possibilities, which in the long run is a better alternative for you and your children.”
Even some parents who reported that they had been encouraged to pursue education by their FIA or Work First caseworker commented that they were aware their positive experiences were not shared by other parents. In addition, several parents noted that they were encouraged by one agency but discouraged or treated poorly by the other agency.

“…my caseworker was very encouraging. Unfortunately I have heard a lot of negative things about a lot of other caseworkers.”

“My experience due to my caring caseworker has been very good. She has encouraged me to continue my education yet work to fulfill the requirements for the program. I feel blessed to have had such a good opportunity to improve myself, but I am saddened for the fact that many families have not had the same treatment.”

“I have had a good experience but I have many friends with children who have had a rough time with these programs.”

“Work First is much more helpful for people trying to go to school. FIA has rude staff that are too busy to return calls or give any info[rmation] more … than what they need to get you out of their hair.”

“Work First and orientation was all about getting a job despite what the pay and long term benefits were. My FIA worker, however, was very supportive…[v]ery helpful and encouraging…”

2. Negative impact on academic performance and parenting when parents strive to comply with work requirements and attend post-secondary education

"Going to school, being a single parent, and working while trying to manage adequate study time is impossible. They (FIA) want to send you through Hell just to stay afloat."

Student parents report considerable difficulties in trying to attain post-secondary education while raising a family and trying to meet FIA work requirements.

Quantitative Analysis

28% of the respondents had been forced to drop out of college at some point because they could not meet work requirements and go to school at the same time.
In Their Own Words

Low-income student parents reported tremendous difficulties balancing the demands of work, family, and school.

§ “I have an extremely difficult time meeting the work requirements. I am majoring in a somewhat difficult major which requires me to study a lot. Since I have to work so many hours, all of the time that I spend with my children I am studying. My grades are lacking and so is the quality time I am spending with my children.”

§ “I feel the biggest obstacles I have faced are to work and try to receive an education. It has been very difficult for me to remain in school. My grade point average suffers from me having to spend hours working that I could be using to study. I feel as if I have to sacrifice my successful academic progress in order to work.”

§ “It is very difficult. [Being a] single parent, full time student and working full time has put a lot of pressure on my family and … has also caused me to drop classes and not meet my expectations. The quality of my work has been affected. Nothing has helped me.”

§ “So far it’s taken me 3 years to complete courses that could’ve taken only 1 year if I would’ve been able to focus only on school. Now it will take me 7 years to get a bachelors degree.”

§ “I am in the nursing program. It is a very difficult program. I used to work and attend school. It was very difficult trying to work 20 hours per week, have 17 hours of clinical, plus 4 hours of lecture… also 10-15 hours of study time a week. There never seemed to be enough hours in a day. … God has helped me, FIA sure didn’t. So I thank God for bringing me through and I can proudly say I graduate in April 2001.”

§ “I have to work while going to school, I don’t have enough time to do my homework.”

§ “The biggest [obstacle] is trying to work and be a full time student and a full time mom…I have three jobs to juggle. I have to make sure that I put my child aside a while to work or to study…[if] I just had to study it would be a lot easier and faster [to finish school].”
3. Parents found a lack of assistance with child care expenses for hours spent in education programs

Its been very difficult trying to go to school and work, and receive adequate assistance, particularly child care. I've been told I can only receive child care assistance for hours I work. I need help with child care for school. I go full time in addition to working part time.

At the time that the survey was conducted, families that received FIP could only receive child day care assistance for education approved by the Michigan Works Agency (MWA) — i.e. for a maximum of 12 months during the last year of an undergraduate degree program if the student also was employed 10 hours per week, and for time spent in clinicals, practicums, or internships. Families that received Food Stamps but not FIP could receive child day care for education approved by FIA as supporting the parent’s career-specific goal, without meeting an hourly work requirement and without a 12 month limit. No child day care assistance is available for hours that a parent must spend studying outside of class.

The survey results indicate that as a result of these policies, many low-income parents who attend post-secondary education programs do not receive child care assistance for the hours that they are in class. At the same time, parents who were able to qualify for child day care assistance from FIA indicated that it helped significantly in their efforts to pursue self-sufficiency through education.

Quantitative Analysis
§ Two thirds of the respondents (66%) reported that they were not able to get FIA child care payments for hours spent in class.
§ One out of seven respondents (14%) reported having to drop out of college at some point because they were not able to find adequate and reliable child care.
§ 11% reported having to drop out because FIA denied or took too long in processing child care payments.
One out of every six respondents of those who described what FIA and Work First could do to help with the student's educational program (16%) mentioned increased child care help.

15% of those who described the obstacles they faced as student parents mentioned the lack of child care assistance or inadequate child care assistance.

**In Their Own Words**

Student parents who had not received child day care subsidies identified the limited availability and the expense of safe, dependable and appropriate child care as significant obstacles they faced as student parents.

“My biggest obstacle going to school was daycare … [e]ven though I was in school full time and doing Work-Study 20 hours a week.”

The policies and procedures … I’ve been told about don’t seem to make sense if the goal is assisting individuals out of poverty… If 10 hours of class time counts toward work requirement … should[n’t] that time automatically be covered by the child care subsidy?”

“Child care was denied for school and seeking work…”

“The biggest problem I faced was trying to get child care assistance initially. My worker denied my application the second week of school because the father was in between intern jobs. We had to get a loan to pay for it or miss classes and … work altogether.’

“FIA was helping with Child Care until my caseworker was switched. Then they cut me off with no notification. I had to call them to get the vague answer, ‘It was a mistake and you should never have received any kind of payment for child care while attending college.’”

“I could [not] get help w[ith] child care to go to school[,] just to go to work.”

“…It was hard because I didn’t have anyone dependable to watch my child and if I didn’t work the amount of hours expected they would sanction my check. ..”

“I had to use my financial aid to pay for child care. I was denied child care because I was not working 25 hours a week.”

On the other hand, parents who had received assistance in paying for child care expenses identified the assistance as particularly helpful:

“The money I got to help with child care while attending classes has helped immensely…”

“Child care subsidy was a great help.”

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“…Even when my temporary job ended [and] I didn’t work for 2 weeks, my caseworker explained my options and didn’t cancel my day care aid right away, giving me time to find a job.”

4. Parents receive misinformation, or no information, about education opportunities from State agencies

“I didn’t know FIA and Education went together. I didn’t know any of that counted.”

Since October 1999, the Michigan legislature has required FIA and DCD to have “clear joint guidelines on the eligibility of work first participants for postemployment training support and on how education/training hours can be applied toward federal work participation requirements.” The agencies (FIA and DCD) also are required to make the joint guidelines “available” to work first participants. In spite of these requirements, the survey responses indicate that accurate and consistent information about education options is not provided to low income parents who are considering or pursuing education.

FIA clients have difficulty obtaining reliable information about education opportunities through FIA and Work First contractors. Moreover, FIA offices and Work First offices often provide different information about the same rules or programs. Apparently even well-meaning agency staff have difficulty identifying policy direction on the options available to student parents, suggesting that additional policy clarification and staff training are needed in this area.

Quantitative Analysis
Most parents reported a general lack of information.

89% reported that their FIA caseworker did not provide any information about counting education hours toward meeting work requirements.

83% reported that their Work First case manager did not provide this information.

58% reported that the person presenting the Work First Orientation provided no information about using education and training to meet work requirements.
A substantial number of parents reported receiving misinformation.
§ 18% reported that the person who presented the Work First Orientation to them said that education could not be used to meet work requirements.
§ 17% of the single parents with children under age 6 reported being told that they had to work more than the 20 hours per week that are required under state and federal law.
§ 15% reported that they had to drop out of school in the past because they were told they would not be eligible to receive benefits from FIA if they attended college.

Only a few parents reported receiving information about specific education options.
§ Only 1% reported that the FIA caseworker described the “10/10/10” option for counting some hours of education and study time toward work requirements.
§ Only 8% reported that Work First case managers described the 10/10/10 option.
§ Only 3% reported that their FIA caseworker told them that a full-time internship could satisfy the work requirements.
§ Only 9% reported that their Work First case manager told them about internships.

Two key policies that support parents’ efforts to obtain post-secondary education are not communicated by state agencies. Orientation scheduling and Work-Study eligibility are misrepresented to many student parents.
§ 94% of the parents who were in school when they had to attend Work First Orientation were not told that they could schedule orientation to accommodate their educational responsibilities. Under FIA policies, however, these parents are entitled to an individual Orientation that is scheduled to prevent conflicts with education.
§ One in five (20%) of the student parents who had Work-Study jobs had problems counting the hours spent at those jobs toward work requirements, in spite of the fact that FIA’s written policies clearly recognize Work-Study as employment that should count toward hourly work requirements.

In Their Own Words
§ “…None of the information about education was volunteered. When I asked I was told I could count 10 hours of class time but was not given further information about combining study time, etc. In fact when I asked about study time after I saw a form that listed it, my previous caseworker said they no longer counted study time and the form was an old and outdated one.”
§ “The only information I received from orientation is from questions I asked.”
“Another problem is getting a different story from every person that I talk to. Too many people, workers, work first, etc. don’t know or follow the policies.”

“…Most of the info I learned was from others who had received assistance…”

“My two workers have been nothing but supportive while I pursue an education. The first caseworker was unsure at first of how to get day care aid while at school. She was, in fact, unsure about what to do with someone in postsecondary school, ‘though she did get it all figured out.’”

 “[Agencies should e]xplain there is a way to continue your education with children. Explain that you can include study time…”

“Orientation is mandatory, but I was currently in school at the time when they were supposed to meet. My worker informed me that my benefits would stop [if I did not attend at the scheduled time].”

Student parents’ recommendations for improving the Work First program: Survey Results

Respondents’ top 5 recommendations for what FIA or Work First could do to help them go to or stay in post-secondary education were as follows:

- Count time spent in education toward work requirements.
- Reduce work requirements for students.
- Provide child care assistance in connection with education.
- Provide additional information about, and encouragement for, education.
- Provide increased subsistence assistance in the form of cash, food, medical assistance, or supportive services such as car purchase assistance.
In Their Own Words

§ “Support education. Take into consideration that the best way to get out of the welfare system is education.”

§ “I believe that students should be able to get assistance as long as they are in school and doing a good job. The whole purpose of post-secondary education is to find a good job and not be on assistance.”

§ “Offer more help with child care while I attend classes. I have twins and day care is expensive for two children.”

§ “I feel the most important thing is to first respect people and try to understand where they are, then encourage and motivate them to want to do better. Education is the only way that families can grow into productive units. Education is the seed that needs to be planted in every home.”

§ “Encourage clients who wish to go to school and provide them with information on all programs available to assist them in their efforts including outside resources.”

§ “I think that the FIA could require me to work at my job less hours. I have met many parents in the same position as myself struggling with food and child care expenses because there is no way that they can attend classes full time and work. I am doing it but my sanity and grades, and relationship with my children have paid greatly.”
SECTION III:

Policy Options
and
Recommendations
How do other states handle post-secondary education for parents receiving public assistance?

States have both the funding and flexibility to permit and support post-secondary education for low-income parents, despite federal requirements that a large proportion of caseloads meet work requirements as a condition for receipt of the full block grant and that individual clients meet work requirements as a condition of benefits.

States such as Michigan that have seen precipitous declines in caseloads receive caseload reduction credits that reduce the percentage of the caseload that must meet work requirements. Thus, clients can undertake education even if it does not count towards state work participation rates without Michigan receiving federal penalties. Secondly, states may count a considerable amount of educational time as participation in work. Client participation in education can count as work-related activity for the first twelve months of educational participation. In addition, states have broad discretion in what counts as “engaged in work” for the first 24 months of welfare receipt and may count post-secondary education. States may also use both federal TANF funding and their own maintenance of effort (MOE) funds to support education, by paying cash benefits to those in school, by paying for supportive services (such as child care and transportation), or by funding extra Work-Study opportunities.

According to the Center for Law and Social Policy, 22 states allow participation in post-secondary degree programs for more than the 12 months countable as work. Of these 22, nine allow participation in post-secondary degree programs alone to meet the work requirement in full. Thirteen states allow participants to meet the state work requirement by combining post-secondary degrees with some work.55

Maine, Kentucky, Illinois, and California all present interesting examples of how states can support post-secondary education.

Maine. Maine’s Parents as Scholars (PaS) program provides cash assistance and supportive services at the same level as TANF but in a separate state-funded program to
TANF-eligible parents in approved 2-year and 4-year programs. PaS enrolls those who do not have bachelor’s degrees in a field where work is available and who lack the skills to earn 85% of the state’s median wage, where the degree will improve the parent’s ability to support a family. An individual must participate for 20 hours (class and study time) in the first two years, then meet a total 40 hour participation requirement (class, study, Work-Study employment) in the second two years.

**Illinois.** A January 1999 executive order by then governor Jim Edgar changed the state’s policy to support up to four years of post-secondary education. Full-time enrollment in post-secondary education stops the federal TANF time clock. Individuals enrolled in post-secondary education are not subject to an employment requirement, so long as they maintain a 2.5 average and make good progress towards their degree.

**Kentucky.** In Kentucky, regulations adopted in 1999 allow parents to participate in post-secondary education for up to 24 months before other work is required, on condition that they are making satisfactory progress in full-time study. Where parents do not have marketable skills to earn at least 200% of the federal poverty line, the activity is part of a self sufficiency plan with a specific employment goal and counted as federal work participation. The state provides child care for all hours in education. The state agency must notify parents of educational opportunities in the TANF program at least one year before the start of the fall term, during self sufficiency planning, during conciliation and at any other time a client requests information. State workers must honor requests for education as part of self sufficiency plans.

**California.** In California, welfare recipients may count education as welfare to work activity for 18-24 months if they were already in school when they entered the CalWorks welfare to work program. Such education programs must lead to degrees or certificates and to employment. Class time and supervised study time count towards the 32-hour requirement for single parents. In many counties, other clients also are referred to education insofar as it is necessary to help the participant find self supporting work.
How much would Michigan save by improving access to post-secondary education for low-income working parents?

Background
Many working parents continue to qualify for Family Independence Program (FIP) cash assistance benefits because they do not have the skills or credentials to obtain higher-paying jobs. In addition, many other low-income working parents (who no longer receive FIP cash assistance because of their earnings from employment) continue to qualify for government assistance with child care, food, health care and other needs. While FIP cash assistance rolls have declined dramatically over the past 6 years, most former FIP parents who work are employed in low-wage jobs and continue to need assistance, resulting in an exploding Child Care budget, for example.

Research shows that post-secondary education is the single most effective way to permanently raise a family out of poverty. Even FIA caseload data clearly demonstrates that parents who complete post-secondary education are extremely unlikely to require public assistance. Only 1% of parents receiving FIP cash assistance have a bachelor’s degree and 97% have less than an associate’s degree. Despite the demonstrated effectiveness of education in lifting families out of poverty, and preventing reliance on public assistance, parents receiving FIP while attending post-secondary education (“student parents”) may not count any class time towards their work requirement or receive child care assistance during class time until they are in the final year of their 2- or 4-year degree program. As noted previously in this report, once a parent reaches her final year of study, she may combine at least 10 hours of paid employment per week with up to 10 hours of class time combined with a matching 10 hours of study time to meet her work requirement. (See Section I regarding Michigan policies.)

It costs money to provide government support to low-income parents while they are pursuing a 2- or 4-year degree. However, it can cost even more money to pay for the child
care and other supports that low income families need when parents are working but still earning low wages. This section of the report reviews the financial implications of Michigan's current post-secondary education policies for parents receiving FIP cash assistance. In addition, this section projects the short term costs and longer term savings that would result if Michigan expanded the 12-month restriction currently imposed on policies that support low-income parents pursuing post-secondary education.

**Who is in school?**

According to Family Independence Agency data, there are approximately 4,300 FIP recipients currently enrolled in post-secondary education (2,700 in community college and 1,600 in a 4-year college or university). In addition, many student parents receive Food Stamps, Medicaid, and/or Child Day Care but are not receiving FIP cash assistance. Responses from surveyed student parents reveal that those who are in post-secondary education are studying for high-paying occupations. A comparison of surveyed students' programs of study with detailed information from the Michigan Occupational Information System database leaves little doubt that if these student parents are able to complete their educational programs, they will no longer have to depend on FIP, Child Day Care or Medicaid. In most cases, the income of parents who successfully complete degree programs will be high enough that they will no longer qualify for even non-cash forms of government assistance. See Figure 1 for relevant gross income limits for a family of 3.

Data from the Michigan Occupational Information System indicate that the average starting salary for surveyed student parents able to complete their intended 2- or 4-year post-secondary education program will be $31,251, with starting salaries for the various degree programs ranging from $20,800 to $50,000. (See Figure 2 below.) While the salary ranges are projections, wage and salary data derived from the Michigan Occupational Information System are supported by independent research on the impact of post-secondary education on income levels of women receiving public assistance. A 1997 study of participants in the Single Parent & Displaced Homemaker program at Mott Community College in Flint, MI, for example, found the mean salary following graduation for low-income parents who completed their degree program was $27,642. References to further research on the impact of post-secondary education on the income levels of low-income women and women receiving public assistance can be found in the Introduction of this report.
**Long term savings associated with post-secondary education**

Clearly, for those student parents able to complete even a two-year degree program, Michigan will save millions of dollars over the long term in FIP, Child Day Care, Medicaid and other supports not paid out. For every parent receiving Child Day Care assistance who completes higher education, for example, Michigan saves an average of $6,696 per year in child care assistance that FIA would otherwise have paid to support that parent.
working in a low-wage job. Based on current FIA data showing the number of FIP recipients enrolled in post-secondary education and taking into account those parents who do not need child care, Michigan saves $5.7 million per year in child care assistance alone for every cohort that completes higher education.

In addition, Michigan will gain additional tax revenue from working parents with higher incomes. A complete analysis of the implications of the 10-10-10 program on state tax revenues is beyond the scope of this paper. However, a household with average annual income of $31,000 contributes three times as much in state tax revenues as a household with $14,000 per year (the average earnings of a parent leaving the FIP Work First program for paid employment).

Unfortunately, because of strict work requirements and the lack of education-related child care assistance for parents not yet in the final year of their degree program, many of the more than 4,300 FIP recipients currently enrolled in a community college or 4-year university may be forced to drop out of school before completing their degree or may take considerably longer than the standard 2 or 4 years to complete their degree. Expanding the number of months in which parents may count post-secondary education towards a portion of their work requirement will add, slightly, to the state’s budget for FIP cash assistance and Child Day Care. However, these costs prove to be significantly less than the actual cost of continuing current policies. The cost/benefit analysis that follows considers two aspects of the financial implications of changing Michigan’s current restrictions on the pursuit of education by parents receiving public assistance.

- Annual cost to expand 10-10-10 program from 12 months to 2 years and 4 years.
- Corresponding savings Michigan would achieve if the state supported parents pursuing post-secondary education for parents who were:
  - Already enrolled in post-secondary education but not in their last year, and
  - No longer enrolled or never enrolled, but who have the skills to pursue post-secondary education
Data sources and methodology
The following cost analysis is based on caseload data and reports from the Family Independence Agency (FIA) and the Department of Career Development (DCD). The FIA report “Education and Schooling” includes data on the number and percentage of FIP recipients enrolled in community college or a 4-year degree program, the average hourly wages by education level for FIP recipients, and other data that provided the basis for most estimates in this analysis. FIA monthly caseload data, payment standards and budgeting methodology for the FIP program, Department of Career Development (DCD) monthly caseload data and the DCD “Report of Former Work First Participants” provide additional information used to estimate average FIP and Child Day Care costs per participant. Exact payment standards by shelter area, budgeting methodology and income limits for the FIP program are found in FIA’s Program Eligibility Manual (PEM) Items 515 and 518, and in Program Reference Schedules and Tables (PRT) Items 200 and 210. Limited information, including the percentage of students receiving federally funded Work-Study assistance and the percentage of students forced to drop out of school due to Work First work requirements or lack of child care, is derived from the Low Income Student Parent Survey, Appendix III.

Cost per year to expand 10-10-10 program from 12 months to 2 or 4 years
As outlined below, Michigan pays almost as much per year in FIP and Child Care subsidies for each parent who is not yet in their her year as it does for a parent participating in the 10-10-10 option, making the up-front cost of an expansion of the 10-10-10 program virtually negligible. Moreover, the ultimate cost to the state for a low-income parent to complete a degree is far greater under the current system than it would be under an expanded 10-10-10 policy. The higher costs under the current system result primarily from the additional time parents spend receiving several types of public assistance for the longer period it takes them to complete a degree.

We begin our estimate of the annual cost to expand the 10-10-10 option to 2 or 4 years with a comparison of the cost per FIP recipient in the 10-10-10 program to the cost per FIP recipient enrolled in a post-secondary education program but not approved under 10-10-10. We then estimate the annual cost of expanded approval for post-secondary education by applying the “per parent” cost to current or projected enrollment levels of FIP recipients in post-secondary education.
For students in the final year of a degree program, whose education is “approved” under the 10-10-10 program, FIA may pay slightly more in combined FIP and Child Day Care costs because students are permitted to reduce the number of hours they work per week to as few as ten. Reduced work hours generally mean reduced earnings and, thus, somewhat higher FIP grants. These recipients are also eligible to receive child care subsidies for time spent in class, but those education-related child care hours are offset by a reduction in child care for hours spent at paid employment. The reduction in employment-related child care hours may, in fact, be only partially offset by education-related child care hours because FIA will not pay for the hours a parent spends studying.

Many FIP recipients who are pursuing post-secondary education are not yet in their final year, and are therefore not eligible to participate in 10-10-10. These parents may continue to receive both FIP cash assistance and child care subsidies for hours spent at work. They do not, however, receive assistance with education-related child care and must continue to work at least 30 hours per week. The additional hours spent at work by parents not in their final year of school often means reduced FIP grants but higher child care subsidies.

The average FIP grant for a parent participating in 10-10-10 is approximately $409 per month. The average Child Day Care (CDC) assistance for the same parent is $346 per month, taking into account the proportion of parents who do not receive a child care subsidy from FIA, such as parents of teens and those who coordinate their school and work hours with their children’s time at school. Thus, the combined cost of providing FIP and child care for a parent participating in 10-10-10 is approximately $755 per month. The average FIP grant for a student parent not yet eligible for 10-10-10 is approximately $266 per month and the average Child Day Care assistance for the same parent is $441 per month, for a total monthly cost of $707 in FIP and CDC. Each month, then, Michigan pays $48 more for a parent enrolled in 10-10-10 than for a parent who is not eligible for 10-10-10. (Please see endnotes for complete calculations and assumptions.)
On an annual basis, students participating in the 10-10-10 program cost the state $9,063, as compared to $8,490 for FIP recipients pursuing post-secondary education who are not yet in their final year, a difference of $573 per parent, per year. (See Figure 3) Note that annual estimates slightly exceed monthly estimates multiplied by 12 months due to rounding.

In order to estimate the overall annual costs to expand the 10-10-10 program by 2 and/or 4 years, one can then simply multiply the additional annual per parent cost, $573, by the number of FIP recipients currently enrolled in higher education. As noted previously, FIA data indicate that approximately 2,700 FIP recipients are currently enrolled in a community college program and 1,600 in a 4-year program. Approximately 3,100 of these student parents are not in their final year (1,900 in community college and 1,200 in a 4-year college or university). Expanding the 10-10-10 program to include 2 years of school would therefore cost an additional $1.32 million per year. Expanding the 10-10-10 program to include 4 years of school would cost an additional $458,000 over and above the cost of a 2-year expansion, for a total additional cost of $1.78 million annually. (See chart in Figure 4.)
Figure 4

Annual Cost in FIP and CDC of Expanded 10-10-10 Program

<table>
<thead>
<tr>
<th>(1900 Community College students on FIP and not in final year) + 400) One third of 4-Year College or University students on FIP and not in final year*</th>
<th>$573</th>
<th>$1.32 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ \times \ $573</td>
<td>Annual cost of expanding 10-10-10 to 24 months</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>(1900 Community College students on FIP and not in final year) + 800 Two thirds of 4-Year College or University students on FIP and not in final year*</th>
<th>$573</th>
<th>$0.46 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ \times \ $573</td>
<td>Additional, annual cost of expanding 10-10-10 from 24 months to four years</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(1900 Community College students on FIP and not in final year) + 1200) 4-Year College students on FIP and not in final year*</th>
<th>$573</th>
<th>$1.78 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ \times \ $573</td>
<td>Total annual cost of expanding 10-10-10 to four years</td>
<td></td>
</tr>
</tbody>
</table>

* Assumes that either the 24 months would be limited to the last 2 years of the degree program or that, if not so limited, a roughly equal number of students would use the 10-10-10 program in their freshman, sophomore, or junior years.

**Net savings associated with supporting student parents currently enrolled in school, but not in their final year**

Michigan appears to pay $573 more each year for student parents participating in the 10-10-10 option than for student parents who do not qualify for 10-10-10. However, the overall costs to the state for student parents not in 10-10-10 are in fact **far greater when these parents are forced to interrupt or delay completion of their education** because the education is not approved for child care purposes or to satisfy FIP work requirements. The increased costs result when students must rely on FIA assistance for
longer periods of time while they are working toward their degree. Policies that provide increased support for parents to stay in school and complete higher education on time therefore result in net savings to the state.

Over 40% of student parents responding to the Low Income Student Parent Survey reported that they had to drop out of school at some point due to lack of financial support, their inability to simultaneously attend school and meet stringent work requirements, or lack of child care assistance for the time spent in school. No one knows how many more students were forced to drop out who have been unable to return. In addition, many students are likely forced to significantly delay completion of their education by attending school part-time in order to meet work requirements.

Michigan incurs increased costs when students who cannot use class time to meet their work participation requirements must rely on FIA assistance for a longer time while they are working toward a degree. A low-income parent usually continues to remain eligible for FIP and CDC each year she or he is in school but not eligible for 10-10-10, either because of the shortage of full time work for workers without higher education or because of the impracticality of working full time while attending school and raising children. The same parent generally will continue to remain eligible for work-related child care assistance even when working full time and not enrolled in school. Without completing post-secondary education the parent's earnings may be high enough to disqualify the family from receiving FIP, but are unlikely to be over the income limits for child day care subsidies. The following analysis examines the total cost to Michigan over several years for a low-income parent to complete a degree program under the current rules, as compared to an expanded 10-10-10 program.

Using the $9,063 per year FIP and Child Care cost figure from the previous section, if the 12-month limit on 10-10-10 were expanded to 2 years, the total cost to the state in FIP and child care assistance for a parent to complete a 2-year degree would be approximately $18,126. Under a further expanded 10-10-10 program, the cost for a parent to complete a 4-year degree program with no delays would be approximately $36,252. Unfortunately, most student parents are not able to complete a degree without some type of delay under Michigan's current system, which ultimately results in far higher costs to the state.
When a parent enrolled in a 2-year degree program temporarily discontinues her education even for a single year, the total cost to Michigan by the time she or he completes a 2-year degree program increases from $18,126 to $22,039. (See figure 5.) Assuming that 40% of parents interrupt their education for one year at a cost of $22,039, and 60% of parents complete a 2-year program within 2 years, at a cost of $17,553, then the average cost per parent who completes a 2-year degree program is approximately $19,347. Thus, over a three-year period, expanding 10-10-10 from one to two years would save Michigan at least $1,221 per student parent enrolled in a 2-year degree program. $1,221 is in fact an extremely conservative estimate as many parents are forced to delay or interrupt their education for longer than one year, resulting in higher savings under an expanded 10-10-10 program.

Figure 5

If a low-income student parent is forced to take 6 years to complete a 4-year degree program, the total cost to Michigan rises from $36,252 to $43,505. (See Figure 6.) Using the same methodology, if the 10-10-10 program were expanded from one to four years, Michigan would save $1,870 per student-parent enrolled in a 4-year program. These savings would be in addition to the $1,221 saved per parent who is enrolled in a two-year program.
At current enrollment levels, an expansion of 10-10-10 from one to two years would therefore save Michigan $2.32 million over three years.\textsuperscript{92} Assuming the savings are equally distributed each year,\textsuperscript{93} this translates into $773,000 every year.\textsuperscript{94} In addition to the savings realized by expanding from one to two years, an expansion of 10-10-10 from one to four years would save Michigan an additional $2.24 million over 6 years.\textsuperscript{95} Again, assuming equal distribution over a six-year period, the overall savings translate to approximate annual savings of $373,000 per year, over and above the savings that accrue to Michigan from a two-year expansion, for a total annual savings of $1.15 million each year.

Obviously, one cannot assume that every single parent who participates in 10-10-10 will complete a two or 4-year degree, even under an expanded program. Unfortunately, reliable data on completion rates for low-income parents enrolled in post-secondary education in states that support and encourage educational attainment is not yet available.\textsuperscript{96} However, because savings accrue on a per parent basis, an expanded 10-10-10 program results in savings to the state regardless of the overall completion rate.

Therefore, while a 2- or 4-year expansion of 10-10-10 appears, at first glance, to cost Michigan an additional $1.32 or $1.78 million per year, it in fact results in savings of $773,000 or $1.15 million per year by eliminating the additional costs to the state of parents delaying completion of their education.
Savings associated with supporting parents with the skills to pursue post-secondary education who have not yet enrolled or who were forced to drop out

Even when low-income families are able to increase their earnings so that they no longer qualify for FIP cash assistance, many continue to qualify for child day care, food stamps and/or Medicaid because of their low wages. Many of these parents want very much to complete their education so they can care for their families without relying on public assistance. Unfortunately, when a low-income parent cannot complete higher education, it ultimately costs Michigan far more to support that parent over many years of low-wage work than it does to assist her in completing a degree over the short term. The chart below (Figure 7) shows the average annual public assistance costs (FIP, Child Day Care and the state’s share of Medicaid) per household for several different types of households, including former FIP recipients, current FIP recipients who are not in school and FIP recipients who are in school.97

Figure 7
While the annual cost to support a household headed by a parent in low-wage work is slightly less than the annual cost to support a parent in education, the chart below shows that the cost to support a parent in low-wage work is far greater over the long term.\textsuperscript{98} (See Figure 8.)

**Figure 8**

![Long Term Public Assistance Costs per Household](chart)

* Assumes $7 an hour at 30 hours per week
** Share for adult only; Also includes an additional year of Transitional Medicaid Coverage

**Savings associated with providing Child Day Care assistance to student parents who do not receive FIP**

The majority of this cost/benefit analysis has focused on those parents already receiving FIP while pursuing post-secondary education. However, approximately 2/3 of surveyed student parents did not receive FIP, but rather only received some form of non-cash assistance, such as Food Stamps, Medicaid or Child Day Care. Many responses from student parents indicated that if FIA would only provide assistance with child care during class time, they would not need any additional assistance. Unfortunately, Family Independence Agency and Department of Career Development policies prohibit even those working parents who do not receive FIP, and are therefore not required to participate in the Work First program, from receiving any Child Day Care assistance until they are in the final year of their degree program.

Unfortunately, these parents may also delay, interrupt or discontinue their higher education because they cannot pay for child care themselves and they are not eligible for education-related child care assistance until the final year of their program. As with FIP recipients, it ultimately costs Michigan far more to support a parent over many years of low-wage work
than it does to assist her in completing a degree over the short term. The chart below shows the average Child Day Care costs per household for parents working at low wages versus parents who receive child care assistance for work and school. As with the estimates in earlier sections, all CDC figures incorporate a 67% take-up rate, taking into account those parents who do not require child care assistance because they have older children, family members who provide child care for free, or other circumstances.

Figure 9

![Bar chart showing long-term child day care costs per household](image)

Clearly, the financial savings to Michigan far outweigh any cost to support parents in their pursuit of self-sufficiency through post-secondary education. Over the long term, Michigan would save millions in child care assistance not paid out. More immediately, an expansion of 10-10-10 to at least 2 years would actually save the state approximately $2.32 million every 3 years, even after taking into account the up-front $1.32 million cost of an expansion. An expansion from one to four years would save an additional $2.24 million over 6 years. While it may seem counterintuitive that an expansion would actually result in fewer dollars paid out, the savings in fact result from shortening the time in which parents prolong, delay or interrupt their education. As noted earlier, the combined annual FIP and child care costs are not significantly different for a parent participating in 10-10-10 and a parent not eligible for 10-10-10. Therefore, each additional year a parent must attend classes part-time or drop out of school for a semester to meet work requirements simply drives up the total cost to the state.
How can Michigan ensure that recipients can leave and stay off welfare? — Policy Recommendations

1. Promote post-secondary education as a path out of poverty to lifelong economic self-sufficiency
   - review and adopt programs and practices used by other states to encourage educational attainment by recipients
   - encourage clients who choose education as an option for making transition to work
   - train workers to understand how educational options promote labor force attachment for long term self sufficiency
   - require workers to include education in Individual Service Strategy planning for Work First participants’ long term self-sufficiency

2. Increase ability of recipients to count education as work activity
   - eliminate the final year requirement and allow participants to choose which months or semesters of an education program to count toward work requirements
   - eliminate 12 month limit on post-secondary education that counts toward work requirements
   - eliminate the lifetime limit policy of allowing either 6 months of short term vocational training or 12 months of higher education
   - eliminate the requirement that students work 10 hours before allowing education to count as work activity

3. Promote and expand access to high quality licensed child care
   - expand investment in preschool and afterschool programs
   - increase payments to meet market costs of quality licensed child care and adjust subsidy rates annually
   - provide student parents with written information about their rights to child care subsidies and provide immediate access to child care subsidies on application
provide child care subsidies for both class time and study time
expedite payments to child care providers

4. Improve communication and information delivery regarding educational options within both FIA and Work First agencies
provide a single set of joint guidelines for caseworkers of both agencies
include information on all educational options in orientation sessions
notify clients of educational options annually
develop and distribute written materials and pamphlets that encourage education and provide information about education options
educate case workers on the relationship between education and self-sufficiency so that they are able to present it as an option when appropriate
offer education and employment as equivalent first steps to economic independence and security

5. Increase supports for recipients working on degrees/certificates, etc.
provide supportive services in connection with education (e.g. car repair or car purchase assistance)
do Medicaid and Food Stamp outreach to student parents to ensure participation by eligible families
support increases and expansion of programs that provide subsistence assistance (e.g. food, medical assistance)
promote Work-Study options as work hours for students

6. Continue Michigan policy of not enforcing TANF 5 year lifetime limit

7. Evaluate outcomes of recipients, comparing those who did or did not access post-secondary education in relation to labor force attachment
APPENDIX I

Federal Law on Post-secondary Education for Parents Receiving Public Assistance
**Temporary Assistance to Needy Families (TANF)**

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), created the Temporary Assistance for Needy Families (TANF) block grant that funds Michigan’s FIP cash assistance program. Under the TANF program, states have broad discretion to design the eligibility rules for their family cash assistance programs. The federal TANF law does not impose any requirements that directly control the state’s ability to approve or support post-secondary education for FIP recipients and other low income families in Michigan. However, several provisions have had an indirect impact on states’ policies regarding education for cash assistance recipients.

**Counting education as work activity for purposes of meeting work participation requirements under TANF**

PRWORA established work participation rates for states to meet, defined the types of activities that could count as work participation, and provided a caseload reduction credit that allowed states to meet their work participation rates by reducing the number of families receiving cash assistance. The act provided financial incentives for states to meet the participation rate.

The work participation rates and the number of hours that parents must engage in countable activity to be counted toward the rate have increased incrementally since PRWORA’s enactment. In 2001, 45% of families receiving TANF-funded cash assistance must be participating in countable work activities at least 30 hours per week, and in 2002 the rate will go up to 50%.¹⁰¹

Under PRWORA, post-secondary education may be counted as work activity for no more than 12 months, for purposes of determining the state’s participation rate, and it may only be counted if it is “vocational educational training.”¹⁰² The work participation rates and the definition of what would count as work participation under PRWORA may have initially discouraged states from supporting or encouraging post-secondary education for parents receiving TANF-funded cash assistance.

However, because of the dramatic reduction in the number of families receiving cash assistance in Michigan, Michigan has been able to meet its work participation rate requirements based solely on the caseload reduction credit, without regard to the number of
parents who are engaged in activities that count as work participation. Therefore, Michigan would not suffer any financial penalty and would not be out of compliance with the federal work participation rates even if it removed all limits on counting post-secondary education as work.

**Five year lifetime limit on TANF-funded cash assistance**
PRWORA prohibits states from providing funded TANF-funded cash assistance to families for more than 60 months.

Low income parents who pursue post-secondary education as a means of acquiring education and skills needed to achieve longer term self sufficiency may need cash assistance for more than 60 months while they are attending school, particularly if they must first complete secondary education or if they are required to work full or part time while they attend school. Therefore, states that encourage low income parents to pursue post-secondary education may have to use state funds to assist those parents while they are in school. If, however, students are able to complete their degrees in the normal time of 2 to 4 years, they would not exceed the 60 month TANF limit.

**Food Stamps**
Eligibility for Food Stamps, unlike TANF, is tightly controlled by federal law. Federal Food Stamp law contains two provisions which encourage or reward low income parents who pursue education. First, the law exempts parents of very young children and single parents with any child under age 12 from the general rules that prohibits students from receiving Food Stamps unless they are working 20 hours per week. Second, the law exempts individuals who are enrolled in education at least half time from work-related penalties. Taken together, these provisions reflect Congress’s intent to maintain a strong nutritional safety net for low income parents who pursue education as a means to improve the economic well-being of their families.
Qualifying for Food Stamps as a student parent
The federal Food Stamp Act generally prohibits students from receiving Food Stamps if they are enrolled half-time or more in post-secondary education, unless they are working 20 hours a week. However, the Food Stamp Act specifically allows parents to receive Food Stamps while they are enrolled in post-secondary education, without meeting a work requirement, if they are:

§ Responsible for the care of a child under age 6 OR
§ A single parent enrolled fulltime in post-secondary education and responsible for the care of a child under age 12.

Exemption from work-related Food Stamp penalties for student parents enrolled in education
In general, the federal Food Stamp law disqualifies parents from receiving Food Stamps if the parent quits, reduces, or refuses work without good cause. However, individuals who are “enrolled at least half time in any recognized school, training program, or institution of post-secondary education” are exempt from work-related Food Stamp penalties. Thus, many low income parents in post-secondary education will be exempt from Food Stamp work penalties.
Appendix II

CFITE Low Income Student Parent Survey

Respondent Information
Demographic Details of Survey Respondents

College Enrollment Status
83 Currently enrolled
10 Formerly enrolled
5 Trying to enroll

Colleges and Universities attended by respondents:

<table>
<thead>
<tr>
<th>Baker College</th>
<th>Michigan State University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Michigan University</td>
<td>Mott Community College</td>
</tr>
<tr>
<td>Davenport University</td>
<td>North Central Michigan College</td>
</tr>
<tr>
<td>Eastern Michigan</td>
<td>Oakland Community College</td>
</tr>
<tr>
<td>Ferris State University</td>
<td>St. Clair Community College</td>
</tr>
<tr>
<td>Glen Oaks Community College</td>
<td>University of Michigan – Ann Arbor</td>
</tr>
<tr>
<td>Lansing Community College</td>
<td>University of Michigan – Flint</td>
</tr>
</tbody>
</table>

Total Program Length
47 2 years or less
51 3 years or more

Enrollment
Enrolled in 61 different programs or majors

Family Composition:
79 Single parents
19 Two-parent households
In all households (single and dual parent)
59 with a child under age 6
7 with a child under age 1
8 with all children over age 12

Type of help received from FIA:
83 Medicaid
65 Food Stamps
33 Cash (Family Independence Program)
44 Child Care Subsidy
Status in Program:
30  In 1st year
63  Within 1 year of graduation
14  In the middle
Appendix III:

CFITE Low Income Student Parent Survey

Instrument
Questionnaire for Low Income Parents:
What’s happened to you when you’ve tried to get higher education?

This questionnaire is being distributed by the Center for Civil Justice with help from local agencies, community colleges, and universities. The Center for Civil Justice is a non-profit law firm working to expand educational opportunities for low-income parents. Completing this form will help us gather information about your experiences as a student parent with the Family Independence Agency (FIA) and Work First (WF).

Responding to this questionnaire is voluntary. If you do not wish to answer a particular question, please skip it.

The first part of this questionnaire asks you questions that simply require you to check yes or no or circle a phrase. The second part gives you space to elaborate on your experiences. It will take only 5 – 10 minutes to complete the questionnaire.

We designed the survey procedures to ensure your anonymity. All reports will be based on data aggregated so that it will not be possible to identify any individual respondent. All material will be kept confidential.

If you have questions about the questionnaire or would like to talk about the questions asked, contact the Center for Civil Justice, 320 S. Washington, 2nd Floor, Saginaw, MI 48607; email jdoig@ccj-mi.org; (800)724-7441.

I. General Information

Today's date: _____/_____/_____

Circle your college enrollment status:  currently enrolled / formerly enrolled / trying to enroll

Name of university or college: __________________________________________

Your year in program and length of program (e.g. 2nd year of 2-year program, 1st year in 4-year program): What Year are you in? _______ Total Program Length: ________

Your major or program: _________________________________________________

Age(s) of your child(ren): _____________________________________________

Are you in a one- or two-parent household? _____One-parent _____Two-parent

Type of help received from FIA: (check all that apply): _____Medicaid, _____Food Stamps _____cash (Family Independence Program), , _____child care subsidy

II. Your experiences with FIA — the Family Independence Agency
(Note: The Family Independence Agency is the agency responsible for determining your eligibility for cash and non-cash assistance and for approving and processing child care subsidy. This is not the agency that runs job search programs).

How many hours per week has your FIA caseworker said you must work in order to receive benefits? ________ hours per week

How many hours per week do you work? ______ hours at $_____ per hour

A. Information about Education

(2) Has your FIA caseworker volunteered any information about counting education hours, including any required internships you might have, towards meeting your work requirements? ____Yes ____No

(3) Have you asked FIA about your options for counting hours in class towards work requirements? ____Yes ____ No

(4) Has your FIA worker told you that you can use 10 hours of class time and 10 hours of study time combined with 10 hours of employment to meet your work requirements in full, under certain circumstances? ____Yes ____No

Has your FIA worker told you that you can use a full-time internship to meet your work requirements in full, under certain circumstances? ____Yes ____No

B. Information about child care

(6) Have you been able to get FIA child care payments to cover your hours at work? ____Yes ____No

(7) Have you been able to get FIA child care payments to cover your hours in class? ____Yes ____ No

(8) Have you been able to get FIA child care payments to cover hours traveling to and from work, school, and child care? ____Yes ____No

(9) If you have work-study: Have you ever had a problem using hours spent in a work study job to meet your work requirements? ____Yes ____No

If yes, when did this happen? _________________________________

III. Questions about Work First “Orientation”

(10) Have you attended a joint FIA/Work First orientation? ____Yes ____No
(11) Approximately when did you last attend a joint FIA/Work First orientation?
_________________________

(12) What comments, if any, were made at the orientation about using education and
training to meet work requirements? Check all that apply
_____ No information given in presentation
_____ Information given about possibility of counting some hours in last year of a 2-year
or 4-year program
_____ Information about counting full-time internships as meeting requirements in full
_____ Information about fully meeting requirements by working 10 hours per week
while pursuing education (10/10/10 program)
_____ Presenters said education is disallowed

(13) If you were in school, were you told that you did not have to miss school to attend
orientation?   ____Yes ____No

IV. Questions about your experience with Work First or Job Search
(Work First is the program that runs job readiness and job search programs for FIP
recipients)

(14) At Work First, how many hours per week were you told you have to work? _______
hours per week

(15) Did a Work First staff member volunteer any information about counting your education
hours towards your work requirement?___Yes ___No

(16) Have you asked about counting your education towards work requirements? ___Yes
___No

(17) Did Work First staff inform you that you could meet requirements in full by combining a
job of 10 hours per week with education, in some circumstances? ___Yes ____No

(18) Did Work First staff inform you that a full-time internship could meet work requirements
in full, in some circumstances? _____Yes_____No
(19) Did your worker approve your education program? ____Yes ___No

(20) Did your worker write your education program into your Individual Service Strategy (ISS) document? ___Yes ___No _____Don’t know

(21) Did your Work First worker ever tell you that work study jobs could not count towards your work requirement? ___Yes ___No

V. Questions about leaving school
(22) Did you ever have to drop out of college for any of the following reasons (check all that apply):
   _____ I could not find adequate and reliable child care
   _____ FIA denied or took too long in processing child care payments
   _____ I could not meet work requirements and go to school at the same time
   _____ FIA or Work First said I was not eligible for benefits if I attended college
   _____ Work First would not approve my education program

VI. Questions about your general experience

(23) What general message have you received about education from Orientation, FIA, and Work First?
(24) Please tell us anything else you can about your experience trying to go to school while on assistance. What do you feel are the biggest obstacles you have faced, and what has helped you?

What is the most important thing that FIA or Work First could do to help you go to, or stay in a higher education program?

Please return by February 15, 2001 to either the person that gave this questionnaire to you or to the Center for Civil Justice, 320 S. Washington St. 2nd Floor, Saginaw, MI 48607.

Thank you very much.


3 Reeves, 1999.


According to this study, which was contracted by the Michigan Department of Career Development and the Family Independence Agency, less than half of the families who leave welfare for work report that they are better off in terms of their household income. Less than 1/3 report being better off in terms of their housing conditions, their food and nutrition needs, and the health care needs of both their children and themselves. More than half of the families could not pay their mortgage, rent, or utility bill at least once in the previous year.


FIA makes Medicaid eligibility decisions for most low income families, under an agreement with the Michigan Department of Community Health, which is the single state agency responsible for administering the Medicaid program in Michigan.

Passage of 2001 Public Acts 280, effective March 22, 2002, may modify some of the work first requirements, including the hourly work requirements and the definitions of "approved educational programs." At the writing of this report it is not yet clear how these changes will be administered by the agencies affected.

Parents do not have to work a required number of hours in order to receive assistance for themselves or their children under the Food Stamp, Medicaid, or Child Day Care programs.

Family Independence Agency Program Eligibility Manual (PEM) Item 230A


The survey and this report focus on parents enrolled in colleges and universities, however, other forms of education can also be counted as work activity. Parents who are attending very short-term vocational programs that take no more than 6 months to complete and require 30 hours per week of class time may fulfill FIP work requirements also. In addition, class time and study time in a 1 year or less program may be counted under the 10/10/10 option #2 in the text, above.

The FIA policies are contained in PEM Item 230. DCD Policy is contained in their Office of Workforce Development (OWD) Policy Issuance 01-06, which replaced OWD Policy Issuance 99-27.

Applicable policies conflict; for example, under federal Food Stamp law a parent who is attending school at least half time will not be penalized for reducing work hours. However, a student parent receiving Food Stamps but not FIP will be unable to receive Child Day Care assistance if she reduces work hours.

An exception exists for parents who cut back hours but do not reduce their earnings \textit{i.e.} those who reduce work hours at the same time as they get a raise or find a higher paying job. See OWD Policy Issuance 99-45 Change 1.

FIA policy on the types of the situations for which parents may obtain child day care (CDC) assistance in connection with activities other than paid work are contained in PEM Item 703. In addition to the post-secondary education discussed in this report, FIA provides CDC to teen parents finishing their secondary education and in connection with some other remedial or vocational education programs. CDC also is available in connection with some types of family preservation activities, for children at risk for child neglect or abuse. See PEM Item 703.

See FIA form # 4749 (Rev. 3-00).

A grandfather clause allows FIA to continue providing Child Day Care assistance only for education approved by FIA prior to August 2001.


1999 Public Acts 120 section 303(12) (Department of Career Development Appropriations Act) and 135 (FIA Appropriations Act) section 646(1).

2000 Public Acts 292 section 305(12) (DCD) and 294 Section 630(1) (FIA) and 2001 Public Acts 80, section 311(11) (DCD) and 82, section 630(1) (FIA)


PEM Item 229 p. 4.


In Washtenaw County, in Southeast Michigan, the average annual cost for one full time infant at a licensed center is $7,577 or $631 per month(Childcare Network, April, 2001), thereby leaving low-income parents with few options: paying out of pocket for the cost differential or seeking less expensive, but unregulated, informal care.


PEM Item 230, pp. 10 and 29 (issued 4-1-2001). FIA policy also incorrectly states that a 2 parent family receiving child care assistance must work 20 hours in addition to participation in a full-time internship, PEM Item 230 p. 29, although DCD policy states that such families need only work the additional hours needed to total 55 hours per week in combination with the internship hours.


Michigan Compiled Laws Annotated 400.57d.


PEM Item 230 pp. 9 & 29, OWD Policy Issuance 01-38.


Institute for Human Services Research (2001), p. 6


A copy of the survey instrument is attached as Appendix III.


See also Kahn and Polakow 2000.

A summary of information about the respondents is attached as Appendix II.
See FIA form # 4749 (Rev. 3-00). Under current policy, however, FIA no longer is able to approve education and student parents will only receive FIA Child Day Care assistance for time spent in education if the education is approved by the MWA under the stringent limits that apply to counting education as work activity for FIP recipients who must meet hourly work activity requirements. PEM Item 703 (rev. 8/01).


Federal legislation stipulates that clients are limited to a total of five years of federally funded TANF benefits in a lifetime and that even limited cash benefits count towards this limit. States, however, may fund benefits entirely from their own funds, and receipt of state-funded benefits does not count against the five year limit on federal funds. States that assist parents in education with state funds thus "stop the federal TANF time clock" and preserve student parents’ ability to draw on their limited federal benefits at other times.

See discussion of the benefits of post-secondary education on self-sufficiency in the introduction.


The cost estimates in this report do not include programs such as Food Stamps that are entirely federally funded.


Reeves, 1999.

FIA Fiscal Year 2000 caseload data


Assume a 67% take-up rate for the Child Day Care program based on responses from surveyed student parents. Parents who did not receive CDC assistance were more likely to have older, school-age children for whom child care was not required: $6696 x 0.67 x 1270 = $5,742,486.60
Average expected earnings of a parent on FIP completing a post-secondary degree program. See Figure 2.


This analysis focuses exclusively on FIP and Child Day Care costs, in large part because these two programs represent approximately 95% of the cost of the 10-10-10 program. The remaining five percent, the state’s share of Medicaid, which is approximately $880/year for a non-disabled, non-senior adult, has a negligible impact on either cost or savings resulting from an expansion because the cost to provide Medicaid to is exactly the same, regardless of a parent’s year in school.

Overall, FIA does pay slightly more in FIP for parents in their final year. However, the difference is far less than one might expect due to the impact of federal financial aid on FIP benefits. Many FIP recipients who are working more hours because they are not yet in their final year of college nevertheless receive the maximum FIP grant because they are employed at Work-Study jobs that are part of their federal financial aid package, including Pell Grants and Stafford Loans, to cover the cost of tuition, fees, books and other education-related expenses. Because the amount of financial aid a student receives is based solely on the student’s education-related costs and does not take into account other expenses, such as caring for children, federal law prohibits financial aid from being considered when determining eligibility for any federally funded benefits. 20 U.S.C. 1097(u).

Approximately 57% of surveyed students who were currently enrolled in post-secondary education were employed at Work-Study jobs, which typically provide other important benefits for student parents, such as work experience in a field directly related to the student’s educational program and jobs located on or close to campus with schedules geared to their educational demands.

Currently, parents caring for a child under age 6 must work a minimum of 20 hours per week. Starting April 1, 2002, however, all parents, regardless of their child’s age, will have a 40 hour work activity requirement, forcing parents not yet in their final year to work 40 hours per week in addition to time spent in class. See 2001 Public Acts 280, Section 57(e).

All estimates in this section use an average household size of 3, consisting of a single parent with 2 children.

Estimate assumes 10 hours per week of work at $6.11 per hour during months in school, 29 hours per week of work during summer months not in school, and 43% of student parents not enrolled in summer school, based on average wages and summer school enrollment data: Education and Schooling December 2000, Report SC-2000-4: The Survey Center, Office of Quality Assurance, Budget, Analysis and Financial Management, Michigan Family Independence Agency. Also assumes 57% of students receive federally funded Work-Study, based on data from the Low Income Student Parent Survey.

Assumes two thirds (67%) of student parents use FIA Child Day Care assistance, based on data from the Low Income Student Parent Survey, at an average cost of $516 per month per family using the CDC program. For parents who receive child care subsidies assumes 27 hours of care per week 10 hours of work, 12 hours of class time and 5 hours commuting time at $1.84 per hour for months in school. Also assumes 43% of student parents are not enrolled in summer school, based on data in Education and Schooling, and, for months not in school, an average cost per hour of care and average hours of care from FIA FY 2000 caseload data.

71
75 Assumes 29 hours of work at $6.11 per hour, per average wage and average hours of work from Education and Schooling December 2000, Report SC-2000-4: The Survey Center, Office of Quality Assurance, Budget, Analysis and Financial Management, Family Independence Agency. Assumes 57% of students employed through federally funded Work-Study, based on the Low Income Student Parent Survey data.

76 Assumes 29 hours of work and 5 hours commuting time at $1.84 per hour. Also assumes 43% of student parents are not enrolled in summer school per Education and Schooling. Average cost per hour of care and average hours of care from FIA FY 2000 caseload data. Average hours worked from FIA report Education and Schooling, December 2000, Report SC 2000-4.

77 Annual estimate of $9,063 slightly exceeds monthly estimate multiplied by 12 ($755 in FIP and Child Day Care x 12 months = $9,060) because costs are not rounded to the nearest dollar when computing annual figures.

78 Annual estimate of $8,490 slightly exceeds monthly estimate multiplied by 12 ($707 x 12 months = $8,484) because costs are not rounded to the nearest dollar when computing annual figures.


80 Cost based on all 1900 community college students plus one-third of 4-year college students not in their final year, for a total of 2300 students x $573 per year = $1,317,900

81 Cost based on remaining 2/3 of 4-year college students not in their final year, for a total of 800 students x $573 = $458,400.

82 The additional cost to expand 10-10-10 from 2 to four years is less than half the initial cost to expand 10-10-10 from 1 to 2 years because 63% of FIP recipients in post-secondary education are enrolled in a community college program, whereas only 37% of FIP recipients in post-secondary education are enrolled in a 4-year degree program.

83 Child Day Care assistance is provided on a sliding scale to parents whose incomes fall below about 185% of poverty approximately $26,000 per year for a family of 3.

84 Average annual cost in FIP and Child Day Care assistance for a parent enrolled in 10-10-10 is $9063 (see Cost to Expand 10-10-10), multiplied by 2 years = $18,126

85 $9063 x 4 years = $36,252

86 $8,490 (yearly FIP and CDC costs while in school but not in final year) + $4,486 (average yearly Child Day Care costs for low-income parent working full time at a 67% take-up rate) + $9,063 (yearly FIP and CDC costs while in school and in final year) = $22,039

87 $8,490 (yearly FIP and CDC costs while in school but not in final year) + $9,063 (yearly FIP and CDC costs while in school and in final year) = $17,553

88 [$22,039 x 0.4] + [$17,553 x 0.6] = $19,347
$19,347 (average current cost) - $18,126 (total cost under an expanded 10-10-10 program) = $1,221.

[$8,490 (yearly FIP and CDC costs while in school but not in final year) x 3 years] + [$4,486 (average CDC costs for low-income parent working full time) x 2 years] + $9,063 (yearly FIP and CDC costs while in school and in final year) = $43,505

Assumes 40% of student parents in 4-year programs interrupt their education for two years for a total cost of $43,505 over 4 years and 60% of parents complete a 4-year program within 4 years for a total cost under current rules of $34,533 over four years, yielding an average cost under current system of $38,122. Total cost under an expanded 10-10-10 program would be approximately $36,252 over 4 years. (See earlier section: *Cost per year to expand 10-10-10 Program from 12 months to 2 or 4 years*) The net savings per parent over a six-year period are therefore $1,870.

$1,221 x 1900 students = $2,319,900 net savings over 3 years

It is unlikely that the overall savings will be equally distributed during the first several years of an expanded program. However, because state budgets operate on an annualized basis, and therefore require an estimate of annual cost/savings, an equalized distribution is the closest available approximation of annual cost.

$2,320,000 ÷ 3 years = $773,333 per year

$1,870 x 1200 students = $2,244,000 net savings over 6 years

The Maine Parents as Scholars, or PaS program, recently completed an evaluation of the program’s impact among low-income student parents. Data from that program, including completion rates, is forthcoming.

See note #69.

Public assistance for 10 years of low wage work computed based on 10 years x $4,486, which is the average yearly CDC subsidy for a low income parent working full time at a 67% take-up rate.

See note #98.

There is an $573 per year, per parent difference. See earlier section: *Cost per year to expand 10-10-10 Program from 12 months to 2 or 4 years*.

42 U.S.C. 607(a).

42 U.S.C. (c) and (d). PRWORA does not define vocational educational training. No more than 30% of the families may be counted as meeting work requirements based on vocational educational training or teen parent participation in secondary education. Id. at 607(c)(2)(D).

7 U.S.C. 2015(e).

7 U.S.C. 2015(d)(1). Note that some parents will be exempt from work penalties based on disability, age, child-caring responsibilities, etc., or will have good cause for quitting, reducing, or refusing work.
Unlike FIP, the Food Stamp program does not have hourly work requirements. However, if a family is receiving both Food Stamps and FIP, and the family’s FIP is reduced or terminated due to noncompliance with FIP/Work First work requirements, FIA will budget the family’s Food Stamps as if they were continuing to receive the previous FIP grant, for one month after the FIP is reduced or terminated.