Endnotes


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, 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


40 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.


42 Michigan Compiled Laws Annotated 400.57d.


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


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


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


51 See also Kahn and Polakow 2000.

52 A summary of information about the respondents is attached as Appendix II.
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. 1097uu.

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.
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.

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.

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.

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.


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

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.

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.

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.

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

$9063 x 4 years = $36,252

$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

$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

[$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.