

The Welfare Law Center's

Testimony Before the Assembly Standing Committee on Social Services

Submitted July 7, 2005

Regarding the Role of Education in Helping Low-Income Families Become Economically Self-Sufficient

This testimony is being submitted by Brooke Richie, a Skadden Fellow at the Welfare Law Center. The Welfare Law Center is a national law and policy organization dedicated to ensuring social and economic justice for the most disadvantaged members of society. The organization promotes systemic reform in the delivery of income support and related human services, safeguards important legal and constitutional rights of the poor, and supports civic participation and self-help efforts in low-income communities. To that end, the Center provides legal advocacy, impact litigation, policy analysis, community education, advocacy training, and national leadership to promote fairness and opportunity for those in need.

My comments address the role that adult education plays in helping low-income families and families transitioning off welfare become economically self-sufficient. In addition, I will suggest recommendations, based on research of other states' policies, for how New York can better ensure that low income families attain the education needed to become economically self sufficient.

I. Introduction

Welfare reform has not been a success in New York. Although caseload reduction is often pointed to as a measure of the success of welfare reform's "work-first" emphasis, this measure is specious at best. At worst, it hides the reality that the economic position of welfare leavers and low-income families has been steadily deteriorating for the past five years.

At the same time that policy makers are celebrating some of the lowest welfare caseloads since the 1996 passage of the federal TANF block grant, the country is also experiencing its highest poverty rate since welfare reform began a decade ago.¹ Even more troubling, not only are more people becoming poor, but poor people are falling deeper into poverty.² Research also indicates that the annual average earnings of low-income workers has been falling steadily since 2000, suggesting that welfare reform has not been effective in providing welfare leavers entering

¹ "Table B-1: Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2003," *Income, Poverty, and Health Insurance Coverage in the United States: 2003*, US Census Bureau: Current Population Reports, August, 2004

² The *poverty gap* is the amount by which the incomes of poor families fall short of the poverty line. While the per-person poverty gap in 1999 was \$4,024, by 2003 it had increased to \$4,206; Broaddus, Matthew, and Arloc Sherman, "Table 16: Impact of Cash and Non-Cash Benefits on Poverty Gap – All Persons," *Poverty, Income, and Health Insurance Coverage Tables*, Center on Budget and Policy Priorities, May, 2005

the workforce with the tools necessary to ensure sufficiently high wages.³ Finally, there continues to be a significant proportion of individuals who leave welfare, but are not working.⁴

Over the long term, positive outcomes depend on helping low-income individuals remain employed and earn higher wages. The correlation between education and employment, and education and better wages is well established.⁵ Most commonly however, individuals on welfare lack the skills and flexibility to find and maintain a job that will pay high enough wages to enable their economic stability.

II. The Role of Education in Ensuring Self-Sufficiency

Lack of Education is Associated with Increased Poverty

The importance of education in helping to reduce poverty cannot be overstated. Studies have consistently shown that the more educated a person is, the less likely she is to be poor. In New York for example, an individual without a high school diploma or GED is almost six times more likely to be low-income than an individual with a college degree. Conversely, while almost four-fifths (79%) of individuals living above 300% FPL had a college degree, less than one-fifth (19%) of those individuals had less than a high school diploma or GED.⁶

Among the welfare population in New York, this difference has been even more drastic. Only 50% of TANF recipients in 2002 had completed high school or its equivalent, and less than one percent (.6%) had more than 12 years of schooling.⁷

Higher Levels of Education Associated with Higher Earnings

The more educated an individual is, the more competitive she is for jobs that pay higher wages and offer benefits. Earnings differences among workers with different levels of education have always been stark. For example, in 1975, a full-time, year-round worker with a bachelor's degree earned 1.5 times more in one year than a worker with only a high school diploma.⁸ By 1999, this ratio had risen to 1.8.

During the same period, the relative earnings of the least educated workers fell. While in 1975, full time, year round workers without a high school diploma earned .9 times the earnings

³ Between 2000 and 2003, average earnings for low-income workers fell by approximately 5%, a change that researchers have found statistically significant at the 95% confidence level; Acs, Gregory, et al., "How Have Households with Children Fared in the Job Market Downturn?" Urban Institute, April 2005, pg. 4

⁴ According to a study of welfare leavers conducted by the Manpower Development Research Corporation in 2002, almost two-fifths (36%) of people leaving welfare did not work in the months following their exit; Miller, Cynthia, "Leavers, Stayers, and Cyclers: An Analysis of the Welfare Caseload," Manpower Development Research Corporation, November, 2002

⁵ Greenberg, Mark, et al., "State Opportunities to Provide Access to Post-Secondary Education Under TANF," Center on Law and Social Policy, February, 2000, p. 2

⁶ Safir, Adam and Harold Leibovitz, "Table 3: Family Income Distribution of the Nonelderly Population, by Race/Ethnicity, Family Structure, and Education," *State Profile of New York: Data from the 2002 National Survey of America's Families*, Assessing the New Federalism, Urban Institute, June 2004

⁷ "Table 10:26: Percent Distribution of TANF Adult Recipients by Educational Level, FY2002," TANF Sixth Annual Report to Congress, November, 2004

⁸ "The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings," *Current Population Reports*, US Census Bureau, July, 2002, p. 2

of workers with a high school diploma, by 1999, they were earning only .7 times the average earnings of high school graduates.⁹

It remains true that each successively higher education level is associated with an increase in earnings. According to Census data from 2003, high school drop outs who worked full time and year round earned almost \$10,000 less per year (\$18,800) than the median salary of high school graduates (\$27,900), little more than half the median salary of individuals with an associate's degree (\$35, 900), and approximately one-third of the median income for college graduates (\$51,200).¹⁰

These earnings differences compound over one's lifetime. Over a work-life, individuals who have a bachelor's degree would earn on average \$2.1 million – about one-third more than workers who did not finish college, and nearly twice as much as workers with only a high school diploma.¹¹

Various studies have found similar patterns. For example, a 2003 study of welfare recipients in California's community colleges found that the more education CalWORKS students attain, the greater their earnings, even for those who entered college without a high school diploma or GED. Those who obtained an associate degree saw their post-college earnings increase dramatically from their pre-college levels (from about \$4,000 annually to nearly \$20,000).¹²

And a 2002 study of the Maine Parents as Scholars program—which supports welfare participants while they complete a two- or four-year degree—found that graduates increased their hourly median wages from \$8.00 before college to \$11.71 immediately after college—a 46 percent increase.¹³

Higher Levels of Education Associated with Greater Labor Force Attachment

Labor force participation increases with the level of educational attainment. In 2005 for example, the labor force participation rate among individuals 25 years or older without a HSD or GED was only 45.3%, whereas the participation rate for those with a HSD or GED was almost 20 points higher (63.2%). The participation rate for individuals with some college or an associate's degree was 73.1%, and the rate for individuals with a 4-year degree or more was 77.4%.¹⁴

Education is a critical factor in determining which welfare leavers worked upon exit and which did not – the percentage of leavers not working at exit who did not have a HSD or GED

⁹ Id.

¹⁰ "Earnings in 2003 by Educational Attainment of the Population 18 Years and Over, by Age, Sex, Race Alone, and Hispanic Origin: 2004," *Current Population Survey*, US Census Bureau, March 2005

¹¹ These estimates are *synthetic life estimate*. They represent what individuals with the same level of education could expect to earn in today's dollars, over the course of a hypothetical 40-year work life. Synthetic life estimates of work life earnings dramatically illustrate the differences that develop between workers over the course of their working lives; *Supra* note 8.

¹² Strawn, Julie, et al. Report from the Chancellor's Office of the California Community Colleges and the Center for Law and Social Policy, 2004.

¹³ Smith, Rebekah, et al, "Parents as Scholars: Education Works, Outcomes for Maine Families and Implications for TANF Reauthorization," Maine Equal Justice Partners, 2003

¹⁴ "Table A-4: Employment Status of the civilian population 25 years and over by educational attainment," *The Employment Situation: May, 2005*, Bureau of Labor Statistics, US Department of Labor, May, 2005

was 15 percentage points greater than those who were working at exit (55 v. 40).¹⁵ Additionally, high school dropouts are significantly less likely than people with bachelor's degrees to work full time and year round (65% v. 77%).¹⁶ In 2003, only 1.7 percent of college graduates were counted among the working poor, compared with 14.1 percent of people with less than a high school diploma.¹⁷

An Oregon study found that only 52 percent of former TANF recipients with less than a high school diploma were employed at the end of the two year study, while 71 percent of those with a high school diploma and 74 percent of those with at least some college were employed -- as were nearly all (90 percent) of former TANF recipients with a bachelor's degree.¹⁸

New York's Low Income Population is Under-Educated

Given the evidence of the correlation between education and economic self-sufficiency, data concerning educational attainment of New York's low-income families is disheartening. Welfare reform has not successfully helped individuals with some sort of barrier to employment. As we have seen, lack of a high school diploma or GED is a significant barrier to employment. Only 30% of welfare leavers with even one barrier, such as not having a HSD/GED, were working in 2002, compared to more than 50% of those without any barriers.¹⁹

This is highly correlated to the low education level of welfare recipients. According to a 1999 study by the National Center for the Study of Adult Learning and Literature (NCSALL), 76% of TANF recipients test in the lowest two levels of literacy, with 35% testing in the lowest level.²⁰

New York has a particularly bad track record. We have the fifth lowest rate of participation in education and training activities among TANF recipients. In 2002, the last year for which this type of data was available, only 1.7% of TANF recipients were participating in any form of education or training. This is almost 5% lower than the national average.²¹

III. Problems in New York Law and Practice and Recommendations for Improvement

New York's current laws and policies are not designed to ensure that individuals leaving welfare have received the education they need to become economically self-sufficient. In this

¹⁵ Miller, Cynthia, "Leavers, Stayers, and Cyclers: An Analysis of the Welfare Caseload," Manpower Development Research Corporation, November, 2002

¹⁶ *Supra* note 8.

¹⁷ "Table 3: People in the labor force for 27 weeks or more: Poverty status by educational attainment, race, Hispanic or Latino ethnicity, and sex, 2003," *A Profile of the Working Poor: 2003*, Bureau of Labor Statistics, US Department of Labor, March, 2005

¹⁸ Acker, J., et al. "Oregon families who left temporary assistance to needy families or food stamps: A study of economic and family well being from 1998 to 2000," Center for the Study of Women in Society, University of Oregon, 2001

¹⁹ Zedlewski, Sheila, "Work and Barriers to Work Among Welfare Recipients in 2002: Half of Welfare Recipients without Barriers Are Working," *Snapshots III: No.3*, Assessing the New Federalism, Urban Institute, August, 2003

²⁰ Levenson, Alec, et al. "Welfare, Jobs, and Basic Skills: The Employment Prospects of Welfare Recipients in the Most Populous US Counties," *NCSALL Reports No. 10B*, National Center for the Study of Adult Literacy and Learning (NCSALL), April, 1999.

²¹ "Table 4:1: Annual Monthly Average of Total Hours of Participation per Week for All Adults, TANF, FY2002," TANF Sixth Annual Report to Congress

section, I will highlight several areas in which New York law falls short, and I will recommend policy changes to address these problems.

- â New York law only permits counties to count 2-year Associates Degree programs towards an individual's work requirement. New York's bar on counting four-year college runs against the grain of all of the research that finds, as indicated above, that an individual's earnings increases exponentially as his level of education increases.²²
 - **Recommendation:** *Permit Four Year College.* Over half of all states permit four-year college as a work activity under TANF.

- â New York law only permits counties to count up to 12 months of full-time education or training towards an individual's work requirement. This policy is not supported by research findings assessing the length of time it takes welfare recipients to complete various education programs. For example, a 2004 CLASP study found that even earning just an occupational certificate from a community college usually takes more than a year, as recipients typically work part-time and often must take remedial reading, writing, or math courses before taking their program courses. For example, welfare recipients in the California community colleges take two years on average to complete even the shorter certificate programs.²³
 - **Recommendation:** Use TANF MOE funds to establish a separate state program and stop the clock for individuals in education and training. A number of other states have done this and permit individuals to count full-time participation in an approved educational program for longer than 12 months. Fifteen states currently count postsecondary education as a work activity for 24 months; nineteen states and the District of Columbia allow postsecondary education to count as work for longer than 24 months. One state, Georgia, allows recipients to enroll in graduate programs.²⁴

- â The assessments required by state law are not being conducted in a meaningful way. A 2003 Comptroller's Office audit of the Office of Temporary and Disability Assistance found that individuals are often barred from accessing the education and training that would help them become economically self-sufficient because they are not being appropriately assessed. Although the Social Service Law requires counties to conduct assessments of the educational level and needs of welfare recipients, this process often lacks any practical meaning. Too often, this "assessment" is merely a two-minute conversation in which the caseworker runs down a list of pre-set questions and then gives the individual a work assignment rather than conducting a meaningful assessment of the individuals capabilities and needs.²⁵
 - **Recommendation:** Establish procedures that ensure that caseworkers are trained to identify particular educational barriers to self-sufficiency, to perform

²² *Supra* pg. 4

²³ *Supra* note 12.

²⁴ "Fact Sheet: From Poverty to Self-Sufficiency: Role of Postsecondary Education in Welfare Reform," Center for Women Policy Studies, April 2003

²⁵ "A Report by the New York State Office of the State Comptroller: Office of Temporary and Disability Assistance, Barriers to Self-Sufficiency," Division of State Services, June 2003, pg. 4

assessments that timely and comprehensive, and to make appropriate referrals when educational barriers are identified.

- â Individuals enrolled in post-secondary programs are often not provided adequate support in order to be successful in school.
- **Recommendation:** Require coordination between county welfare offices and local community colleges for the purposes of providing comprehensive adult basic education services. Two states – Iowa and Oregon – administer their adult basic education programs through their state community college system. This has permitted local welfare offices in both states to establish partnerships with colleges to more provide low-cost, comprehensive services to welfare recipients enrolled in school.²⁶
 - **Recommendation:** Provide case managers on school campuses to provide assistance and support to welfare recipients enrolled in school. For example, participants in Maine’s Parents as Scholar’s receive access to support services designed to provide them with the support critical to their success in school, such as child care, transportation, and car repairs.²⁷ In Kentucky, the state welfare agency has coordinated with the community college system to create Ready-To-Work Coordinators, who help welfare recipients enroll in school and provide additional support services, including tutoring, mentoring, counseling, and job placement services.²⁸
 - **Recommendation:** Establish a financial aid program that assists students in paying for books, lab-fees, and other educational costs. For example, Maine’s *Parents as Scholars* program provides TANF parents with cash assistance and support services while they attend a two or four year post-secondary degree program.²⁹ New Jersey has established a special education and training voucher program for employed former welfare recipients to help them pay for education that will facilitate upward earnings mobility.³⁰
- â There is no explicit recognition in state law that the lack of a high school diploma or its equivalent is a serious barrier to employment. Although the law provides that counties “shall encourage” individuals not having completed high school to participate in a basic education program, it is left to the counties to decide whether they will do so. There is no system in place that ensures the caseworkers engage individuals in a discussion of their educational and skill-development options. Instead, these individuals are being shuttled into workfare programs that neither address their unique needs nor prepare them to be competitive in the job market.

²⁶“Adult Basic Education and Community Colleges in Five States: A Report from the Comprehensive Adult Student Assessment System to the Council for Advancement of Adult Literacy,” Council for Advancement of Adult Literacy, September, 2003, p.3

²⁷ *Supra* note 13.

²⁸ Miller, Jennifer, et al., “Building Bridges to Self-Sufficiency: Improving Services for Low-Income Working Families,” Manpower Development Research Corporation, March, 2004, p. 55

²⁹ *Supra* note 13

³⁰ *Supra* note 28

- **Recommendation:** Education should be the default for individuals without a high-school diploma. Counties should be required to establish separate programs that integrate adult basic education, ESL, and GED services with contextualized work opportunities. Individuals should be permitted to participate in these programs full-time for at least 6 months. Recent findings from the Manpower Development Research Corporation found that short-term education programs do not meaningfully impact the chances of a welfare leaver becoming employed, while longer-term education programs that integrate education and work have proven more successful.³¹

â There is currently no concerted effort to collect and analyze information about the outcomes of individuals leaving welfare, based on their level of educational attainment.

- **Recommendation:** The state should collect information concerning outcomes at various educational levels. The 2003 Comptroller's Audit of the Office of Temporary and Disability Assistance found that the level and type of services available in local districts to assist individuals in overcoming barriers to employment and self-sufficiency were constrained by a lack of data about the incidence of types of barriers and the outcomes associated with certain strategies.³²

³¹ Hamilton, Gayle, "Moving People from Welfare-to-Work: Lessons from National Evaluation of Welfare-to-Work Strategies," Manpower Demonstration Research Corporation, July 2003

³² *Supra* note 25.