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Temporary Assistance for Needy Families and Vocational Education: Policy and Practice

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Temporary Assistance for Needy Families and Vocational Education: Policy and Practice

Summary

The two pending welfare reform reauthorization bills passed by the House and reported from the Senate Finance Committee would revise the participation rules for counting vocational education toward the Temporary Assistance for Needy Families (TANF) work participation standard, though in very different ways. Current law emphasizes work over education and permits full-time “vocational educational training” to be counted toward meeting federal TANF standards for only 12 months in a recipient’s lifetime. The House-passed bill would scale back full-time participation in this activity to four months. The Senate Finance Committee bill retains the current law 12-month limit, but provides options to states that could result in additional months of vocational education being counted. Both bills would expand states’ ability to count part-time vocational education for recipients who also work.

Vocational education programs generally provide training for a specific occupation; programs of study vary greatly in their content and duration. Vocational associates degree programs convey a college degree and generally require about 60 credits or two years of full-time study, but shorter certificate programs are available. Vocational education is very common among postsecondary education students. In school year 1999-2000, 55% of students attending two-year or proprietary schools were in vocational education.

The debate over revising TANF rules for vocational education continues a long-running debate over the role of education in welfare-to-work programs. In the general population, higher levels of educational attainment translate into higher earnings. Welfare recipients tend to have lower levels of educational attainment than the general population. Yet the research on welfare-to-work programs finds that education-focused programs do not outperform programs that emphasize rapid attachment to jobs in raising employment and earnings of cash assistance recipients. This research, however, is not specific to programs that focus specifically on vocational education. Many welfare recipients do not have the prerequisites for postsecondary vocational education (i.e., they lack a high school degree). Moreover, many recipients who have such prerequisites participate in vocational education on their own (without a program mandate), which dilutes the measured impact of education-focused programs.

The current debate takes place in a different context than welfare debates prior to TANF. TANF’s fixed funding provides states a strong incentive to reduce caseloads — even if Congress permitted more vocational education to count toward participation standards, states would still have the incentive to place recipients in activities that would speed their entry into jobs and exit from the welfare rolls. Further, the debate can be broadened to include part-time education and training for working recipients and other low-income parents. The majority of postsecondary students can be classified as “nontraditional” — with characteristics like TANF recipients (older, having dependents and often working). A key question is whether “targeted” programs of vocational or postsecondary education or programs that emphasize part-time education combined with work will be effective in achieving

some of the policy goals — particularly raising incomes — which have eluded most evaluated welfare-to-work programs. This report will be updated as events warrant.

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Temporary Assistance for Needy Families and Vocational Education: Policy and Practice

Introduction

The Temporary Assistance for Needy Families (TANF) block grant requires each state to have a specified percentage of its cash welfare caseload engaged in creditable work activities or be subject to financial penalties. TANF provides cash assistance (and a wide array of other benefits and services) to needy families with children. TANF's creditable activities emphasize work over education and training, and impose limits on how much education and training a state may count toward meeting participation standards. One creditable activity is *vocational educational training*, but currently states are allowed to count this activity for only 12 months in a recipient's lifetime.

The participation rules for vocational educational training would be revised under both the House-passed and Senate Finance Committee reported versions of the welfare reform reauthorization bill, H.R. 4, though in very different ways. Additional changes to states' ability to count vocational educational training might be considered if and when the full Senate resumes debate on H.R. 4. (The Senate began debate on H.R. 4 on March 29, 2004, but the bill was set-aside on April 1 after a motion to limit debate on the bill failed to muster the required 60 votes.)

This report examines the following questions and issues:

- What is "vocational educational training"? What is the content of vocational education programs, typically how long do they last, and what types of credentials does successful completion of a program convey?
- How common is vocational educational training among TANF recipients under current law?
- What are the characteristics of TANF adult recipients (for example their educational attainment and age)? How do they compare with the characteristics of postsecondary education students? Would a TANF recipient be atypical of the population of postsecondary education students or does the postsecondary educational system often deal with persons seeking vocational education who have characteristics similar to TANF recipients?
- What are the policy implications of proposed changes in TANF rules for counting participation in vocational education? What is the available evidence on how changes in the role of vocational education might improve outcomes of TANF participants —

particularly in raising incomes, an impact that thus far has eluded most evaluated welfare-to-work programs?

What is Vocational Educational Training?

“Vocational educational training” is a term idiosyncratic to the TANF program. TANF lists but does not define the activities countable toward its work participation standards, allowing states to define what constitutes each activity including “vocational educational training.” States generally have defined “vocational educational training” as vocational education, which itself is a term that can have different meanings, as discussed below. They also sometimes define “vocational educational training” to include remedial education, such as English as a Second Language (ESL) or adult basic education, which might be required before a recipient may go on to postsecondary vocational education. See **Appendix A** for state definitions of “vocational educational training.”

Vocational education programs may carry different labels. For example, while some programs are designated specifically as vocational education programs, others are referred to as vocational and technical education programs, career education programs, or career and technical education programs. While these programs carry different designations, often they provide similar types of education or training.

Additionally, vocational education occurs both at the high school and postsecondary education levels. Federal education policy in the Carl D. Perkins Vocational and Technical Education Act of 1998 addresses both secondary and postsecondary vocational education. However, in the context of the TANF program, vocational educational training generally refers to postsecondary education. Vocational educational training in high school might be reported as secondary school attendance (another listed TANF work activity), rather than as vocational educational training.

Postsecondary Vocational Education

At the postsecondary level, there are numerous vocational education options, ranging from engineering technology to flower arranging. Most for-credit vocational education is provided at community colleges, but for-profit (proprietary) institutions also provide many vocational education opportunities. Based on a Congressional Research Service (CRS) analysis of data from the 1999-2000 National Postsecondary Student Aid Survey, about 55% of all students enrolled at less-than-four-year institutions and proprietary institutions reported majoring in vocational areas.¹

In terms of vocational education opportunities for adults and the length of time required to complete a program of study, the following discussion is limited to vocational education opportunities offered outside of a high school setting.

¹ For more information about this analysis, See CRS Report RL31747, *The Carl D. Perkins Vocational and Technical Education Act of 1998: Background and Implementation*, by Rebecca R. Skinner and Richard N. Apling.

Vocational education programs offered at the high school level are provided over the course of a student's four years of enrollment and require enrollment in high school.² The programs discussed in this report are those that would be more readily accessible to an adult interested in participating in vocational education.

Types of Vocational Education Opportunities at the Postsecondary Level

Outside of a high school setting, vocational education opportunities include for-credit courses, such as degree or certificate programs; noncredit courses; and noncredit customized training (e.g., courses offered to meet the specific need of an employer and his/her employees). The U.S. Department of Education (ED) defines four specific types of vocational education at the postsecondary level:³

- **Vocational associate degree programs:** These programs include vocational and academic work, generally requiring the attainment of about 60 credits. This is equivalent to about two years of full-time attendance. Students typically earn an associate of arts degree (AA), associate of science degree (AS), or associate of applied science (AAS) degree. For example, a student may earn an AS in video production or chemical technology, or an AAS in marine environmental technology or office administration.
- **Institutional certificate programs:** These programs are generally undertaken by individuals as a means to develop or upgrade job-related skills. They generally require about one year of full-time instruction in for-credit courses, or about 24-30 credits, but can range from two weeks to two years. Most of these programs include few academic courses. Examples of certificate programs include office support, cable installation, and baking and pastry arts.
- **Industry skill certifications:** These are industry developed, awarded, and recognized certificates signifying achievement of skills in a particular area. Certificates often are earned by passing a

² At the high school level, vocational education programs can be classified into three groups: (1) consumer and homemaking education, preparing students for participation outside the paid labor market; (2) general labor market preparation, providing general skills that are not related to a particular occupation (e.g., word processing skills); and (3) specific labor market preparation in occupational fields (e.g., agriculture, health care, or computer repair). Secondary vocational education programs take place in a variety of settings including comprehensive high schools, area or regional vocational schools, vocational high schools, and career academies. According to the latest data available from the U.S. Department of Education's (ED) National Assessment of Vocational Education (NAVE), almost all high school students complete at least one vocational education course. More specifically, 25% of students are vocational "concentrators," earning three or more credits in a single occupational area; and an additional 19% are vocational "explorers," earning three or more credits across more than one occupational area. See U.S. Department of Education, Office of the Undersecretary, *National Assessment of Vocational Education: Interim Report to Congress*, 2002 (Hereafter cited as ED, *NAVE Interim Report*).

³ ED, *NAVE Interim Report*, pp. 60-62.

specific test. Individuals may prepare for these tests through self-study or courses offered by postsecondary institutions or other training providers. Examples of industry skills certifications include Automotive Service Certification, Excellence Service Consultant Certification, Certified Welding Inspector, Oracle Certification, and Microsoft Certified Professional. In many cases, work experience is required prior to obtaining certification.

- **Non-credit course work:** This is generally course work taken to learn specific job-related skills or for personal enrichment. The course work may involve one course or a series of courses. Course contact time varies depending on the specific course or course of study. Non-credit course work can include one or multiple courses in any area from graphics design to forest management.

Vocational Educational Training as a Creditable TANF Work Activity

TANF sets minimum work participation rate standards that a state must meet or be subject to financial penalties. The work participation standards are performance measures computed in the aggregate for each state, which require states to have a specified percentage of families with an adult cash welfare recipient considered engaged in work or job preparation activities. Under TANF, a cash welfare recipient must work in a creditable work activity for a minimum number of hours to be considered a “participant.”

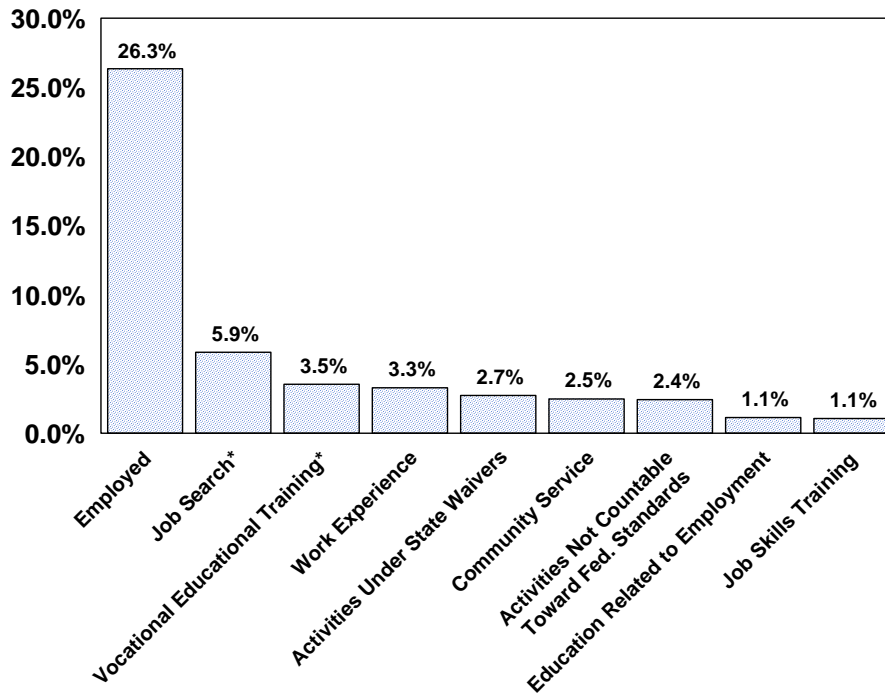
This section provides a brief summary of how vocational educational training would be counted under current law and pending reauthorization proposals. The technical details of these rules can be found in **Appendix B**.

Participation in Vocational Educational Training Under Current Law

Current federal law lists 12 creditable work activities that recipients may engage in which count toward meeting TANF work participation standards, one of which is vocational educational training. Postsecondary education, other than that classified as vocational educational training, does *not* count toward meeting participation standards. TANF work activities emphasize work, or activities to rapidly move recipients into work, over education and training. The exception is that states are allowed to count participation in “vocational educational training,” but only for 12 months in a recipient’s lifetime. **Figure 1** shows the percent of TANF adult recipients who participate in selected TANF work and job preparation activities. Though only 3.5% of adult recipients participated in “vocational educational training,” this activity was the third most common activity for recipients — behind only “unsubsidized employment” and job search.

Figure 1. FY2002 Participation in Selected TANF Work Participation Activities: As a Percent of All Adults Receiving Cash Welfare

[Participation Means at Least One Hour Per Week of Activity During a Month in FY2002]



Source: CRS tabulations of the FY2002 TANF national data files.

*Activity counted subject to time limits. Job search is countable for only six weeks in a fiscal year, or if a state meets economically needy criteria, 12 weeks in a year. Vocational education is limited to 12 months in a lifetime.

Since FY2002, states have been required to have at least 50% of their families with an adult or minor head of household have at least one work “participant.” However, this 50% standard rate was reduced substantially in most states by the caseload reduction credit, which reduces the minimum work participation rate standard by one percentage point for each one percent decline in the caseload since FY1995.⁴ As a result, the minimum work participation rate standard was reduced to 0% in 21 states in FY2002, with minimum participation rate standards much lower than 50% in most states.

The reduced standards have de-emphasized the federal rules for what counts toward the participation standards, allowing states additional discretion in fashioning their welfare to work programs. States *may*, and many do, engage cash welfare recipients in activities not on the federal list of creditable activities and have those

⁴ There is also a separate 90% participation standard for the two-parent portion of the cash welfare caseload. This standard would be eliminated in most reauthorization proposals and is therefore not discussed in this report. The 90% standard may also be reduced by a caseload reduction credit.

activities count toward meeting the state's own work requirements. For example, some states allow a recipient up to 24 months of vocational education or allow participation in postsecondary education. States cannot, however, count participation in such noncreditable activities toward meeting the federal TANF participation standards.

House-Passed and Senate Finance Committee Versions of H.R. 4

The 1996 welfare reform law (P.L. 104-193) that created TANF provided funding for the block grant through FY2002. The program has been continued through a series of short-term stop-gap extensions. In the 108th Congress, a bill (H.R. 4) has passed the House and is pending in the Senate that would reauthorize TANF for five years and revise the program.

Both House and Senate versions of H.R. 4 would raise participation standards to 70% and also would likely have the effect of reducing credits against these standards.⁵ Therefore, the reauthorization proposals would reemphasize the federal rules for determining whether a family is participating in work. Both versions would also restructure allowable work activities that count toward those standards. Though both would maintain the focus of the program on work, both would encourage states to modify their programs but in different ways.

One major difference between the two versions of H.R. 4 is how many months of full-time vocational educational training would count toward the TANF participation standards as a recipient's sole or primary activity. This difference has implications for the types of vocational training that recipients could engage in full time; that is, without combining education and work.

In the House-passed version of H.R. 4, the emphasis would be on *short-term* training. The bill would allow states to count vocational educational training programs as the sole or primary work activity for four months in a 24-month period. Further, participation in certain other activities — including job search — would be

⁵ The House-passed version of H.R. 4 would revise the current law caseload reduction credit, ultimately basing the credit on caseload change measured over the most recent three year period of available data. (Some states with large historic caseload reductions would receive additional credit.) This replaces a credit which measured all change from FY1995 (pre-welfare reform) caseload levels. The change is expected to reduce caseload reduction credits against the higher participation standards, resulting in higher percentages of welfare recipients having to meet participation standards than currently have to meet the standards.

The Senate Finance Committee version of H.R. 4 would eventually replace the caseload reduction credit with an employment credit, for families that leave the rolls for work. The Finance Committee credit is capped. Both the increase in the statutory participation standard and the reductions in the credit are phased in over a five year period. In FY2008, the statutory participation rate standard would be 70% and the maximum credit against the standard would be 20 percentage points. This would yield a minimum effective (after credit) standard of 50%.

subtracted from the time allowable for full-time participation in vocational educational training counted toward TANF participation standards.

The Senate Finance Committee bill retains the status quo regarding the 12 month limit on counting vocational education training. It would allow vocational educational training to count for more than 12 months if the state opted to create a *Parents as Scholars* program within TANF, which would allow up to 10% of a state's total caseload to be in a postsecondary education program (including vocational educational training) and count toward the TANF work participation standard.

Both versions of H.R. 4 allow part-time vocational education, such as night classes, in combination with work, to be countable without limit. Thus, the two versions would encourage those working to continue their education by giving credit for part-time participation in vocational educational training.

Other Welfare Reform Proposals

In addition to the two versions of H.R. 4, other welfare reauthorization proposals would have revised the rules for vocational educational training. In the 107th Congress, the Senate Finance Committee approved a bill (H.R. 4737) that would have allowed up to 24 months of vocational education and other postsecondary education to count toward TANF work participation requirements. A similar proposal was included in the two Democratic substitute measures for H.R. 4 that were offered, but defeated, during consideration of that bill on the House floor. Proposals that would extend vocational educational training to 24 months would allow a parent to be a full-time student and complete an associates degree in the traditional two year time frame.

Profiles of TANF Adult Recipients and Postsecondary Education Students

What are the characteristics of TANF adult recipients (for example their educational attainment and age)? How do they compare with the characteristics of postsecondary education students? Would a TANF recipient be atypical of the postsecondary education student population or does the postsecondary educational system often deal with persons seeking vocational education who have characteristics similar to TANF recipients?

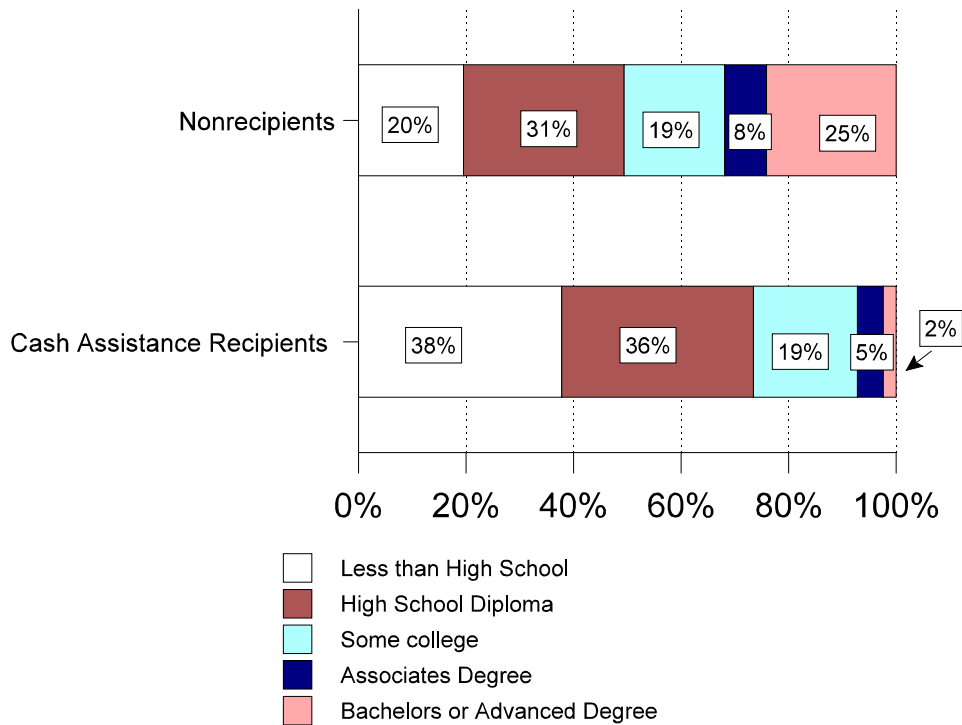
TANF Adult Recipients

The typical TANF adult recipient is a single woman caring for children. The most common TANF family size is two (mother and one child), though the average family size is three (mother and two children). Slightly more than one half of TANF adult recipients are single parents caring for a preschool-aged child.

TANF adult recipients have lower educational attainment than the general population. **Figure 2** compares the educational attainment of adults (age 20 and older) who receive TANF and those who do not receive TANF, based on data from

the March 2003 Current Population Survey (CPS). The CPS captures educational attainment as of March 2003 and whether cash welfare was received in the previous year, 2002.⁶ The figure shows that 38% of TANF adult recipients lacked a high school credential, which was much higher than the 20% of nonrecipients who did not have a high school credential.⁷ In March 2003, 36% of cash assistance recipients had completion of high school as their highest level of educational attainment, compared with 31% of the rest of the adult population. Big differences were also apparent in the receipt of a college degree, particularly in the receipt of a bachelor’s degree or an advanced degree. An estimated 5% of TANF adults had an associate’s degree, but only 2% a bachelor’s degree or higher. This contrasts with the rest of the population, with 8% having an associate’s degree and 25% having a bachelor’s degree or higher. About 19% of TANF recipients had some college, but no degree, the same as the rest of the adult population.

Figure 2. Educational Attainment of Adults Aged 20 and Older in March 2003: Cash Assistance Recipients and Nonrecipients



Source: Congressional Research Service (CRS) tabulations of data from the Mar. 2003 Current Population Survey (CPS).

⁶ The educational attainment information here for the TANF caseload is based on the CPS rather than TANF administrative data so that it can be directly compared with the educational attainment of those who did not receive TANF. The educational attainment statistics derived from TANF administrative records differ slightly (showing more recipients who failed to complete high school) than what is derived from the CPS.

⁷ The CPS does not distinguish between individuals with a traditional high school diploma or a General Education Development (GED) credential.

Many TANF adults are in the age group where furthering one's education is common. Of adult TANF recipients, 20-24 year olds comprised 26% and those aged 25 to 29 were 20% of the group. A little more than half of all TANF parents and caretaker recipients were 30 years or older.

However, the low educational attainment of the TANF population indicates that many of these individuals are not academically prepared for postsecondary vocational education course work, necessitating remediation through adult education courses (for those without a high school degree) or at a postsecondary institution. Remedial education to prepare for vocational education increases the time required to obtain a degree: this is not a trivial matter in TANF, which sets time limits on how long activities can count and ultimately on how long a family with an adult may receive federally-funded benefits.

Postsecondary Education Students

This section looks at general enrollment patterns in undergraduate education in order to consider how the characteristics of TANF participants compare to those of the broader population of "nontraditional" students currently enrolled in postsecondary education.

Academic and Career Undergraduate Education. The 1999-2000 National Postsecondary Student Aid Study (NPSAS:2000) collected information about career and vocational education at the postsecondary level. In analyzing data from this study, the National Center for Education Statistics (NCES) at the Department of Education (ED) developed a new taxonomy that classifies undergraduate majors as either academic or career majors.⁸ Academic majors are formal programs of study that focus on comprehensive and theoretical aspects of a subject area without an explicit focus on occupation-specific job requirements. Career majors, on the other hand, are formal programs of study that are designed to provide knowledge and skills in the context of occupation-specific job requirements. They tend to focus more on application and less on theory, and have a narrower focus than academic majors. Career majors are further subdivided by vocational career majors and nonvocational career majors. This distinction is primarily focused on whether the program of study requires a subbaccalaureate level of education⁹ or education at the baccalaureate level or higher, respectively.¹⁰

⁸ U.S. Department of Education, National Center for Education Statistics, *Undergraduate Enrollments in Academic, Career, and Vocational Education*, NCES 2004-018. (Feb. 2004). Available online at [<http://www.nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2004018>].

⁹ Community colleges enrolled 89% of all students in less-than four year degree-granting institutions in 1999-2000. They also awarded almost three-quarters of all associate's degrees and 54% of all subbaccalaureate degrees. (U.S. Department of Education, National Center for Education Statistics. (2002). *Digest of Education Statistics: 2001*. NCES 2002-130. Table 170.)

¹⁰ This distinction is made primarily because the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III; P.L. 105-332) specifies in Section 3 that vocational and
(continued...)

Findings from the analysis show that two-thirds of all undergraduates were engaged in career education. Among baccalaureate students 61% were engaged in career education compared with 71% of students enrolled at the csubbaccalaureate level. At the subbaccalaureate level, over half of all students were enrolled in the vocational areas of business/marketing, computer science, and health care, and the academic area of liberal arts/general studies. Thus, subbaccalaureate institutions (i.e., primarily community colleges) serve as both the providers of job training, as well as a starting point for students interested in pursuing a four year degree.

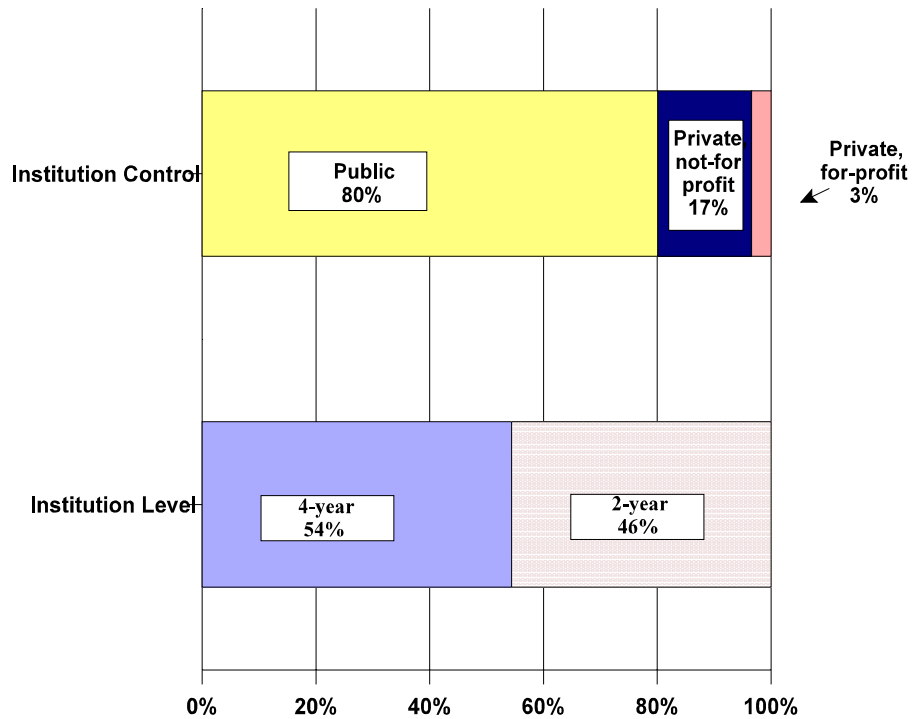
Traditional and Nontraditional Undergraduates. The image of college students who attend four year institutions on a full-time basis, enroll immediately following the completion of a high school diploma, live on campus, do not work or only work part time while enrolled, and finish their degrees in four years has become the exception rather than the rule. For example, as depicted in **Figure 3**, undergraduate enrollment in degree-granting institutions eligible to participate in federal student financial aid programs (hereafter referred to as “degree-granting institutions”) in fall 2001 was divided fairly evenly between two year and four year institutions with a slight majority of students enrolled in four year institutions. Over time, the percentage of students enrolling in two year institutions has increased from 35.3% of undergraduates in 1976 to 45.6% of undergraduates 25 years later.¹¹

¹⁰ (...continued)

technical education is defined as a sequence of courses below the baccalaureate level. Perkins III is the federal government’s largest investment in vocational and technical education.

¹¹ The data from 1976 are for all levels of enrollment (including graduate education). However, undergraduates comprise the majority of all postsecondary enrollment and two year institutions do not generally offer graduate level programs. The percentage of undergraduate students who were enrolled in two year institutions in 1976 this may be understated as the denominator used to calculate the percentage was larger than that used for comparison purposes (i.e., 2001 percentage) as it included students at all levels. (U.S. Department of Education, National Center for Education Statistics. (2003). *Digest of Education Statistics: 2002*, **Table 206**.)

Figure 3. Undergraduate Enrollment in Degree-Granting Institutions: By Institution Control and Level, Fall 2001



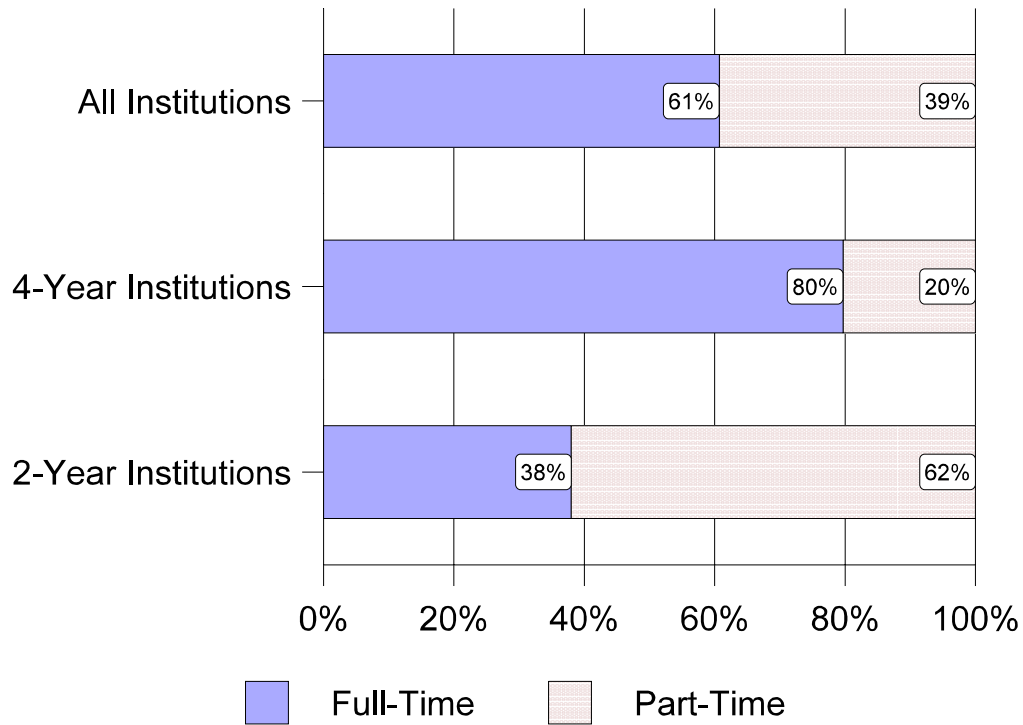
Source: Figure created by CRS based on data available from the U.S. Department of Education, National Center for Education Statistics, *Enrollment in Postsecondary Institutions, Fall 2001 and Financial Statistics, Fiscal Year 2001*, NCES 2004-155, **Table 8**.

Note: Only degree-granting institutions eligible to participate in federal student financial aid programs authorized by the Higher Education Act of 1965 are included in this figure.

At the same time, an increasing proportion of postsecondary students are enrolling part time. For example, in 1970, 28.4% of students were enrolled part time compared with 39.3% in 2001.¹² The percentage of part-time students varies, however, by type of institution attended with significantly more students enrolled part time at two year institutions than at four year institutions (**Figure 4**). Based on current and proposed TANF legislation, part-time attendance would probably be the postsecondary education route most accessible to welfare recipients also engaged in meeting work participation requirements.

¹² U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics: 2002*, (2003). **Table 187**.

Figure 4. Undergraduate Enrollment in Degree Granting Institutions by Student Attendance: Fall 2001

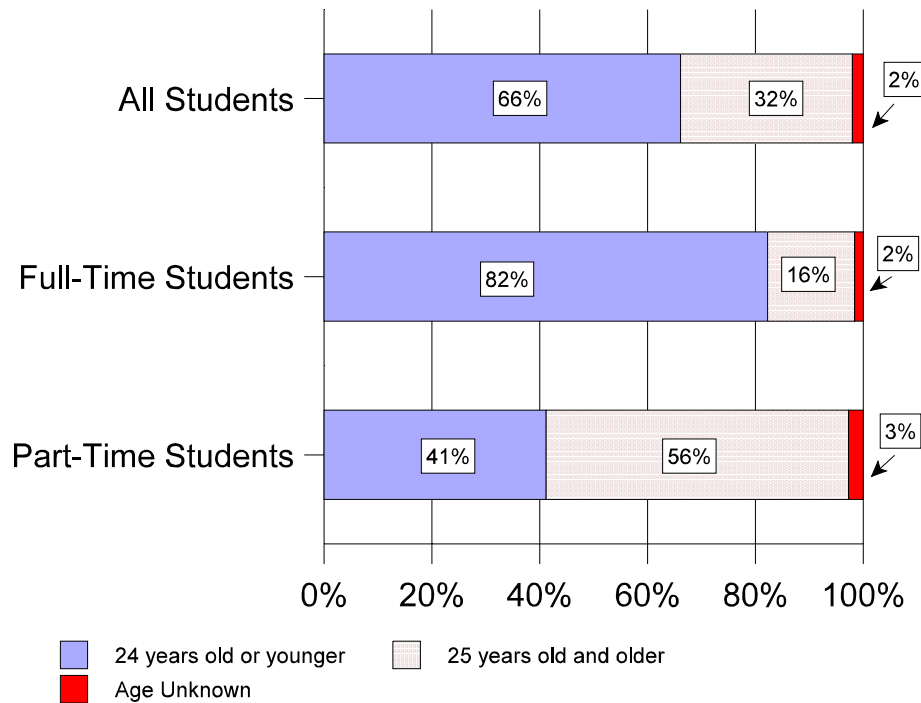


Source: Figure created by CRS, Mar. 24, 2004, based on data available from the U.S. Department of Education, National Center for Education Statistics, *Enrollment in Postsecondary Institutions, Fall 2001 and Financial Statistics, Fiscal Year 2001*, NCES 2004-155, various tables.

There also were differences in the percentage of students attending part time by age. Among undergraduates enrolled in postsecondary education full time, 82.1% are 24 years old or younger (**Figure 5**). However, among part-time students, the majority of undergraduates were 25 years or older — the age group into which most TANF participants would be classified. This trend was evident at two year and four year institutions, as well as at public and private institutions.¹³

¹³ U.S. Department of Education, National Center for Education Statistics, *Enrollment in Postsecondary Institutions, Fall 2001 and Financial Statistics, Fiscal Year 2001*, NCES 2004-155, various tables.

Figure 5. Undergraduate Enrollment in Degree-Granting Institutions, by Age Group and Attendance Status, Fall 2001



Source: Figure created by CRS, Mar. 24, 2004, based on data available from the U.S. Department of Education, National Center for Education Statistics, *Enrollment in Postsecondary Institutions, Fall 2001 and Financial Statistics, FY2001*, NCES 2004-155, various tables.

While data support the notion that the undergraduate student population is changing over time, classifying students as either *traditional* or *nontraditional* is a much debated issue in education. ED has developed a fairly broad definition of a nontraditional student based on how many of the following characteristics a student possessed:

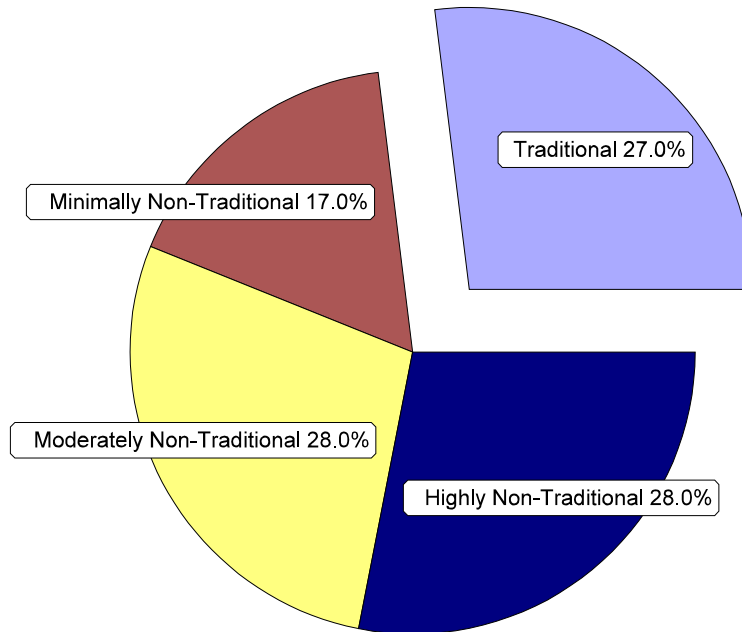
- Delays enrollment in postsecondary education;
- Attends part time for at least part of the academic year;
- Works full time (at least 35 hours per week) while enrolled;
- Is considered financially independent for financial aid purposes;
- Has dependents other than a spouse;
- Is a single parent; or
- Does not have a high school diploma.¹⁴

Students with one of these characteristics are classified as minimally nontraditional. Students having two or three of these characteristics are considered moderately nontraditional. Students with four or more of these characteristics are considered highly nontraditional. Based on these criteria, during the 1999-2000 academic year,

¹⁴ Individual may have a GED or similar credential, or did not complete high school.

roughly the same percentage of students were classified as traditional as were classified as highly nontraditional (**Figure 6**).

Figure 6. Percentage of Undergraduates by Classification as Traditional or Nontraditional Student: 1999-2000 School Year



Source: Figure prepared by CRS based on data available from U.S. Department of Education, National Center for Education Statistics, (2002). *Findings from the Condition of Education Statistics 2002: Nontraditional Undergraduates*, NCES 2002-012.

As previously mentioned, the definition of a nontraditional student remains controversial. There may be alternatives to the ED definition of nontraditional student. For example, a recent CRS analysis of data from the Current Population Survey (CPS) examined the prevalence of two of the seven aforementioned factors — age and enrollment — with respect to nontraditional students.¹⁵ Age and enrollment status are factors that are likely to be related to other characteristics that ED uses to define nontraditional students, such as working full-time or having dependents.

Continuing to use being over or under 25 years of age as a demarcation of older and younger students, respectively, and defining full-time enrollment as 12 credit hours or more, the October 2000 CPS data showed that 28% of undergraduates were 25 years old or older and 28% of undergraduates were enrolled on a part-time basis. If a nontraditional student is defined as being 25 years or older *or* enrolling on a part-

¹⁵ For detailed information about this analysis, see CRS Report RL31441, *The Postsecondary Education Student Population*, by Jeffrey J. Kuenzi and James B. Stedman.

time basis, 39% of undergraduates would be classified as nontraditional under this alternative definition. While this is a smaller percentage of students being classified as nontraditional than under the ED definition, it still represents a substantial percentage of all undergraduates. The analysis also showed that nontraditional students were more likely than traditional students to be enrolled in public two year institutions,¹⁶ be minority, and have a relatively low income.

Most or all TANF participants would be classified as nontraditional students based on either definition. According to the ED definition, all TANF participants would be classified as at least moderately nontraditional based on having at least one dependent other than a spouse and being financially independent. In addition to other possible factors (e.g., part-time attendance), based on the relatively high percentage of TANF participants that lack a high school diploma and the high percentage of TANF participants past traditional college age (i.e., 25 years old or older), many TANF participants would probably be categorized as highly nontraditional postsecondary education students. The majority of TANF participants would probably be classified as nontraditional students using the alternative definition based on the high percentage of TANF participants 25 years old and older and the emphasis placed on work, which may make part-time attendance a more realistic enrollment option.

Thus, if TANF participants were to enroll in postsecondary education or vocational educational training at a postsecondary institution, they would most likely be considered nontraditional students. Nevertheless, however defined, such students constitute a substantial share of postsecondary education enrollment.

The Role of Education in Welfare-to-Work Programs

The rules for counting vocational educational training toward TANF work requirements are part of a larger, and long-standing, debate on the role of education in helping welfare families move off the benefit rolls and into jobs. Current TANF law emphasizes work and rapid entry into employment over education and training, and many states have adopted “work-first” approaches in their welfare programs. Research generally shows that such programs are effective in moving recipients into employment and reducing the welfare rolls. Whether “work-first” programs have been effective in achieving other policy goals is more debatable, with most evaluated programs failing to raise incomes of participants.

The debate over the role of education in welfare-to-work programs is partly based on values — a goal of TANF is to reduce welfare dependency and provide temporary assistance. Having welfare support a person’s college education, a relatively long-term endeavor, is controversial. Further, there could be concerns about inequities created by expanding the availability of postsecondary education for families on welfare compared to the availability of similar education for low-income persons who never go onto the cash assistance rolls.

¹⁶ ED reached a similar conclusion when it examined the enrollment patterns of nontraditional students. (ED, *Nontraditional Undergraduates*, **Table 3**).

However, the debate on the role of education in welfare to work programs also has some of its roots in seemingly contradictory evidence. On the one hand, higher levels of educational attainment are associated with higher earnings. On the other hand, a body of research on welfare to work strategies provides evidence that education-focused programs, while costing more, do not have a greater impact in increasing the earnings of cash assistance recipients, even over the long-term, than programs that focus on moving recipients quickly into the labor force. This section examines that apparent contradiction and its implications for how vocational education is treated in welfare-to-work programs.

Relationship Between Educational Attainment and Earnings

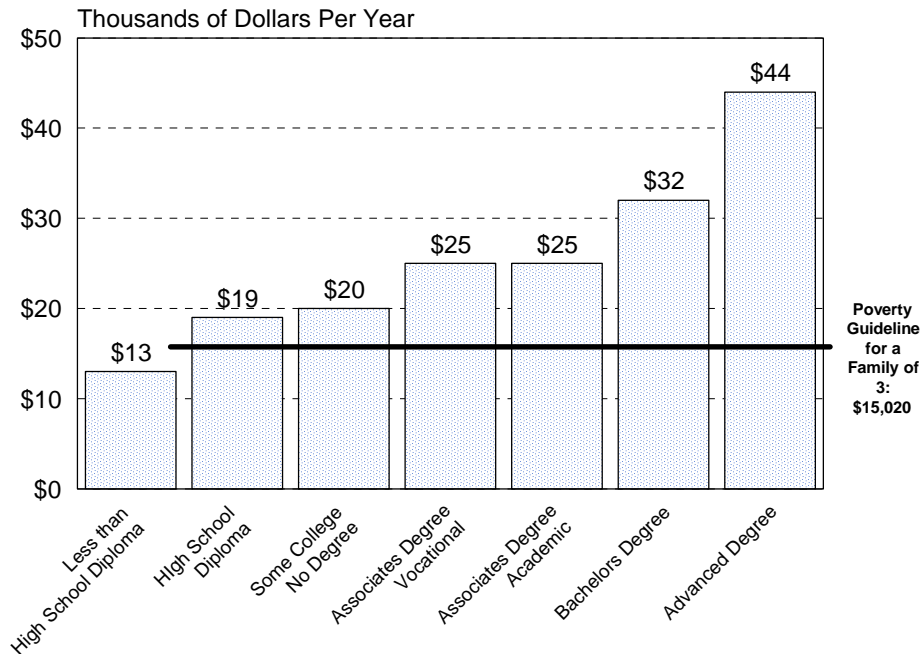
There is a general perception that attaining a college degree is the price of entry to the middle class in America. Without a college diploma, the opportunities to obtain a relatively high-paying job are perceived to be limited. The CPS collects annual earnings and educational attainment data. Based on these data, a distinct relationship between educational attainment and earnings is evident across various levels of education.¹⁷ That is, individuals with an advanced degree earn more than individuals with bachelor's degrees, who earn more than individuals with some college or an associate's degree, and so forth.¹⁸

Figure 7 shows the median earnings of women aged 20 and older for 2002 by educational attainment in relation to the poverty threshold for a family of three (the average size of a welfare family). Women who lacked a high school diploma had median earnings that left them below the poverty threshold. While those with higher levels of educational attainment had earnings above the poverty threshold, substantial increases over the poverty threshold were not realized until the associate's degree level of educational attainment. Further, the median earnings for a vocational associate's degree was the same as the median earnings for an academic associate's degree (\$25,000 per year). This median earnings amount exceeded the poverty threshold for a family of three by 67%. In contrast, the median earnings of women with only a high school diploma (\$19,000 per year) was just 27% above the poverty threshold and median earnings for women who had some college but no degree was just \$1,000 above the median earnings for women who just had a high school diploma.

¹⁷ Additionally, the average earnings of those who failed to finish high school declined, in real terms, since the 1970s, while the real earnings of those with college degree has increased markedly. See **Appendix C** for a discussion of the trend in average earnings.

¹⁸ For more information, see CRS Report 95-1081 E, *Education Matters: Earnings by Highest Year of Schooling Completed*, by Linda Levine.

Figure 7. Median Earnings of Women Aged 20 and Older in 2002, By Educational Attainment



Source: Congressional Research Service (CRS) tabulations of data from the Mar. 2003 Current Population Survey. Earnings are the sum of wage and salary earnings and self-employment (including farm) earnings.

Differences in annual earnings can translate into large disparities in lifetime earnings. For example, the estimated work-life earnings for a full-time year-round worker¹⁹ over a 40-year working life are \$1.2 million for a high school graduate and \$2.1 million for a bachelor's degree recipient.²⁰ Thus, completing a bachelor's degree could translate into a difference of about \$1 million over a work life or almost twice as much as an individual with only a high school diploma may earn.

The level of educational attainment also affects the degree of job attachment of adult women. Strong job attachment — full-year/full-time work defined as working 35 or more hours per week for at least 50 weeks a year — is likely to be necessary (though not necessarily sufficient) for a family to move from welfare to work and remain off the rolls. **Table 1** shows the work experience of all adult women (aged 20 and older) by education level. This includes women both in and out of the labor force. The higher the level of education, the more likely it was for a woman to work at some time during the year. Additionally, the higher the level of education, the more likely

¹⁹ A full-time year-round worker is defined as an individual working 35 hours or more per week for 50 weeks or more per year.

²⁰ U.S. Census Bureau, *The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings*, (2002), p. 23-210, available online at [<http://www.census.gov/prod/2002pubs/p23-210.pdf>]. The dollars shown represent the “present value” of lifetime earnings, in 1999 dollars.

a woman was to work full time all year. For those with a high school diploma only, 37% worked full year, full-time. For women with at least an associate's degree level of education, almost half worked full-year, full-time.

Table 1. Job Attachment by Educational Attainment for Adult Women: 2002

| | No work | Full year/full time | Full year/part time | Part year/full time | Part year/part time |
|-------------------------------|---------|---------------------|---------------------|---------------------|---------------------|
| No high school diploma | 64.2% | 18.7% | 5.2% | 6.7% | 5.1% |
| High school diploma | 40.7 | 36.6 | 8.3 | 8.1 | 6.2 |
| Some college, no degree | 30.2 | 40.3 | 11.0 | 9.3 | 9.4 |
| Associate's degree/vocational | 25.2 | 47.9 | 12.7 | 7.9 | 6.4 |
| Associate's degree/academic | 23.8 | 49.0 | 11.8 | 7.6 | 7.7 |
| Bachelor's degree | 25.1 | 48.3 | 8.7 | 10.2 | 7.8 |
| Advanced degree | 20.7 | 53.7 | 7.1 | 11.4 | 7.1 |

Source: Congressional Research Service (CRS) tabulations of the Mar. 2003 Current Population Survey.

Note: Full year/full time refers to individuals working 35 hours or more per week for 50 or more weeks per year. Full year/part time refers to individuals working 1-34 hours per week for 50 or more weeks per year. Part year/full time refers to individuals working 35 hours or more per week for less than 50 weeks per year. Part year/part time refers to individuals working 1-34 hours per week for less than 50 weeks per year.

Outcomes from a Study on Vocational Education for Welfare Recipients in California. There is very little research that directly relates to how vocational education affects employment and earnings of welfare recipients. One recent study examined recipients in California's TANF program who took vocational education courses in community college.²¹ The study found that post-vocational education earnings were greater than earnings before the recipients took the courses. Moreover, earnings increases were greater for those who completed more vocational education courses. The study found that median annual earnings of TANF recipients before entering the program were in the \$4,000 to \$5,000 per year range (low earnings are to be expected of recipients receiving cash welfare). Two years after completing the program, those who had completed just a few classes saw their median earnings increase to close to \$12,000 per year. The greatest payoff was for those who received a full associates degree, who had their median earnings increase to \$19,000 per year.

²¹ See Anita Mathur, Judy Reichle, Julie Strawn, and Check Wisely, From Jobs to Careers, How California Community College Credentials Pay Off For Welfare Participants, Center on Law and Social Policy, May 2004.

The higher earnings attributable to the associates degree are consistent with information discussed earlier for the general population. It is important to note, however, that the findings of this study do not reflect the *impact* of providing vocational education as a welfare-to-work approach. They could reflect the characteristics and motivations of those who chose to attend community college. As discussed below, some of these recipients might have attended college on their own without the encouragement or requirement of TANF work participation rules. Additionally, it does not compare the earnings increase of those in vocational education with recipients in other types of programs (for example, “work-first” programs that encourage rapid job entry and accrual of skills on the job that also translate into higher earnings). There is some research on measuring the impact of education-focused programs, which is discussed below. However, the research tends not to be very specific regarding vocational education.

The Impact of Programs: Findings from the National Evaluation of Welfare-to-Work Strategies (NEWWS)

There has been an ongoing debate about whether policies that promote rapid attachment to a job (“work-first”) or provide up-front investments in education or training prior to entering the labor force (“education-focused”) are more effective in moving families from welfare to work. The National Evaluation of Welfare-to-Work Strategies (NEWWS), conducted in the 1990s, was designed to provide policy makers with a way of comparing program impacts of “work-first” programs versus programs intended to permit recipients to engage in education before entering the labor force.²² The major research sites in NEWWS were in Atlanta, Georgia; Grand Rapids, Michigan; Riverside, California; and Portland, Oregon. In Atlanta, Grand Rapids, and Riverside, “work-first” programs were run side-by-side with education-focused programs, so that the outcomes of the two programs could be compared on the same population while operating in the same economic environment. Vocational education was a component of the education-focused programs and available to participants who met the entrance requirements for such training. In all three sites there was also a control group that was not subject to participation mandates, though they could receive education and employment services on their own. Portland’s evaluated program had a strong employment focus, but allowed caseworkers discretion in assigning recipients to short-term training as a first activity.

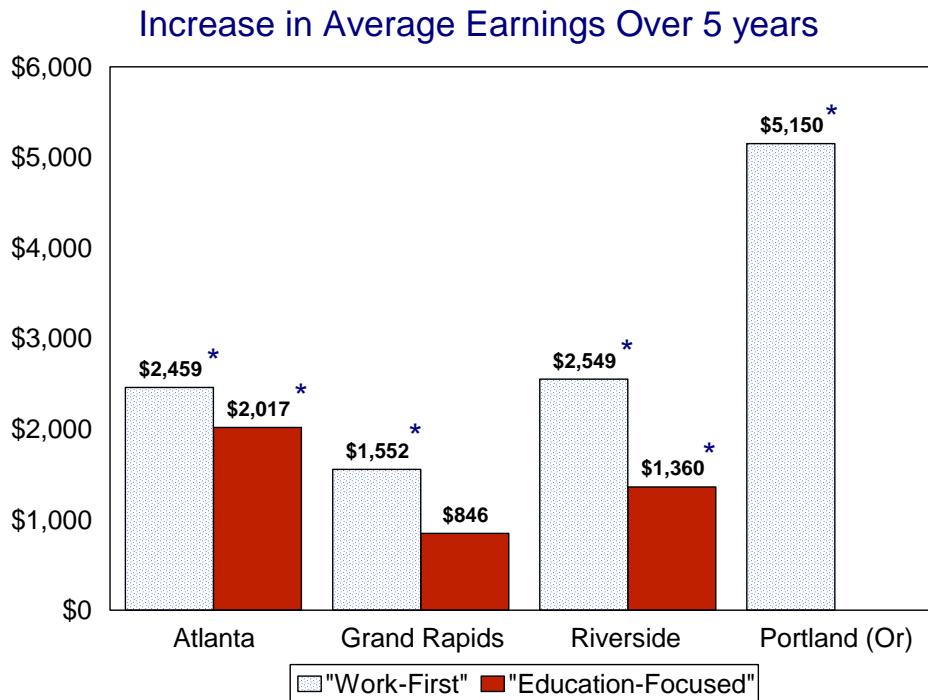
Figure 8 shows the impact of the evaluated programs on earnings over a five-year followup period (five years after being assigned to the program).²³ Those assigned in either “work-first” or “education-focused” programs did better than those not assigned to both types of programs. (The exception was Grand Rapid’s education — focused program. The shown \$846 increase in earnings in the Grand Rapids

²² See U.S. Department of Health and Human Services and the U.S. Department of Education, *National Evaluation of Welfare-to-Work Strategies. How Effective are Different Welfare -to-Work Approaches? Five Year Adult and Child Impacts for Eleven Programs*, Washington, DC, Dec. 2001.

²³ A review of this research can be found in: U.S. Congress, House Committee on Ways and Means, “Appendix L: Assessing the Effects of Welfare Reform Initiatives,” *2004 Green Book*, WMCP 108-6, available at [<http://waysandmeans.house.gov/>].

program is small enough that it could have been produced by chance.) Thus, the research provides evidence that education focused approaches *do* help families move from welfare to work. However, the figure also shows that the education-focused programs did not outperform the “work-first” programs. That is, despite an up-front investment in education, the earnings gain from education-focused programs did not exceed that of “work-first” programs. Furthermore, neither the “work first” or “education-focused” programs raised *incomes* as the gains in earnings produced by the programs were insufficient to offset the loss of cash welfare and food stamps as families moved from welfare-to-work.

Figure 8. Earning Impacts from Selected Programs in the National Evaluation of Welfare-to-Work Strategies (NEWWS)



* Denotes that the impact is “statistically significant.” That is, it is large enough so that it is unlikely the reported impact was observed by chance.

Source: Figure prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services, *National Evaluation of Welfare-to-Work Strategies: How Effective are Different Welfare-to-Work Approaches? Five Year Adult and Child Impacts for Eleven Programs*, Dec. 2001.

The Portland Program. The evaluated NEWWS program in Portland, Oregon has garnered special attention because of its relatively large impacts, increasing employment and earnings and reducing welfare receipt. Though generally classified as a “work-first” program (and classified as such in **Figure 8**), the Portland program took a modified work-first approach allowing caseworkers flexibility in assigning recipients to short-term, up-front education or training before requiring them to enter the labor force. Portland’s program did not have a statistically significant impact on participation in vocational education.

In addition to allowing up-front short term education, there were other features of the program that could have affected its impact (for example, counseling recipients to wait for a “good job” rather than to take the first available job), and it is not possible to determine the relative impacts of allowing short-term education versus other features of Portland’s program. Moreover, caution should be used when comparing impacts of different programs across sites: factors other than differences in the program (e.g., economy, demographic makeup of the community) could interact with a program and affect reported impacts. Additionally, despite the relatively large impacts of increased employment and earnings, the Portland program (like other programs) failed to raise incomes.

What Do the NEWWS Findings Say About Vocational Education?

The findings from NEWWS and similar evaluations have cast doubt about the effectiveness of education and training in welfare-to-work programs. Though in the general population those with higher levels of educational attainment earn more, education-focused *programs* failed to produce evidence that they could achieve better outcomes for recipients than “work-first” programs. There are explanations for why an education-focused program’s results might not produce the expected improvement in earnings. The earnings outcomes in the general population are mostly the result of voluntary, private decisions regarding the level of investment individuals chose, given their motivations, abilities, and economic means to pursue their education. The NEWWS findings reflect the impact of a mandatory program in which recipients were assigned to programs and required to participate in activities. However, there are caveats to making inferences from the NEWWS findings to specific policy questions involving vocational educational training.

The education-focused program generally increased participation in adult basic education, but *not* vocational education. The only program to increase participation in vocational education was Atlanta’s education-focused program. Further, none of the “work-first” programs decreased participation in vocational education. *Therefore, since the education-focused programs generally failed to increase or decrease participation in vocational education, the impacts of such programs generally cannot be attributable to vocational education.* Adult basic education programs generally would convey a GED as an educational credential if successfully completed, and research has found that GEDs tend to raise earnings above those of other high school drop-outs, but not to the level of other high school graduates.²⁴

The lack of increased participation in vocational education through an education-focused program can be attributable to at least two factors. First, many cash assistance recipients lack a high school diploma and therefore do not have the prerequisites for postsecondary vocational education. Second, the lack of an *increase* in vocational education does not mean that, among those who actually had the prerequisites for

²⁴ The potential benefits of obtaining a GED are summarized in Murnane et al., *Who Benefits from Obtaining a GED?* They also are discussed in J.H. Tyler, R.J. Murnane, and J.B. Willett, *Estimating the Impact of the GED on the Earnings of Young Dropouts Using a Series of Natural Experiments*, National Bureau of Economic Research, Working Paper No. 6319. (Feb. 1998).

postssecondary vocational education, few engaged in vocational education. Even in the absence of a program, a fairly large share of welfare recipients with a high school diploma participated in vocational training (ranging from 27% to 29% in the control group in the Atlanta, Grand Rapids, Riverside, and Portland sites). This should not be surprising, since many cash assistance recipients are young women of the age when furthering their education is common. The relatively high rate of participation in vocational education in the absence of the program (in the control group) dilutes the measured impact of the program.

Further, the research on education-focused programs measures the impact of *programs* that provide education and training, not the impact of education and training per se. That is, it reflects *assignment* to a program rather than participation in education-related activities. Some who were assigned to an education-focused program did not participate in educational activities at all — they might have found a job and left the welfare rolls before commencing an activity, were subsequently deferred or exempted from activities, or failed to participate in an activity (and in mandatory welfare-to-work programs thus sanctioned). Further, those who did participate may not have completed an educational program.

Thus, the applicability of the NEWWS findings to the current welfare debate is limited. They do not directly provide information on the impact of programs that increase participation in vocational education or decrease participation in vocational education. They also cannot tell the likely outcomes of scaling back countable time in vocational education to four months, or increasing it to 24 months.

Different Types of Programs?

It has been learned that mandatory participation requirements — be they “work-first” or “education-focused” programs — can be effective in moving recipients from welfare to work. However, the limits of such policies have also been learned, as these programs tend not to increase incomes for those who come through the welfare system. As stated by the MDRC (an organization that has evaluated a large number of welfare-to-work programs since the 1980s), in discussing both work-first and education-focused programs:

Despite the successes of these programs, no program... met the long range goal of making enrollees better off financially. Most program group members continued to have low incomes from various combinations of earnings, the EITC [Earned Income Tax Credit], welfare, and Food Stamps.... These findings suggest that the challenge of the future is to identify other types of programs or initiatives that can provide welfare recipients with better and more stable jobs, increase their income, and improve the well-being of their children.²⁵

The available welfare-to-work research is based on evaluations of broad-based welfare reform strategies for most or all of the caseload. It does not address potential targeted initiatives such as the *Parents as Scholars* programs as proposed in the Senate Finance Committee bill, which, if evaluated, could provide information about

²⁵ NEWWS Final Report. P. ES-4.

the impact of allowing students to complete an associate's (two year) degree in vocational education, compared with allowing the current law 12 months of vocational education.

Additionally, there has been interest in a number of different initiatives to “blend” work experience and education together as a preemployment activity for welfare recipients. That is, vocational education would be one part of a program that would provide work experience for part of the week and education for other parts of the week. Both versions of H.R. 4 would allow such a program to be fully countable toward TANF work participation standards without any limit on that activity, as long as at least 24 hours per week would be in work experience.²⁶ Further, some localities have implemented a program model called “transitional jobs” programs.²⁷ These programs also combine work (subsidized wage paying jobs generally in the private, not-for-profit sector) and education, which could include vocational educational training. Such programs, again if evaluated, could provide information about the impact of blended work experience/education preemployment programs and whether they could outperform traditional “work-first” programs.

GED and Postsecondary Education. As discussed above, obtaining a GED does not substantially alleviate poverty. However, a GED does provide a credential necessary to go on to postsecondary education, including vocational education. Researchers found that the returns on postsecondary education and job training were as large for GED recipients as for traditional high school graduates, but that GED recipients generally did not enroll in such courses of study.²⁸ An analysis of NEWWS data found that those who received a GED were more likely to attend postsecondary education and that the subgroup that both received a GED and received postsecondary education had better earnings outcomes than other participants.

Of course, in the context of a welfare-to-work program, having participants both obtain a GED and go on to postsecondary education takes time. Absent a change in current policy, a participant who remains on the TANF cash assistance rolls for the full period of study would be accruing time toward time limits on benefit receipt.

Postemployment Programs? Most of the focus of the currently available welfare reform literature is about *preemployment* programs; that is, programs to prepare a recipient for work before they enter jobs. There is a great deal of interest,

²⁶ Other similar scenarios can be found in the House Ways and Means Committee report on its 2002 welfare reauthorization bill. See U.S. Congress, House Committee on Ways and Mean, *Personal Responsibility, Work, and Family Promotion Act of 2002*, House Report 107-460, Part 1, May 14, 2002, pp. 40-41.

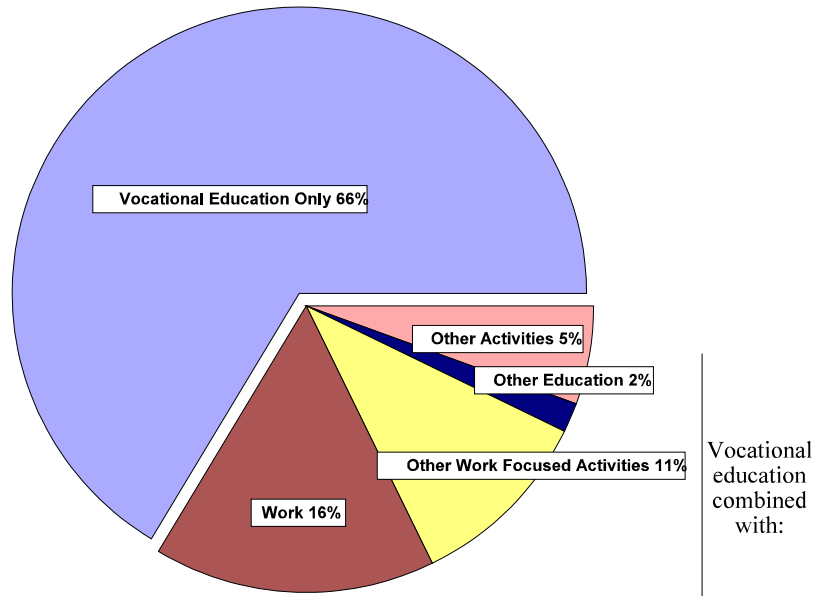
²⁷ See Gretchen Kirby et al., *Transitional Jobs: Stepping Stones to Unsubsidized Employment*, Mathematica Policy Research, Inc., Apr. 2002.

²⁸ See also S. Reder, *The Annual Review of Adult Learning and Literacy, 1998*, Volume I: Chapter Four, “Adult Literacy and Postsecondary Education Students: Overlapping Populations and Learning Trajectories.” Available online at [http://ncsall.gse.harvard.edu/ann_rev/chap4rev.htm]. Reder discusses the need to earn postsecondary credentials and attain a high level of literacy proficiency to earn a livable income. See also Murnane et al., *Who Benefits from Obtaining a GED*.

and some research underway, about *postemployment* programs — programs for recipients who already made the transition from welfare to work to continue their education and training.

Some welfare recipients already combine vocational educational training with another activity, though for the majority of vocational educational training participants it is their sole activity. **Figure 9** categorizes vocational educational training recipients by whether they also reported hours in other activities during the month. It shows that two-thirds of those who reported participation in vocational educational training reported that it was their sole activity for that month. However, one-third of vocational educational training participants reported participating in another activity during the month, most often work or a work-focused activity.

Figure 9. Vocational Education Training Participants in FY2002: Participating in Vocational Educational Training Alone or in Combination with Other Activities



Source: Chart prepared by the Congressional Research Service (CRS) based on tabulations from the FY2002 TANF national data files.

Both H.R. 4 as passed by the House and as reported from the Senate Finance Committee would expand the counting of hours in vocational educational training if it is done in conjunction with work. Under both bills, families that meet the 24 hour per week requirement for “core” activities would be allowed to count any additional hours spent in vocational educational training without limit. This is an expansion from current law that allows vocational education to count for only 12 months under all circumstances.

What Do We Know About Combining Work and Vocational Education? As discussed in the previous section, most of the available research examines vocational education as a preparatory, preemployment activity. Currently, research is underway to examine education as a postemployment activity for welfare recipients.

Only preliminary findings are available for one postemployment program that attempts to provide postsecondary education in a community college (Riverside California's Community College). The study reported that the program (*New Visions*) did result in an increase in the rate at which students took community college courses. However, the program did not increase earnings but *increased* welfare receipt of participants within two years after entering the program. Most recipients did participate in a remedial education course offered by the program, but only 40% took a regular community college course. The study reported that recipients experienced difficulties in juggling work, school, and child-rearing; problems that in the past have been reported in postemployment programs. Additional information on this program following recipients for longer periods will be available in subsequent reports.

HHS has funded an experimental evaluation of various post-employment strategies for cash welfare recipients and low-income families in the *Employment Retention and Advancement (ERA)* evaluation. These include a program to provide stipends to working families that also engage in education in Florida, additional experimentation in post-employment education and training in Riverside, California, and education and training for working welfare recipients in Los Angeles County, California. Interim impact results from ERA are due in either 2004 or 2005; the ERA final report is due in 2007.

There are a number of considerations in evaluating the promise of postemployment education for recipients or former recipients of welfare. First, most jobs in the economy are full-time jobs, and thus recipients who find work are likely to find a job with a full-time schedule (defined as a job with usual hours of 35 per week or more).²⁹ Therefore, postemployment education likely involves juggling a full-time job — not a part-time job — with family responsibilities, and education. Research also has found that low-wage workers are less likely to be employed during regular business hours,³⁰ and irregular hours and job schedules could pose difficulties when attempting to juggle work, education, and family responsibilities.

The difficulties faced by those on the cash welfare rolls who attempt to combine work and education are not idiosyncratic to the welfare population. In the general population, characteristics associated with nontraditional students have been found to

²⁹ See CRS, *Increasing Work Participation Hours Standards of Adults Receiving Temporary Assistance for Needy Families (TANF) Cash Assistance* by Gene Falk and Linda Levine. Congressional Distribution Memorandum, (Available from the authors upon request.)

³⁰ See Gregory Acs, Katherin Ross Phillips, and Daniel McKenzie, *On the Bottom Rung: A Profile of Americans in Low-Income Working Families*, Urban Institute, Washington, DC, Oct. 2000.

be negatively related to students' likelihood of staying in an educational program.³¹ And as discussed above, many students do combine education and work. However, four of the seven characteristics that define a nontraditional student have a direct negative effect on students' ability to continue their studies and complete them — delayed enrollment, part-time enrollment, financial independence, and no traditional high school diploma. Two of the remaining characteristics, working full time during the first year of enrollment and having dependents, were found to have an indirect negative effect on persistence in coursework and completion, as both characteristics may contribute to delayed enrollment and part-time enrollment.³²

Conclusion

In some respects the current debate over the role of vocational education is part of an old debate. The pre-1996 program (Job Opportunities and Basic Skills Training, or JOBS, program), emphasized up-front education and training for welfare recipients. JOBS was created in the Family Support Act of 1988. Beginning in 1989, the cash welfare caseload began to increase, reaching a peak of 5.1 million families in March of 1994. Dissatisfaction with the pre-1996 system led to the creation of TANF in the 1996 welfare law (however, the welfare caseload started downward before the enactment of national welfare reform). TANF emphasizes work or work-related activities over education, and also stresses the temporary nature of cash assistance through the imposition of time limits. Allowing more vocational education to count toward the participation standards could be seen as diluting TANF's emphasis on work, and a return to an education-focused strategy that has not been proven more effective in moving recipients to work and increasing their earnings than the current "work-first" philosophy of most TANF programs.

However, the TANF reauthorization debate on education is taking place in a very different context than in previous debates. The pre-TANF cash welfare program was an open-ended matching grant; TANF limits funding, so that states are encouraged to provide cost-effective ways of moving families off the rolls as quickly as possible to help free up funding for other uses. The evaluated programs to date still point to "work-first" programs as more cost-effective than "education-focused" programs for moving families from welfare to work. Even if the TANF work participation rules were liberalized so that more education could be countable toward the participation standards, pressures from other features of TANF (especially the fixed block grant) would likely deter states from adopting strategies that fail to efficiently move families from welfare to work. The experience under TANF to date also would indicate that if allowed, states are unlikely to recast their work program as an education and training program. States have been generally operating under much reduced (by the caseload reduction credit) standards, but still have generally maintained a "work first" focus.

³¹ ED, *Nontraditional Undergraduates*, and U.S. Department of Education, National Center for Education Statistics, (2003), *Work First, Study Second: Adult Undergraduates Who Combine Employment and Postsecondary Enrollment*, NCES 2003-167 (Hereafter cited ED, *Work First*).

³² ED, *Nontraditional Undergraduates*.

Additionally, the reauthorization proposals would allow states to count hours in vocational education without limit if recipients are pursuing this training on a part-time basis while also working. This is particularly important in light of the fact that many postsecondary students today are nontraditional students — some working while attending school parttime.

Further, TANF aids populations other than those just receiving TANF cash assistance. It is consistent with the purposes of TANF to help support the education and training of low-income, working parents who are not on the benefit rolls. Unfortunately, little is known about whether states are taking advantage of TANF's flexibility to provide such supports. There has been little mention in the reauthorization debate of the potential of TANF in helping low-income persons in families with children obtain college degrees that could help them advance to better jobs with higher levels of earnings.

Despite all the experience and research on welfare reform over the past decades, there is still little that can be said specifically about what the likely effects of restricting, maintaining, or expanding vocational educational training would be on the earnings, welfare receipt, and income of cash assistance recipients. The last policy goal — raising incomes — has eluded most evaluated preemployment welfare-to-work strategies.³³ Determining whether different types of educational programs — be they limited expansions of postsecondary education such as *Parents as Scholars*, “blended” programs of work experience or subsidized employment and education, or postemployment education — can achieve the aim of raising incomes would require states to experiment with these approaches to provide the additional experience and research necessary to evaluate them. If Congress wishes to allow such experimentation, welfare reform reauthorization policies could include federal work participation rules that allow or even encourage states to undertake such experimentation, include demonstration authority (waiver of regular work participation rules) for such experimentation, and/or provide financial help to evaluate these approaches.

³³ The exceptions are programs that increased incomes by *increasing* welfare receipt by allowing working families to keep more of their welfare check when they get a job and increase earnings. Note that many TANF programs have adopted such liberalized “earnings disregards.”

Appendix A. Descriptions of State Vocational Educational Training Activities

TANF law lists 12 activities that are creditable toward meeting federal work participation standards. Neither the law nor regulations further define these activities; therefore, states are left to define what is meant by a work activity such as “vocational educational training.”

States are required to report to HHS how they define each of the creditable TANF work activities in their annual program reports. This is not currently a statutory requirement, but one made by regulations. The pending welfare reform reauthorization bills would make these reports a statutory requirement. **Table A1.** provides this information by state. The descriptions provided by states vary considerably in both length and detail. The table shows the information reported by states, with only some slight editing.

Table A1. State Definitions of Vocational Educational Training Under the TANF Program

| State | Description |
|---------|--|
| Alabama | <p>This activity includes any of the following:</p> <ul style="list-style-type: none"> - 1. Competency-based applied learning that contributes to a client’s academic knowledge, higher-order reasoning and problem-solving skills, life skills, work attitudes, employability skills, and occupation-specific skills through organized educational programs of sequenced courses. These courses should provide individuals with technical skills and academic knowledge needed for success in current or emerging employment sectors. - 2. Any formal instruction in a skill or trade, traditionally referred to as job skills training, determined by the case manager to be other than purely academic in nature that prepares the client for a vocation, for example, technical programs designed to prepare a client for a specific occupation, including, but not limited to, nursing, plumbing, electrical, auto mechanics and barbering. It is limited to education that leads to useful employment in a recognized occupation. Training is available to clients through vocational/technical schools, and some colleges. - 3. Training programs provided through the Alabama Department of Rehabilitative Services. |
| Alaska | <p>Vocational training provides participants with marketable job skills for paid work. Participants with few job skills, outdated job skills, or skills no longer in demand may benefit from training designed to bring their qualifications in line with those required by local employers.</p> <ul style="list-style-type: none"> - Job skills training involves participation in an organized educational program that directly relates to preparation for employment. This training gives the participant specialized knowledge, abilities, and job skills. Depending on the program and the participant’s expected goals, job skills training may be as elaborate as an apprenticeship program or as simple as a job sampling placement. - College education or postsecondary education prepares a participant for professional or para-professional occupations consistent with their employment goals. It is expected that the education will prepare the |

| State | Description |
|----------------------|--|
| | individual to enter paid employment that quickly allows them to leave Temporary Assistance. |
| Arizona | Vocational education/training is directly related to a career or occupation. Vocational education/training includes individuals already enrolled in education/training at the time of registration in the Jobs Program, as well as those participating in educational or training activities as assigned through the Occupational Training Referral process after entering the Jobs Program. |
| Arkansas | Vocational educational training is postsecondary education, including, at least, programs at two or four year colleges, universities, technical institutes and vocational schools which is in a field directly related to employment. Only 12 months of vocational education is counted for purposes of the federal rate calculation. An individual client is allowed to engage in vocational education for a longer period of time for purposes of his or her individual work requirement if it has been determined that is the best plan for that client to move toward self-sufficiency. However, any months in excess of 12 are not counted for the federal rate. |
| California | Programs including, but not limited to, those offered through colleges, community colleges, adult education, and regional occupation centers. |
| Colorado | Short-term educational activity intended to prepare an individual for employment. Vocational educational training shall not exceed 12 months with respect to any individual. Providers of this training include community colleges, postsecondary institutions, proprietary schools, and non-profit organizations. |
| Connecticut | Formal occupational skills training conducted in a classroom setting, in a workplace setting, or in some combination of the two. |
| Delaware | Defined as education for a specific job skill, e.g., nursing, child care worker, etc. |
| District of Columbia | Programs which assist TANF recipients learn skills needed to succeed in the workplace. Examples include programs which link basic skills training with training for particular jobs. |
| Florida | <p>Vocational education or training is education or training designed to provide participants with the skills and certification necessary for employment in an occupational area. Vocational education or training may be used as a primary program activity for participants when it has been determined that the individual has demonstrated compliance with other phases of program participation and successful completion of the vocational education or training is likely to result in employment entry at a higher wage than the participant would have been likely to attain without completion of the vocational education or training. Vocational education or training may be combined with other program activities and also may be used to upgrade skills or prepare for a higher paying occupational area for a participant who is employed.</p> <p>-</p> <p>1. Unless otherwise provided in this section, vocational education shall not be used as the primary program activity for a period which exceeds 12 months. The 12-month restriction applies to instruction in a career education program and does not include remediation of basic skills, including English language proficiency, if remediation is necessary to enable a participant to benefit from a career education program. Any necessary remediation must be completed before a participant is referred to vocational education as the primary work activity. In addition, use of vocational education or training shall be restricted to the limitation established in federal law. Vocational education included in a program leading to a high school diploma shall not be considered vocational education for purposes of TANF.</p> <p>-</p> <p>2. When possible, a provider of vocational education or training shall use funds provided by funding sources other than the regional workforce board. The regional workforce board may provide additional funds to a vocational education or training provider only if payment is made pursuant to a</p> |

| State | Description |
|-------------|---|
| | performance-based contract. Under a performance-based contract, the provider may be partially paid when a participant completes education or training, but the majority of payment shall be made following the participant's employment at a specific wage or job retention for a specific duration. |
| Georgia | Training that will provide the participant with a specific job skill. |
| Guam | Not listed. |
| Hawaii | No details. |
| Idaho | Individual under the age of 20 who has a high school diploma or GED or an individual age 20 or older who is in occupational or skills training of 12 months or less. Academic training may be counted if: the training will lead directly to employment such as teaching, nursing, etc., and the individual is participating in other activities including employment. Individual age 20 or older attending Adult Basic Education, GED preparation courses or English as a second language classes. Does not include work finding activities such as resume classes, how to interview, etc. |
| Illinois | Vocational Training: Usually short-term programs that prepare client for a specific type of work. Includes vocationally focused ESL/GED or ESL/GED directly related to employment. - Vocational Postsecondary Education: An associate or bachelor degree program that qualifies the client for a specific job or field of work. |
| Indiana | Vocational Education is a short-term training activity that leads to the acquisition of competencies directly related to specific trade, occupation or vocation. |
| Iowa | Classroom training — Postsecondary education and any other academic or vocational training course of study that prepares the individual for a specific profession or vocational area of employment. Also listed under vocational education are ESL and adult basic education. |
| Kansas | This is an intensive skill-specific vocational curriculum. This activity may include post-secondary education. |
| Louisiana | No description provided. (Limited to 12 months per individual; 30% of cases.) |
| Maine | Not to exceed 12 months. Includes postsecondary educational training (excluding two and four year degree programs, which are covered under the Parents as Scholars component), customized occupational skills training, skills training, certificate courses, and teaching certificates. Activities are to provide specific workplace skills to enhance employability. - Hours automatically include study hours (1.5 times the hours in the educational program) as long as a recipient is satisfactorily participating. |
| Maryland | This category includes instruction in an institutional or work-site setting, designed to upgrade a person's technical skills and information required to perform a broad array of related jobs. A person may participate in vocational education activities for a maximum of 12 months. |
| Michigan | Vocational occupational training, condensed vocational training programs, internships, practicums, and clinicals. |
| Minnesota | This activity includes college, vocational school, business school, community college, trade school, university and internships. |
| Mississippi | An organized educational program which offers a sequence of courses directly related to the preparation of individuals for employment in current or emerging occupations that do not require a baccalaureate or advanced degree. Such programs shall include competency based applied learning which contributes to an individual's academic knowledge, higher-order reasoning, and problem-solving skills, work attitudes, general employability skills, and the occupational-specific skills necessary for obtaining employment and becoming self-sufficient. |

| State | Description |
|----------------|---|
| Missouri | Participation in programs offered through colleges, universities, community colleges, or other entity offering a course of study that leads toward a degree, certificate or license. Graduate programs are not a countable work activity. |
| Montana | Short-term Skills Training — Activities which include vocational training in technical job skills and equivalent knowledge and abilities in a specific occupational area. The training lasts for six months or less. |
| Nebraska | Postsecondary education is limited to that which is directly related to the fulfillment of an individual's vocational goal, and must be completed within the 24 month time limit of eligibility. Only those occupations that can be demonstrated to be marketable and be anticipated to pay a wage that will lead the family to economic independence are approved and included in the Self-Sufficiency Contract. Postgraduate programs are not allowed. |
| New Hampshire | Vocational skills training is an activity that is defined as instruction conducted at an institutional or worksite setting to provide or upgrade the technical skills required to perform a specific job or group of jobs for an individual, including job specific competency training, job specific school-to-work programs, on-site industry — specific training, customized training, entrepreneurial training, cooperative education or professional and vocational education. (Cooperative education experiences are typically connected to employment whereby individuals participate in work place experiences.) |
| New Jersey | This is an activity involving institutional or other classroom training conducted by an instructor in either a worksite or non-worksite setting. Participants receive instruction in specific occupational areas which reflect the current local labor market demand. Providers of this type of activity include, but are not limited to, community based organizations, private-for-profits, community/county colleges, vocational-technical schools, Work Investment Boards, and adult high schools. This activity is not utilized for more than 12 months for any TANF individual. Work related educational enhancements: Work-related educational enhancements lead to recognized careers for which there is or will be a demand in the job market (as defined by the NJ Department of Labor), and include programs that are offered at community colleges as well as postsecondary vocational training programs. Postsecondary education is directly related to work and is combined with approved work activities including employment. |
| New Mexico | No details. |
| New York | A work activity which involves organized educational programs offering courses which are directly related to the preparation of individuals for employment, including but not limited to competency-based applied learning, higher-order reasoning, problem solving skills and occupational-specific skills necessary for economic independence. |
| North Carolina | A short-term educational activity that leads to preparation for a specific vocation. Likely providers of vocational educational training include, but are not limited to: community colleges, post secondary institutions, and non-profit organizations. Participation and support in graduate and post-graduate programs is not counted. |
| North Dakota | An unpaid work activity that offers an organized sequence of coursework directly related to preparation of a participant for employment in a current or emerging occupation. The state allows individuals to participate in vocational education for a maximum of 24 months but only 12 months are counted when calculating the federal work participation rate. |
| Ohio | A program of education and training with a goal of enabling an individual to obtain employment. Includes college, technical, vocational, or other course work leading toward a degree, certificate, or license. Study time may be included in this activity. |
| Oklahoma | Experience to develop technical skills, knowledge, and abilities in specific occupational areas. This can include practicum placements, internships, or proprietary schools. |
| Oregon | No details. |

| State | Description |
|----------------|---|
| Pennsylvania | A specific curriculum of training provided by an accredited training organization, which is designed to prepare a recipient for a specific occupation. Only counts in first 24 months of assistance. |
| Puerto Rico | Vocational training is skills training for a specific occupational area conducted by an instructor in a non worksite or classroom setting for 12 months or less. |
| Rhode Island | <p>Job Skill/Vocational Training: Activities are designed to provide training for jobs, which are specific for entry-level positions. They are non-degree programs, which are less than one year in duration and provide trainees with certificates of mastery in skill areas, which meet the needs of employers throughout the state. These areas may include certified nursing assistants, phlebotomists, computer basics (word processing, spreadsheets, data entry), banking/financial services, information technology, etc.).</p> <p>-</p> <p>Postsecondary Vocational Education: Activities within this category are intended to result in full-time employment at wages sufficient to eliminate eligibility for cash assistance. Each participant must be tested utilizing industry accepted instruments and must score at or above 9.0 for reading, mathematics, and language levels. Those approved for such activities must maintain a cumulative grade point average (GPA) of 2.0 or above.</p> |
| South Carolina | Training for a participant in technical job skills and equivalent knowledge and abilities in a specific occupational area. |
| South Dakota | <p>Vocational training provides a recipient with the skills and a certification needed to become employed in a specific occupational area.</p> <p>-</p> <p>Vocational training has been identified as two levels. Level I includes courses at the traditional Vocational Technical Institutes. In addition, vocational courses offered through four-year institutions or community colleges are also recognized. Full time status as defined by the institution meets participation requirements. Level 2 vocational (occupational) education includes courses recognized by the Workforce Investment Act (WIA) and/or offered at Career Learning Centers. Courses must be at least 20 hours per week.</p> <p>-</p> <p>Characteristics of Vocational Training include The program must be consistent with the individual's personal responsibility plan and is directed toward a goal of employment. The training should prepare the participant for a job within the shortest reasonable time frame. The job outlook in the local labor market should be favorable or else the participant must agree to relocate. Students should be in full-time or at least a 20 hour week course and maintain acceptable academic performance in accordance with the standards of the institution.</p> |
| Tennessee | Vocational postsecondary education and vocational rehabilitation training. |
| Texas | Vocational Educational Training relates to the types of jobs available in the labor market and is consistent with the employment goals identified in the individual's employability plan and is time-limited. |
| Utah | Counts at either 30 hours per week (12 months lifetime) or a combination of 20 hours/week plus 10 in training/school. Includes: employment-related education, applied technology. |
| Vermont | Effective July 1, 2001, vocational educational training (not to exceed 12 months with respect to any individual) means training designed to provide the participant with skills or certification in an area of study necessary for the participant to obtain a job available in a geographic area where the participant is willing to relocate within three months of completion of the vocational program. Examples of vocational education include licensed practical nurse training and auto mechanic training. |

| State | Description |
|----------------|--|
| Virgin Islands | General, theoretical, and/or practical instruction provided to a customer in a particular skill or discipline that would help make the customer more marketable. |
| Virginia | Certificate/associate degree program or skills training with a specific employment goal. |
| Washington | Not to exceed 12 months. |
| West Virginia | Vocational Education is limited to courses that provide employment skills. It may be used to meet work participation requirements for no more than 12 months. Up to 12 months at a community college or college may be considered vocational education if the classes are for a vocational related program. |
| Wisconsin | <p>Technical College Activities — This activity is reported for Community Service Jobs and Transitional participants enrolled full-time (up to 15 hours per week) in a technical college program and who meet working or other participation requirements. Study time does not count.</p> <p>-</p> <p>Non-required Education and Training — This activity is reported when an individual is participating in an educational activity, which is not required by the work program. It assists the case manager in tracking individuals who are voluntarily participating in additional educational activities.</p> |
| Wyoming | <p>Vocational training can be approved when: the training is directly related to the preparation of the job seeker for employment in a nonprofessional career or the training will upgrade skills for a nonprofessional career; or assessment shows the job seeker needs the training to progress toward employment or self-sufficiency; or it is the first training program for the job seeker; or the job seeker is upgrading skills to obtain or maintain certification or employment; and the labor market assessment shows the job seeker understands the job requirements and has done research to determine if jobs are available in the training area; and the job seeker agrees to relocate if jobs are not readily available in the home area.</p> <p>-</p> <p>While in training, the job seeker must maintain full-time enrollment and a “C” grade average or equivalent and complete the program within 12 months.</p> |

Source: Congressional Research Service (CRS) based on data from annual TANF state program reports and state plans.

Appendix B. Detailed Rules on Counting Participation in “Vocational Educational Training” Toward TANF Work Participation Standards

TANF sets minimum work participation rate standards that a state must meet. A state must have a minimum percentage of its families with an adult or teen head of household recipient be considered “engaged in work,” or the state is subject to financial penalties.

Under TANF, a cash welfare recipient must work in a creditable work activity for a minimum number of hours to be considered “engaged in work.” Current federal law lists 12 creditable work activities that recipients may engage in which count toward meeting TANF work participation standards, one of which is “vocational educational training.”

The rules for determining whether a recipient is engaged in work are fairly technical and complex under both current law and pending welfare reauthorization legislation. This appendix details these rules.

Current Law Rules

The work activities creditable toward meeting TANF participation standards can be classified into two categories:

- **“Core” activities.** These activities represent the main thrust of the work standard and are expected to be either the sole or primary activities for TANF participants. The general TANF standard requires at least 30 hours per week in work, with at least 20 of these hours in a set of “core” activities.
- **Supplemental activities.** These activities are creditable only *after* the core 20-hour per week requirement is met, and can count for meeting the additional 10 hour per week requirement.

Vocational Educational Training as an Activity. Table B1. lists the 12 activities creditable toward current law TANF participation standards, showing the nine “core” activities and the three additional supplemental activities. Most of the core activities focus on work or activities designed to move a family into work quickly (e.g., job search). The notable exception to the work focus of core activities is vocational educational training. All supplemental activities are education-related. Note that for single parents with a preschool child (more than half of all TANF adult recipients), only 20 hours per week in creditable activities, core or supplemental, is required to meet participation standards.³⁴

³⁴ TANF law is ambiguous as to whether all 20 hours must be in “core” activities. As the program has been administered, however, the Department of Health and Human Services (HHS) has allowed states to deem a single parent with a child under the age of six as a full participant, if she has 20 hours per week in any creditable TANF activity.

Table B1. TANF Creditable Work Activities Under Current Law

| | |
|--|--|
| <p>“Core” activities (General rule: at least 20 hours per week must be in core activities.)</p> | <ul style="list-style-type: none"> ● Unsubsidized employment; ● Subsidized private sector employment; ● Subsidized public sector employment; ● Job search and readiness (usual limit of six weeks per fiscal year); ● Community service; ● Work experience; ● On-the-job training; ● <i>Vocational educational training (limited to 12 months in a lifetime)</i>; and ● Caring for a child of a recipient in community service. |
| <p>Supplemental activities</p> | <ul style="list-style-type: none"> ● Job skills training directly related to employment; ● Education directly related to employment (for those without high school or equivalent degree); and ● Completion of a secondary school program (for those without a high school or equivalent degree). |

Source: Congressional Research Service (CRS).

Note: There are special rules for “deeming” a family to be engaged in work for single parents with a child under the age of six and teen parents. Single parents with a child under the age of six can be deemed engaged in work with 20 hours per week in creditable activities. Teen parents can be deemed engaged in work with 20 hours per week of education directly related to employment or progress toward completion of a secondary school program.

Current Law Limits on Counting Vocational Educational Training.

Vocational educational training is a creditable TANF work activity, but states are limited in counting recipients engaged in vocational educational training in two ways:

- Vocational educational training counts toward a state’s work participation standard for only 12 months in a recipient’s lifetime.
- In total, no more than 30% of families determined to be engaged in work (participants) in any month may be considered engaged in work through: (a) vocational educational training; or (b) being a teen parent deemed engaged in work through specified educational activities.³⁵

The 30% limit does *not* say that a state can have up to 30% of its caseload engaged in education. Rather, it says that up to 30% of those who meet the federal hours standards in creditable activities may consist of families with members engaged through vocational educational training or teen parents deemed engaged through education. Thus, the number of available educational “slots” depends on the number

³⁵ Specifically, teen parents without a high school diploma may be deemed as engaged in work (counted as a participant) through either: (a) 20 hours per week of participation in education directly related to employment; or (b) satisfactory progress toward completing secondary school.

of families actually engaged (or deemed engaged) in work. Additionally, since the 30% cap applies to the sum of families engaged in work through educational activities, “slots” taken up by teen parents reduce the number of “slots” available for vocational educational training.

Box B1. provides an example of how the 30% cap works using a hypothetical example of a state with 100 families on the rolls under two scenarios: a state with a 50% participation rate and a state with a 20% participation rate. It is also assumed that three families are considered participating through having a teen parent deemed engaged in work through education. As shown in the first scenario, if 50 of the families are engaged in work (50% participation rate), only 30% of those families (15 families or 15% of the total caseload) may be engaged in work through education. Of these 15 families, three are participating by virtue of having a teen parent deemed engaged in work through education, leaving 12 slots for participation in vocational educational training. The second scenario shows a state with a 20% participation rate. Of the 20 families participating, 30% (six families or 6% of the total caseload) may be engaged in work through education. Of these six families, three have teen parents deemed engaged in work through education. Therefore, there remain only three “slots” available for vocational educational training.

Box B1. Example of How the 30% Limit On Participation Through Education Works

Example of how the 30% limit works in a hypothetical state with 100 families on the rolls and three families participating by virtue of a teen parent deemed engaged in work through education.

| | State with a 50% participation rate | State with a 20% participation rate |
|--|-------------------------------------|-------------------------------------|
| Line 1. Total families | 100 | 100 |
| Line 2. Participating families | 50 | 20 |
| Line 3. Limit on families participating through education (30% of Line 2) | 15 | 6 |
| Line 4. Teen Parents Participating through Virtue of Education | 3 | 3 |
| Line 5. Available “Slots” for Vocational Educational Training (Line 3 minus line 4) | 12 | 3 |

Note that the 30% limit does *not* apply to education done as a supplemental activity. It applies only to vocational education done as a core activity and education for teen parents that is used to totally fulfill participation requirements for that group.

Teen Parents and the Vocational Educational Training Cap. In FY2002, an estimated 21 states reached the 30% vocational educational training cap in at least one month during a fiscal year (though none reached the cap in all months). In many cases, this was because the participation rates in states were relatively low. As shown in **Box 1**, states with low participation rates can reach the cap with relatively few participants in education. The pending proposals would require such states to increase participation, thereby increasing the number of “slots” available for education.

Reauthorization Proposals

The House-passed version of H.R. 4 and the Senate Finance Committee substitute for that measure would both make substantial revisions to TANF work participation standards, including the treatment of vocational educational training. The House bill would raise the required hours of participation to 40 per week and require all parents, regardless of the age of their children, to meet the requirement. The Senate Finance Committee bill would raise the required hours to 24 per week for single parents with a preschool child and to 34 hours per week for other single parents (higher hours requirements apply to two parent families). Partial credit is given for hours below these standards in both bills. Both bills would raise the hours required in core activities from 20 to 24 hours per week.

Both bills retain the concept of *core* and *supplemental* activities, but also establish a new set of creditable activities:

- **“Qualified” activities.** States could count “qualified activities” as substitutes for core activities to meet the 24-hour per week requirement *for a limited period of time* — three months in a 24-month period. The House bill allows a fourth month during the 24-month period to complete a program; the Senate bill allows an additional three months of rehabilitative activities³⁶ if combined in the additional three months with work.

Vocational Educational Training in the House-Passed Bill. The House-passed bill would *eliminate* vocational educational training and job search from the list of core activities. Instead, states may define vocational educational training as a “qualified activity.” Thus, it is only as a qualified activity that states could count the

³⁶ The Senate Finance Committee bill would allow the extra three months of qualified activities for the following rehabilitative activities: adult literacy programs, participation in a program designed to increase proficiency in the English language, and activities for an individual who has been found to have a physical or mental disability, substance abuse problem, or problem that requires a rehabilitative service (rehabilitative service is defined by the state).

participation of a full-time vocational educational training student who is not engaged in work-related activities for 24 hours per week.

Under the House-passed bill, *states* define qualified activities: states could designate any TANF-purposeful activity, including vocational education as a qualified activity. As a qualified activity, vocational educational training would countable for a maximum of three months in a 24-month period. A fourth month would be allowed if needed to complete a vocational educational training program.

Under the House bill, it is important to consider what other activities would count as “qualified activities” but not as regular core activities in addition to vocational education. For example, job search would not be a regular core activity, but would be countable as a state-defined qualified activity. Thus, any time spent in job search, which is often used as the first activity assigned to a recipient in a “work-first” program, would be subtracted from the time allowed for vocational educational training to count as a qualified activity.

The House bill also permits states to define supplemental activities countable after a recipient has met the 24 hour per week core work requirement. Here too, a state would have the discretion to define vocational education as a supplemental activity. If the state does so, vocational education when combined with at least 24 hours per week of core work activity can be counted without limits.

Vocational Educational Training in the Senate Finance Committee Bill. The Senate Finance Committee bill retains the current law list of activities countable toward the “core” requirement, including vocational educational training limited to 12 months in a lifetime. It also retains the current law’s 30% cap on participation by virtue of vocational educational training or teen parents deemed engaged in work through education.

Additionally, the bill would add vocational educational training to the list of supplemental activities. Further, vocational educational training as a supplemental activity combined with at least 24 hours of core work activity would be counted *without* regard to both the 12 month lifetime limit and the 30% cap, both of which would apply only to vocational educational training as a core activity.

The Senate Finance Committee bill lists five new sets of qualified activities: (1) postsecondary education; (2) adult literacy programs or activities; (3) substance abuse counseling or treatment; (4) programs or activities designed to remove barriers to work, as defined by the states; and (5) work activities operated under a waiver of pre-1996 welfare reform rules, but continued by the state under TANF. Though vocational education is not among the new “qualified activities” that would be created in the bill, postsecondary education is such a new qualified activity. Therefore, postsecondary education of any type, including vocational education, would be countable for three months out of a 24-month period in addition to the 12 months over a lifetime allowed for vocational educational training.

Under the Senate Finance Committee bill, job search also remains a core activity. Therefore, time spent in one of the new qualified activities or job search would *not* subtract from the time available for vocational educational training to count.

Senate Finance Committee Bill: *Parents as Scholars*. The Senate Finance Committee version of H.R. 4 also includes a provision to allow up to 10% of a state's total caseload to participate in a two year or four year educational program and have that participation counted toward TANF work participation standards.³⁷ The program would be patterned after a program operating in Maine and other states, known as the *Parents as Scholars* program. It would require participation in a two year or four year degree program or enrollment in a vocational educational training program. The bill contains rules for the hours and activities (including education, study time, and work) required for credit toward the participation standards. Vocational educational training undertaken in *Parents as Scholars* would not be subject to the 12-month limitation that generally applies to this activity.

Summary Comparison of Current Law and Proposed Bills' Treatment of Vocational Educational Training. Table B2. compares the treatment of vocational educational training under current law, the House-passed version of H.R. 4, and the Senate Finance Committee substitute version of H.R. 4. The table does not detail the rules for the Senate Finance Committee's *Parents as Scholars* program, which could include vocational education but also includes participation in two and four year colleges (generally associate's or bachelor's degrees).

Note that the House-passed bill would eliminate the 30% cap, but restrict vocational education to a time-limited qualified activity. The Senate Finance Committee version of H.R. 4 retains the 30% cap, but does not apply that limitation to vocational education creditable as a supplemental (part-time) activity or to postsecondary education as a qualified activity.

³⁷ The 10% of the caseload cap on participation in *Parents as Scholars* is separate from the 30% cap on fulfilling work requirements through vocational educational training. That is, *Parents as Scholars* participants would not count toward the 30% cap. Moreover, the cap is different: the 10% cap on participation in *Parents as Scholars* is computed as a percent of the state's total caseload, not the percent of those engaged in work.

Table B2. Vocational Educational Training as a TANF Work Activity: Current Law Compared with the House-Passed and Senate Finance Committee Versions of H.R. 4

| | Current law | House-passed version of H.R. 4 | Senate Finance Committee version of H.R. 4 |
|---|--|---|--|
| “Core” activities | Vocational educational training countable for up to 12 months in a lifetime (minimum 20 hour per week core requirement). | Vocational educational training is not countable (minimum 24 hour per week requirement). | Vocational educational training countable for up to 12 months in a lifetime (minimum 24 hour per week core requirement). |
| “Qualified activities” (creditable to meet minimum core requirement during a limited period of time) | No provision for qualified activities. | Vocational educational training may be defined by the state as a qualified activity for three months in a 24-month period. A fourth month is allowed if needed to complete a program. | Not a “qualified activity.” However, postsecondary education (which may include vocational education) is countable for three months in a 24-month period. |
| “Supplemental” activities (hours are creditable after “core” hours requirements are met) | Hours in vocational education count toward meeting the full participation for only 12 months. | Hours in vocational educational training are countable without limit as a state — defined activity after the minimum 24 hour per week “core” activity requirement is met. No time limit on vocational education countable as a supplemental activity. | Allows vocational educational training without regard to the 12-month limit after the minimum 24 hour per week “core” activity requirement is met. |
| Numerical limits | Up to 30% of families <i>engaged</i> in work may be so counted by virtue of participation in vocational education or being a teen parent deemed engaged in work through education. | No numerical limit. | Retains current law limit. Only vocational education counted as a “core” activity applies toward the 30% limit. Vocational education as a supplemental activity or postsecondary education (which might include vocational education) as a qualified activity is exempt from this limit. |

Source: Congressional Research Service (CRS).

Impact of Removing Teen Parents from the 30% Cap

A number of welfare reauthorization bills would remove teen parents from the 30% cap on fulfilling work requirements through education. In the 107th Congress, the Senate Finance Committee approved bill (H.R. 4737) would have removed teen parents from the cap.

Nationally, in FY2002 there were 12,000 teen parents deemed “participating” by virtue of education. If teen parents were removed from the 30% cap, an additional 12,000 vocational education slots would be opened up nationwide. Though this is a relatively small number of slots relative to the national caseload, the percent of the caseload comprised of teen parents varies greatly by state. Thus, the effect of removing teen parents from the 30% cap would vary by state.

Table B3. shows the state-by-state effect of removing teen parents from the cap, based on the FY2002 participation in educational activities of teen parents. It illustrates this based on the participation rules that would be established in the Senate Finance Committee version of H.R. 4 (including new exemptions allowed under that bill) and assumes that a state meets a 50% participation standard (the minimum effective participation standard under that bill after considering credits against the statutory 70% work participation standard that would be in effect in FY2008).

The second column shows the number of families that would be included in the participation calculation: that is, families with an adult or minor head of household minus families that are excluded from the calculation because they include an infant, are in the first month of assistance, are subject to a sanction, or are in an Indian tribal program (exemptions allowed in the bill). The third column shows 50% of those families — the number of families that would have to participate to meet the 50% standard. The fourth column shows the number of available education “slots”: 30% of the third column (number of families that would have to participate). The fifth column is the number of teen parents deemed engaged in work because of education in FY2002. If participation among teen parents is the same in future years as in FY2002, this would be the number of education slots that would be freed by removing teen parents from the calculation in each state. If the proposal were adopted, all available education slots could be used by participants in vocational educational training. The final column shows the percent increase in available slots for vocational educational training by removing teen parents from the 30% cap.

Table B3. Illustration of the Effect of Removing Teen Parents from the 30% Cap for Vocational Education and Teen Parents Deemed Engaged in Work through Education

(Based on FY2002 Participation)

| State | Families included in the rate | Participating families at a 50% participation rate | “Slots” for vocational education and teen parents | Teen parents without a high school diploma deemed engaged in education (FY2002) | Vocational education “slots” | Percent increase in vocational education “slots” by removing teen parents from the 30% cap |
|----------------|-------------------------------|--|---|---|------------------------------|--|
| Alabama | 6,715 | 3,357 | 1,007 | 88 | 920 | 9.5% |
| Alaska | 3,371 | 1,686 | 506 | 25 | 481 | 5.2 |
| Arizona | 17,474 | 8,737 | 2,621 | 82 | 2,539 | 3.2 |
| Arkansas | 5,467 | 2,733 | 820 | 0 | 820 | 0.0 |
| California | 273,777 | 136,888 | 41,066 | 1,713 | 39,353 | 4.4 |
| Colorado | 5,934 | 2,967 | 890 | 78 | 813 | 9.5 |
| Connecticut | 13,352 | 6,676 | 2,003 | 53 | 1,950 | 2.7 |
| Delaware | 2,127 | 1,063 | 319 | 16 | 303 | 5.2 |
| DC | 9,237 | 4,619 | 1,386 | 0 | 1,386 | 0.0 |
| Florida | 16,016 | 8,008 | 2,402 | 532 | 1,871 | 28.4 |
| Georgia | 21,552 | 10,776 | 3,233 | 43 | 3,190 | 1.3 |
| Hawaii | 9,624 | 4,812 | 1,444 | 129 | 1,315 | 9.8 |
| Idaho | 305 | 152 | 46 | 0 | 46 | 0.0 |
| Illinois | 21,184 | 10,592 | 3,178 | 172 | 3,006 | 5.7 |
| Indiana | 35,554 | 17,777 | 5,333 | 250 | 5,083 | 4.9 |
| Iowa | 12,615 | 6,308 | 1,892 | 194 | 1,698 | 11.4 |
| Kansas | 7,348 | 3,674 | 1,102 | 321 | 781 | 41.1 |
| Kentucky | 14,465 | 7,233 | 2,170 | 258 | 1,912 | 13.5 |
| Louisiana | 9,033 | 4,516 | 1,355 | 69 | 1,285 | 5.4 |
| Maine | 6,403 | 3,202 | 960 | 0 | 960 | 0.0 |
| Maryland | 13,447 | 6,724 | 2,017 | 388 | 1,629 | 23.8 |
| Massachusetts | 24,670 | 12,335 | 3,700 | 577 | 3,124 | 18.5 |
| Michigan | 40,546 | 20,273 | 6,082 | 308 | 5,774 | 5.3 |
| Minnesota | 22,924 | 11,462 | 3,439 | 1,539 | 1,900 | 81.0 |
| Mississippi | 7,420 | 3,710 | 1,113 | 83 | 1,030 | 8.1 |
| Missouri | 27,234 | 13,617 | 4,085 | 505 | 3,580 | 14.1 |
| Montana | 3,965 | 1,983 | 595 | 2 | 593 | 0.3 |
| Nebraska | 4,845 | 2,422 | 727 | 0 | 726 | 0.0 |
| Nevada | 5,542 | 2,771 | 831 | 2 | 830 | 0.2 |
| New Hampshire | 3,387 | 1,693 | 508 | 42 | 466 | 9.1 |
| New Jersey | 22,409 | 11,205 | 3,361 | 31 | 3,330 | 0.9 |
| New Mexico | 9,296 | 4,648 | 1,394 | 65 | 1,329 | 4.9 |
| New York | 91,166 | 45,583 | 13,675 | 170 | 13,505 | 1.3 |
| North Carolina | 15,153 | 7,576 | 2,273 | 716 | 1,557 | 46.0 |
| North Dakota | 1,555 | 777 | 233 | 18 | 215 | 8.6 |
| Ohio | 38,730 | 19,365 | 5,810 | 1,535 | 4,275 | 35.9 |
| Oklahoma | 6,011 | 3,005 | 902 | 93 | 809 | 11.5 |
| Oregon | 7,909 | 3,955 | 1,186 | 0 | 1,186 | 0.0 |
| Pennsylvania | 40,397 | 20,199 | 6,060 | 123 | 5,936 | 2.1 |
| Rhode Island | 10,831 | 5,415 | 1,625 | 0 | 1,625 | 0.0 |

| State | Families included in the rate | Participating families at a 50% participation rate | “Slots” for vocational education and teen parents | Teen parents without a high school diploma deemed engaged in education (FY2002) | Vocational education “slots” | Percent increase in vocational education “slots” by removing teen parents from the 30% cap |
|----------------|-------------------------------|--|---|---|------------------------------|--|
| South Carolina | 9,436 | 4,718 | 1,415 | 289 | 1,126 | 25.7 |
| South Dakota | 866 | 433 | 130 | 26 | 104 | 25.5 |
| Tennessee | 36,901 | 18,450 | 5,535 | 59 | 5,476 | 1.1 |
| Texas | 59,271 | 29,635 | 8,891 | 708 | 8,183 | 8.6 |
| Utah | 4,377 | 2,189 | 657 | 84 | 572 | 14.7 |
| Vermont | NA | NA | NA | NA | NA | NA |
| Virginia | 14,383 | 7,191 | 2,157 | 0 | 2,157 | 0.0 |
| Washington | 31,382 | 15,691 | 4,707 | 606 | 4,101 | 14.8 |
| West Virginia | 8,539 | 4,269 | 1,281 | 44 | 1,237 | 3.6 |
| Wisconsin | 6,464 | 3,232 | 970 | 197 | 772 | 25.5 |
| Wyoming | 94 | 47 | 14 | 1 | 14 | 4.2 |
| Guam | NA | NA | NA | NA | NA | NA |
| Puerto Rico | 16,508 | 8,254 | 2,476 | 9 | 2,467 | 0.4 |
| Virgin Islands | 360 | 180 | 54 | 0 | 54 | 0.0 |
| Totals | 1,077,571 | 538,785 | 161,636 | 12,243 | 149,392 | 8.2 |

Source: CRS tabulations of data from the TANF FY2002 data files.

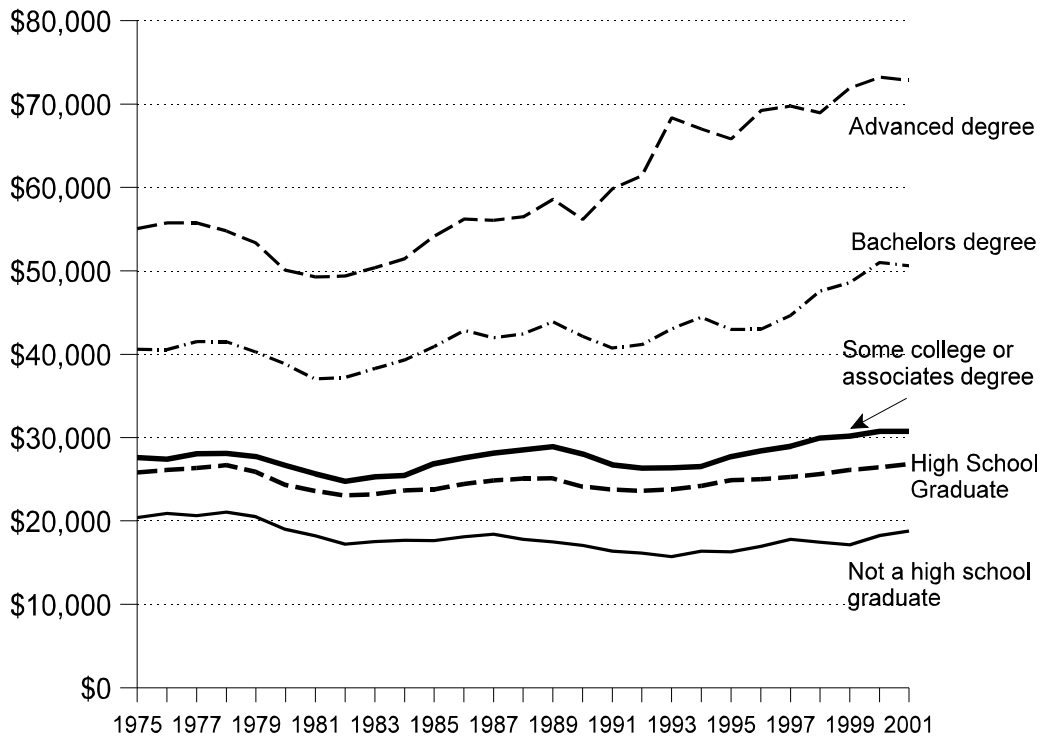
Appendix C: Average Earnings and Educational Attainment Over Time

This appendix shows trends in average earnings by educational attainment for the population aged 25 and older for 1975-2003. The source of the data is the annual March Supplement to the Current Population Survey (CPS). Beginning in 1992, the CPS question on educational attainment was changed so that it asked respondents about highest grade completed or degree received; before then, educational attainment was measured by years of schooling. The trends were not shown in the body of this report because it is not possible to provide detail on the degree received by those who attended college.

The Census Bureau has constructed a series showing average earnings by level of educational attainment. This series could be affected by the change in wording of the CPS question for those with education beyond high school. For years before 1992, the Census Bureau assumes that one to three years of college is equivalent to “some college or receipt of an associates degree,” four years of college is equivalent to a bachelors degree, and an advanced degree is five or more years of college.

Figure C1. shows the relationship between earnings and education for 1975-2001 in constant dollars. Over the period of time shown in the figure, the relationship between earnings and education has been consistent each year — higher levels of education are associated with higher earnings. It also demonstrates that the real (inflation-adjusted) mean earnings of workers with less than a high school diploma or its equivalent have declined since 1975.

Figure C1. Mean Earnings of Workers Aged 18 and Older (In Constant 2001 Dollars), By Educational Attainment: 1975-2001



Source: Figure prepared by the Congressional Research Service based on data from the U.S. Census Bureau.