

From Safety Net to Springboard: Using the Family Independence Program to Help More Parents Build Their Skills

Approximately 25,500 families in Michigan receive cash assistance through the Family Independence Program (FIP), including approximately 15,500 adult parents.¹ Most parents receiving cash assistance are required to work in order to receive benefits. Due to the low household income limit for FIP eligibility, many families leave the program because parents earn too much to remain eligible. These parents often then find themselves stuck in low-paying, unskilled jobs that do not provide a secure economic future for their families and which cannot adequately cover costs such as child care.

Without in-demand occupational skills signified by a postsecondary credential such as a degree, certificate or license, it is difficult for FIP recipients to become economically self-sufficient. The Partnership, Accountability, Training, Hope (PATH) program, established in January 2013, encourages training as a strategy for achieving economic security, but federal restrictions prohibit the state from making full use of training opportunities for some FIP recipients. Because of Michigan's high level of work participation, however, the state can implement several changes despite these limitations that would increase participants' likelihood of success in training programs.²

Children who grow up in poverty are more likely to be poor as adults than those not raised in poverty, and the

educational level of parents is an indicator of how far their children will go in education and skill building.³ For this reason, increasing the skills of FIP recipients is a sound, long-term two-generation strategy: by helping parents in the present, Michigan will help their children to become skilled adults, reducing their likelihood of being in poverty and needing public assistance in the future.

BACKGROUND: BRIEF HISTORY AND STRUCTURE OF TANF

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (informally called welfare reform) that changed the structure of federally-funded cash assistance in the United States. This act

replaced the federal cash assistance program Aid to Families with Dependent Children (AFDC) with the Temporary Assistance to Needy Families (TANF) block grant to states, through which each state would set up its own program within broad guidelines. While federal AFDC money to states was based on the number of cases the state had, going up or down with respective caseload increases and decreases,

TANF set each state's annual block grant according to the state's 1994 AFDC spending levels. Nineteen years later, Congress has still not raised the amount of the block grant to each state. Michigan continues to receive \$775 million per year, the same amount it received in 1997.

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The two central features of TANF that marked a major change from AFDC are the establishment of a 60-month lifetime limit and stricter federal work requirements. States may not use TANF funds for families that include an adult who has received federal cash assistance for 60 months (consecutive or nonconsecutive) since the implementation of TANF. States are free to use their own funds to continue benefits to such families and to set their own time limits for those benefits. States are allowed to set time limits on federal benefits that are shorter than the 60-month limit, and many do. Michigan's lifetime limit for receiving FIP assistance, established in 2006 and made stricter in 2011, is 48 months, a full year less than the federal amount. The federal limit does provide some flexibility to states through the hardship exemption, which allows a state to exempt up to 20% of its cases from the 60-month limit for reasons of hardship as defined by the state.

The other major change with TANF is the federal work requirement. A single parent with at least one child under

6 years old must participate in approved work activities for 20 hours per week; if the single parent's children are between the ages of 6 and 17, the parent must participate in 30 hours per week of work activities. For two-parent families, the combined work hours must total at least 35 hours per week (55 hours per week if a family receives a federally-funded child care subsidy).

The 1996 law set forth 12 categories of work activities that can count toward the work requirement (some of the categories were further defined when TANF was reauthorized in 2005). Nine of these 12 categories are core activities that can count toward any number of hours of participation, and many recipients fulfill their entire work requirement through one core activity, usually unsubsidized employment. Participation in the three secondary activities can count only if the individual also participates in core activities for at least 20 hours per week (single parents) or 30 hours per week (two-parent families).

The allowable core and secondary activities are shown in Figure 1.

FIGURE 1: ALLOWABLE CORE AND SECONDARY ACTIVITIES FOR TANF ELIGIBILITY

Core Activities	Secondary Activities
<p>May count toward any number of required work hours</p>	<p>May only count toward work requirements if the recipient is participating in 20 hours of core activities</p>
<ul style="list-style-type: none"> ● Unsubsidized employment ● Subsidized private-sector employment ● Subsidized public-sector employment ● Work experience ● On-the-job training ● Job search and job readiness assistance ● Community service programs ● Vocational educational training (12 month limit and 30% cap) ● Providing child care services to an individual who is participating in a community service program 	<ul style="list-style-type: none"> ● Job skills training directly related to employment ● Education directly related to employment ● Satisfactory attendance at secondary school or an adult education program leading to a GED (English as a Second Language instruction may not count in this category, and parents under 20 years old who fulfill work requirements in this way are included in the 30% cap for vocational educational training)

FIGURE 2: MICHIGAN'S WORK PARTICIPATION RATE HISTORY

LOWER ADJUSTED TARGETS AND HIGHER RATES PROVIDE FLEXIBILITY TO ENROLL MORE RECIPIENTS IN EDUCATION AND TRAINING

Fiscal Year	Federal Work Participation Target	Adjusted Target	Work Participation Rate*	Met Adjusted Target?
2000	40%	0%	36.4%	Yes
2001	45%	0%	33.8%	Yes
2002	50%	0%	28.9%	Yes
2003	50%	0%	25.3%	Yes
2004	50%	0%	24.5%	Yes
2005	50%	0%	22.0%	Yes
2006	50%	0%	21.6%	Yes
2007	50%	30.5%	28.0%	No
2008	50%	50.0%	33.6%	No
2009	50%	27.8%	27.9%	Yes
2010	50%	25.2%	22.8%	No
2011	50%	27.8%	26.6%	No
2012	50%	37.5%	43.1%	Yes
2013	50%	20.6%	53.3%	Not Yet Final
2014	50%	11.1%	62.3%	Not Yet Final

*Actual federally approved participation rates for Fiscal Years 2013 and 2014 are not yet finalized. The Fiscal Year 2013 participation rate (53.3%) and the Fiscal Year 2014 participation rate (62.3%) are state-reported rates as of August 6, 2015, and subject to change by federal Health & Human Services review.

Source: Michigan Department of Health and Human Services Welfare Information Packets

Created by Michigan League for Public Policy

The percent of a state's cash assistance caseload that is meeting the work requirements is known as the work participation rate (WPR). Each state has a WPR target of 50%, but that target can be adjusted by applying a caseload reduction credit—subtracting a percentage point from the work participation target for each percentage point that the state reduced its caseload since the baseline year of 2005 (Figure 2). Prior to 2006, the baseline year was 1995, and due to the large reduction following welfare reform, many states had an adjusted target of 0%. TANF imposes penalties on states whose WPR falls short of their adjusted target.

TANF policy states that no more than 30% of the families that a state counts toward its federal work rates may do so through vocational educational training or, for parents under age 20, school attendance or education directly related to employment. Most years, only 1-3% of Michigan's caseload meeting the requirements consists of parents under 20 finishing high school, so this is not a concern when trying to bring up the number and percentage of recipients participating in vocational educational training.

THE IMPORTANCE OF POSTSECONDARY CREDENTIALS FOR FIP RECIPIENTS

Nearly all FIP recipients have no education beyond high school. About 25% do not have a high school diploma compared with 10% of Michigan's general population, while about 75% have only a high school diploma (no postsecondary education) compared to less than 30% of Michigan's general population. A very small percentage (1-3% most years) has some level of education beyond high school, though likely many or most of those did not finish a postsecondary program or attain a credential (Figure 3).

In past decades, helping a parent go from welfare to family-supporting work with only a high school diploma would not be a problem. As recently as

FIGURE 3: EDUCATIONAL LEVEL OF FIP RECIPIENTS, 2009-2013

Fiscal Year	Adult Recipients	Highest Level of Education Completed			
		Did Not Finish HS		HS Only	
		FIP Pop.	Total Pop. 18-64	FIP Pop.	Total Pop. 18-64
2009	42,816	25%	10%	74%	29%
2010	48,786	28%	10%	71%	29%
2011	48,231	24%	10%	76%	29%
2012	30,329	22%	10%	78%	29%
2013	20,118	25%	10%	72%	28%

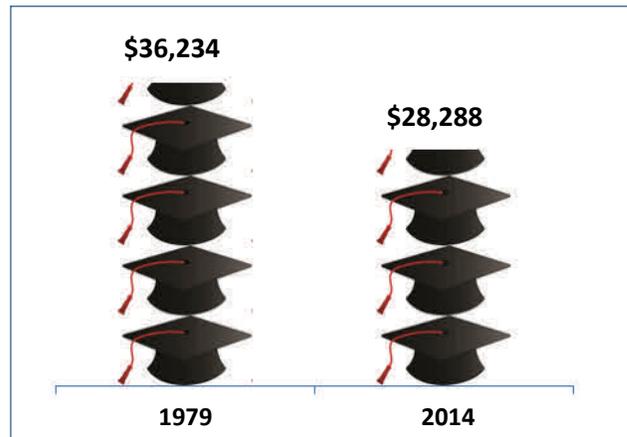
Sources: Adult Recipients and Educational Level of FIP Population: U.S. Department of Health and Human Services, Characteristic and Financial Circumstances of TANF Recipients, Fiscal Years 2007-2013 ([http://www.acf.hhs.gov/programs/ofa/resource-library/search?area\[2377\]=2377&topic\[2353\]=2353](http://www.acf.hhs.gov/programs/ofa/resource-library/search?area[2377]=2377&topic[2353]=2353), accessed August 28, 2015). Educational Level of Total Population: Working Poor Families Project data generated by Population Reference Bureau from the American Community Survey.

the 1980s, a Michigan individual could find gainful employment (often in the manufacturing sector) immediately after high school graduation and begin a lifelong career. Since then, many jobs have been moved out of the country or automated, and many of the remaining entry-level jobs that lead to a career track require a higher skill level than before. As a result, workers with only a high school diploma are likely to remain stuck in low-paying work with little chance of promotion; real wages for Michigan workers with only a high school diploma have fallen from \$36,234 in 1979 to \$28,288 in 2014 (Figure 4).⁴

Of Michigan’s 969,565 working families, 12% have incomes below the poverty threshold (considered poor) and 32% have incomes below two times the poverty threshold (considered low income).⁵ Of the working families that are below the poverty threshold, 44% do not have a parent with any education beyond high school, and it is safe to assume that there are also many working poor families in which a parent enrolled in at least one postsecondary class but did not finish the program or receive a credential.⁶ Even some working families above the “low income” level experience difficulty meeting basic needs.⁷

For most people, becoming employed in jobs with a career track and livable wages requires some level of postsecondary training leading to a credential—a two- or four-year college degree, a certificate or a license. Such training pays off; from 2005 to 2012, Michigan workers with an associate degree earned an average of \$8,139 per year more than those with only a high school diploma.⁸

FIGURE 4: ANNUAL WAGES HAVE FALLEN FOR MICHIGAN WORKERS WITH ONLY A HIGH SCHOOL DIPLOMA (2014 DOLLARS)



Source: Economic Policy Institute analysis of Current Population Survey data

Many cash assistance recipients are in a very economically precarious position. The FIP monthly grant will bring a family with no other income to less than one-third of the federal poverty threshold, though the grant is supplemented by Food Assistance Program benefits, which bring the percentage a little bit higher. When a parent begins to earn enough to bring his or her family to 75% of the poverty level, their family is no longer eligible for cash assistance and is likely to remain poor despite the parent working full time. If a recipient can become skilled and earn a credential before losing assistance, the chances of needing public assistance in the future will be greatly reduced and the family’s economic well-being more likely to improve.

FIGURE 5: FEWER THAN HALF OF THE ALLOWABLE NUMBER OF HOUSEHOLDS EACH YEAR MEET WORK REQUIREMENTS THROUGH VOCATIONAL EDUCATION

Year	Total Families	Counted in WPR*	Adjusted Target WPR*	Met Work Requirements	WPR*	Met Work Requirements Through Vocational Education	
2008	66,554	35,196	50%	11,835	34%	452	3.8%
2009	62,230	32,660	28%	9,074	28%	887	9.8%
2010	68,233	37,889	25%	8,632	23%	1,168	13.5%
2011	66,208	36,808	28%	9,828	27%	1,179	12.0%
2012	44,514	23,377	38%	10,023	43%	1,638	16.3%

*WPR=Work Participation Rate, which is the percent of a state’s cash assistance caseload that is meeting the work requirements.

Source: U.S. Department of Health and Human Services Office of Family Assistance (<http://www.acf.hhs.gov/programs/ofa/resource-library/search?tag=4939>; accessed October 16, 2015)

As Figure 5 shows, each year through Fiscal Year 2012, Michigan has consistently had far below 30% of its FIP recipients who fulfill the federal work requirements do so through vocational education. If this pattern has continued since the launch of PATH in January 2013 (data is not yet available for fiscal years after 2012), then Michigan is not making full use of its ability to use FIP as a springboard to economic security.

In addition to underutilizing its ability to have up to 30% of its FIP population in education and training, Michigan also currently does not track the academic and work success of those who leave cash assistance. It is developing a P-20 educational data system, however, that tracks the educational progress of all students in all public (and some private) K-12 schools and postsecondary institutions, in adult education and in the workforce development organizations.⁹ If this data system would aggregate welfare recipients and those who have left assistance and track their progress through these systems, Michigan would be able to compile data to show what strategies work to help those on public assistance become more economically self-sufficient.

RECOMMENDATIONS

Because Michigan's work participation rate (WPR) is so far above its target, the state can afford to have more of its recipients not meeting the federal work requirements and not counted toward the rate. There are a number of ways that Michigan can take advantage of this flexibility in order to help recipients attain postsecondary credentials and move into employment that pays a livable wage.¹⁰

Actively promote the vocational educational training option to recipients who are likely to succeed. Many FIP recipients are not ready for vocational educational training due to complicated family situations, learning disabilities or other barriers, or a lack of desire. However, for the many who would benefit and are considered likely to persist and complete a program, local Michigan Department of Health and Human Services (DHHS) offices should actively promote this option and facilitate its participants' success. If in a future year higher percentages of FIP recipients successfully participate in vocational training, Michigan can make use of the flexibility provided

by its high WPR to lift the 30% cap on counting this activity rather than turn away recipients who wish to participate.

Allow FIP recipients who successfully complete one year of a two-year vocational educational training program to complete their second year without additional work requirements. Because of the importance of attaining a postsecondary credential to increase success in the labor market, FIP policies should be improved to ensure that recipients who have made significant progress in their training programs can continue to study and receive cash assistance seamlessly, without new work requirements added on. These recipients will not be able to be counted as fulfilling work requirements in Michigan's WPR for those 12 months.

Apply months of vocational educational training against a recipient's 12-month limit only when the recipient completes enough hours in that category to satisfy the entire month's federal work requirements. There is a 12-month limit on a recipient fulfilling all monthly work requirement hours through vocational educational training. Participation in this activity that exceeds the 12-month limitation may not be counted in the state's work participation rate. According to federal TANF policy, if a recipient participates in vocational educational training even just one day in a given month and the state counts that activity in its WPR for the month, that month must count against the recipient's 12-month limit for vocational education.

Recipients in vocational training programs may have some months in which they do not have enough vocational training hours to fulfill federal work requirements. In these months, Michigan should not count those hours as vocational educational training. If the recipient has enough combined hours in vocational educational training AND other countable activities to fulfill the work requirement in a given month, then the vocational program should be counted as "job skills training," which does not have a time limit. If the recipient does not have enough countable work hours in any activity to fulfill work requirements, then that recipient cannot be counted in the state's WPR for that month anyway and the hours spent in vocational educational training should not be documented as such against the recipient's 12-month time limit.

Allow FIP recipients over 20 years old who have not completed high school to do so by taking adult education classes without additional work requirements, provided they take a minimum number of classes concurrently and maintain satisfactory academic performance. Michigan would not be able to count these cases toward its WPR. However, adult education is a crucial link to postsecondary education for low-skilled parents, and the longer the time needed to complete adult education classes and pass the General Educational Development (GED) exam, the more likely such parents will drop out. Allowing the parent to “speed up” the process by taking more than one class at a time with no other requirements makes it more likely that the parent will continue education into the postsecondary level. This is especially important for parents who need to take Adult Basic Education (ABE) classes before GED classes, as the longer time required in adult education increases the likelihood that they will drop out before completion.¹¹

Allow FIP recipients who are participating in adult education or vocational training programs and are close to exhausting their 48-month lifetime limit to receive an additional year of FIP. Although the state has imposed a 48-month/four-year lifetime limit on families receiving FIP, the federal lifetime limit for supporting families with cash assistance through TANF is five years. This enables Michigan to continue giving assistance to parents who have not yet finished their education and training. Adult education students who are meeting their work requirements could continue to count toward the WPR, as would vocational educational training participants who have not exceeded the 12-month limit. (Extending FIP for these families beyond 48 months can only be done if the Legislature modifies Public Act 131 of 2011.)

Allow English as a Second Language (ESL) to count as a core or secondary activity. Although TANF allows other forms of adult education (ABE and GED classes) to count toward work requirements, it does not allow states to count time that recipients spend in ESL. Such recipients must learn English in addition to participating in their required weekly work hours. As the flexibility provided by Michigan’s high WPR allows, the state should permit recipients who are making satisfactory progress in ESL

classes to count class and study time toward their weekly work requirements.

Use the statewide P-20 education system to measure the workforce success of those who leave cash assistance, with and without training. It is very difficult to track and measure the economic well-being of those who leave cash assistance in Michigan. In the past, the responsible state agency would send out voluntary surveys to former recipients that would have a very low response rate. Today, however, the state has a P-20 data system in place that measures education and workforce success and the system is being expanded. While preserving recipient privacy, Michigan should link this system with the DHHS data system in order to track parents when they leave FIP, measuring the success of those who have participated in education and training while receiving FIP compared to those who have not. This will help the state know what kind of programs and policies have been successful at facilitating the transition from cash assistance to family-supporting wages and job security.¹²

CONCLUSION

Cash assistance is a necessary safety net for parents who have barriers to finding or maintaining a job that enables them to meet their family’s needs, and the PATH program provides a three-week screening process to pinpoint such barriers. For many recipients, the barriers include a low level of marketable occupational skills, and a subset of these recipients lack basic skills in at least one academic area that are needed to attain occupational skills through postsecondary training. Without such skills, parents often remain either unemployed or stuck in low-paying jobs that do not pull them out of poverty or help them meet their children’s needs.

In keeping with its name, the Family Independence Program ought to use every available means to enable cash assistance recipients to acquire credentials leading to gainful employment and economic security. While not all recipients are able to do this, for the ones who are, FIP can be not only a temporary safety net but a springboard to skills, career and economic security—for the parents now and their children when they become adults.

ENDNOTES

1. Michigan Department of Health and Human Services, *Trend Report of Key Program Statistics*, September 2015.
2. The PATH program ended the prior program for work participation known as JET (Jobs, Education and Training). One of the main features of PATH is that it requires a 21-day application eligibility period in which recipients are screened for work readiness and barriers.
3. Bassett, Meegan D., *Considering Two Generation Strategies in the States*, Working Poor Families Project, Summer 2014.
4. Economic Policy Institute analysis of Current Population Survey data.
5. Working Poor Families Project data generated by Population Reference Bureau from the American Community Survey, 2013.
6. Working Poor Families Project, *ibid.*
7. For more on the level of income that Michigan families must have in order to meet their basic needs without public or charitable assistance, see the Michigan League for Public Policy's *Making Ends Meet in Michigan: A Basic Needs Income Level for Family Well-Being*, March 2014.
8. Economic Policy Institute, *ibid.*
9. P-20 is shorthand for an integrated educational system that extends from preschool to higher education and the workforce. For more on Michigan's P-20 data collection system, go to: <http://www.michigan.gov/cepi/0,4546,7-113-56472---,00.html>.
10. For further discussion on many of these recommendations, see Lower-Basch, Elizabeth, Amy Ellen Duke-Benfield and Lavanya Mohan, *Ensuring Full Credit Under TANF's Work Participation Rate*, Center for Law and Social Policy, March 2014.
11. Adult Basic Education (ABE) classes are those that bring the student to a ninth grade level in a given academic area, while General Educational Development (GED) classes bring students to a high school graduation level. For the very low-skilled, ABE classes are often a necessary prerequisite to GED classes and the necessity of completing them before GED classes prolongs their time in adult education, increasing the likelihood of dropping out.
12. For more information on this subject, see Michigan League for Public Policy, *The Key Ingredient: Data is Crucial to Building Michigan's Workforce System*, July 2011.

Skilling Up Michigan is a series of policy briefs from the Michigan League for Public Policy that addresses the access and affordability of postsecondary skill building in Michigan and urges the state to prioritize public investment in occupational skill building as a strategy for fighting poverty, reducing unemployment and building communities. This is the fifth paper in the series and is published with the support of the Working Poor Families Project .