

Turning Assistance into Opportunity



Improving TANF and Implementing Two-Generational Solutions to Help New Mexico Families Access Educational Pathways Out of Poverty

A KIDS COUNT Special Report

by Armelle Casau, Ph.D., and Virva Walkington, MPH
December 2016



Introduction

Everyone has unique talents and potential that they can and should realize to the fullest. Our state and nation are stronger when all of this potential is channeled into positive contributions that benefit families and our communities. So it makes sense that we offer programs that help those who don't have access to the resources and opportunities everyone needs to reach their potential and succeed.

During the Great Depression, the nation created the Aid to Families with Dependent Children (AFDC) program—which came to be known as welfare—to help families who had fallen on hard times with cash assistance to help afford the basic necessities for their children. That program, though, did not help parents gain the job skills and education they needed in order to improve their family's long-term economic security. Twenty years ago AFDC was replaced by the Temporary Assistance for Needy Families (TANF) block grant.

TANF was created in part to help parents move into the workforce, but it focuses too much on workforce participation and does not sufficiently address one of the reasons families fall into or remain in poverty: the lack of education credentials and job skills. TANF gives states some flexibility, including the ability to spend some of the funding on workforce development, but most states—including New Mexico—do not focus on providing effective education and training programs for low-skilled TANF parents. (A “TANF parent” is one who receives cash assistance.) TANF is also supposed to provide work supports like child care assistance, but too few TANF families across the nation and in our state are able to easily access child care assistance.¹

This research analysis was funded by the Annie E. Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of the authors alone, and do not necessarily reflect the opinions of the Foundation.

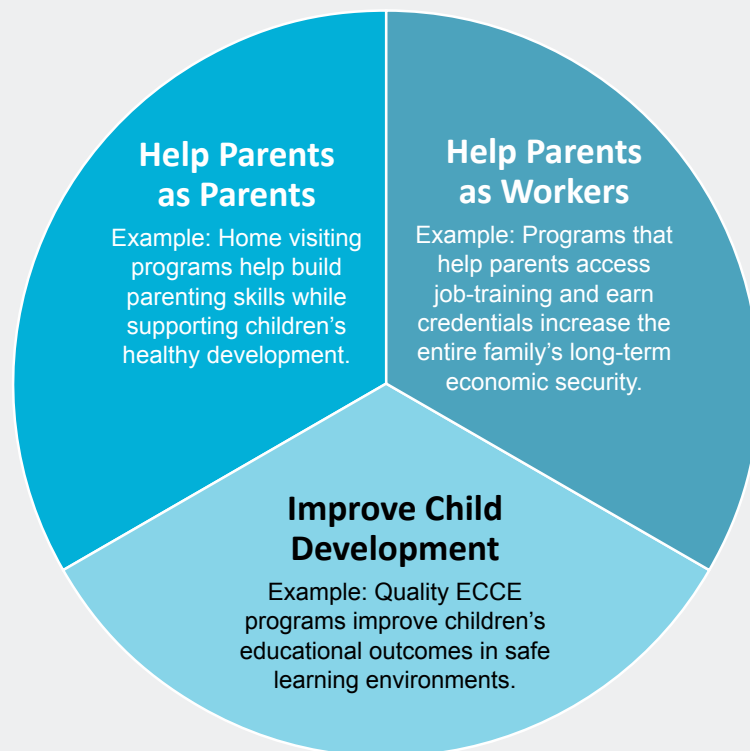
A more comprehensive approach is needed to help families gain long-term economic self-sufficiency. Since TANF only serves families with children living well below the federal poverty level (FPL), we need to employ two-generational solutions that meet the needs of both parents and children simultaneously. More TANF parents need access to education and training programs to earn industry credentials and gain workplace skills so they can lift their children and themselves out of poverty. In addition, children on TANF need access to quality early childhood care and education (ECCE) programs, including child care, so they can be in safe learning environments and improve their school readiness while their parents focus on increasing their education and job skills. We also need to ensure that services for both children and parents are linked, aligned and coordinated in a two-generational approach to improve outcomes for the whole family than services provided in isolation.

Improving TANF by adopting effective two-generational strategies would not only help these families improve

FIGURE I

Two-generational programs help break the cycle of poverty

Examples of two-generational programs



Source: Based on *Creating Opportunity for Families: A Two-Generation Approach*, Annie E. Casey Foundation, 2015; and *Thriving Children, Successful Parents: A Two-Generation Approach to Policy*, CLASP, 2014
NEW MEXICO VOICES FOR CHILDREN

their lives, it would also lead to a better educated and skilled workforce, with improvements handed down for generations to come. This would benefit all New Mexicans as it would attract higher-wage jobs, help New Mexico start-up companies and small businesses, and strengthen our economy.

Two-Generational Approaches and TANF Families

Family outcomes are interlinked

For all families, the socio-emotional, physical, and economic outcomes of both the parents and the children are interlinked. This is why poverty tends to be generational. When fighting poverty, two-generational approaches can help address the needs of both generations at the same time (see Figure I, page 2). Since there is such a strong correlation between poverty and low levels of educational attainment, education is key. Two-generational approaches work in part by:

- helping parents gain the parenting skills and access to the educational resources needed to support their children’s healthy development;
- increasing children’s participation in quality ECCE programs to improve their educational outcomes while their parents focus on increasing their own educational attainment and workforce potential; and
- providing parents with education and job training opportunities to increase their earning potential and improve their family’s long-term economic security.²

When parents increase their education and work skills, subsequent higher incomes bring many benefits to children that go beyond improving their living standards. Research shows that for poor families with children

age five or younger, an annual income increase of just \$3,000 is associated with a 17 percent increase in adult earnings when a child grows up.³ Since children’s economic security while growing up often predicts their own economic security as adults, this can help break the cycle of poverty. Educating parents is also a high-yield investment because it leads to improved educational outcomes for their children as well.

TANF basics

Temporary Assistance for Needy Families (TANF), which replaced Aid to Families with Dependent Children (AFDC) in 1996, is still an anti-poverty program but since the cash assistance now has a 60-month lifetime limit and there are narrowly-defined work participation requirements, it is a much smaller safety net.

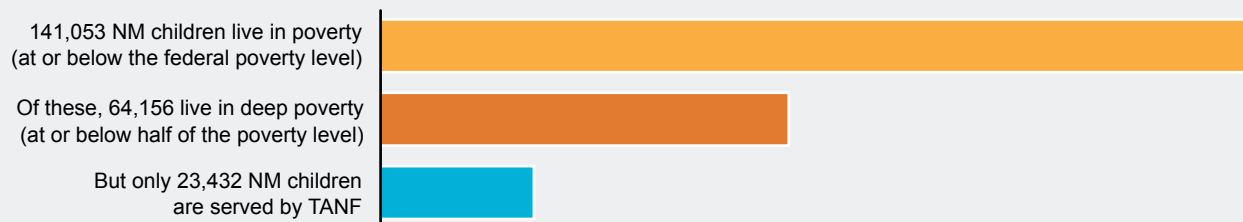
In order to receive federal TANF funds, states must spend some of their own money on programs for poor families as part of their “maintenance of effort” or MOE. States have some flexibility in how they spend their state and federal funds to support the reformed TANF core goals, which include promoting work participation and access to work-support programs like child care assistance while still providing some cash assistance to needy families.

Due to the TANF reform, adult recipients who receive cash assistance—with some exceptions—must participate in work or in work-related activities, which include skills assessment, résumé development, employment search, on-the-job-training, volunteer work, and education and training. To that end, TANF state programs provide some work-related supports that include employment services, education and training activities, and ECCE programs like child care assistance so parents can focus on their education and job training or go to work while their children are in safe learning environments. States

FIGURE II

Only a small portion of New Mexico’s poor children are served by TANF

Number of children living in poverty (100% FPL and less), living in deep poverty (50% FPL and less), and served by TANF (2015)



Source: U.S. Census ACS and U.S. Department of Health and Human Services, 2015
NEW MEXICO VOICES FOR CHILDREN

can set additional eligibility criteria for cash assistance and for support services within the parameters of the federal law. Children can receive TANF benefits either in tandem with their parents (or caregiver) or, in some circumstances, separately if their parents aren't eligible.⁴

States decide the financial eligibility criteria. In New Mexico, a family's gross income must be below 85 percent of the FPL (that's \$17,136 for a family of three in 2016) but families also have to pass a second much lower net income test—for example, the maximum income a single parent with two children can earn is \$12,204 a year, which is 61 percent of the FPL. The families also have to have very few assets, including no more than \$1,500 in liquid assets, like savings.⁵

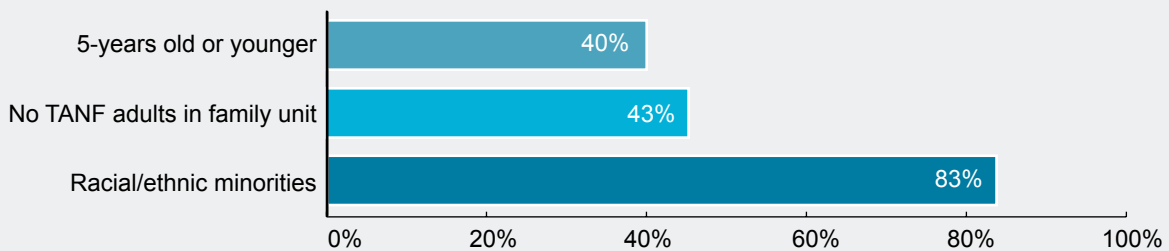
New Mexico should loosen its TANF eligibility criteria since so many of its families are struggling with poverty and too few are receiving assistance. New Mexico has the

second highest rate of overall poverty nationwide,⁶ the highest long-term unemployment rate,⁷ and the highest percentage of working poor families.⁸ Clearly, too many parents are unable to find jobs or are working but are not earning enough to pull their families out of poverty. In 1996, at the onset of the reformed program, New Mexico was providing TANF assistance to 44 out of every 100 families with children living in poverty. In 2014, only 22 out of every 100 families living in poverty were helped by TANF.⁹ The situation is worse when you look at how few children are receiving assistance. In 2015, out of 493,508 children in the state under 18 years of age, 141,053 lived at or below the poverty level—that's 28.6 percent, compared with the national rate of 20.7 percent—and 64,156 (13.0 percent) lived in deep poverty, which is defined as 50 percent of FPL or below.¹⁰ And yet, only 23,432 children in New Mexico—or 17 out of every 100 children living in poverty—were served by TANF in 2015 (see Figure II, page 3).¹¹

FIGURE III

Almost half of New Mexico's children receiving TANF are 5-years old or younger

Percentage of NM children on TANF by selected status (FFY15)

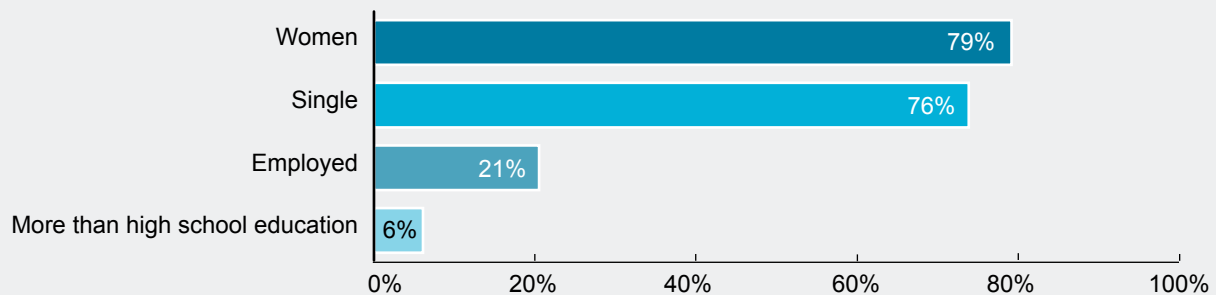


Source: U.S. Department of Health and Human Services, FFY 2015
NEW MEXICO VOICES FOR CHILDREN

FIGURE IV

The vast majority of New Mexico's adults receiving TANF are women

Percentage of NM TANF adults by selected characteristics (FFY15)



Source: U.S. Department of Health and Human Services, FFY 2015
NEW MEXICO VOICES FOR CHILDREN

TANF recipients would benefit greatly from two-generational strategies

Data from federal fiscal year 2015¹² (FFY15) on TANF caseloads and recipient characteristics help paint a clearer picture of the types and needs of the population served by the TANF state program, which is administered by the New Mexico Human Services Department (HSD). In FFY15, 12,018 families in New Mexico—comprised of 23,432 children and 7,688 adults—received TANF assistance.

The vast majority of TANF recipients (75 percent) are children. Of those children, 40 percent are 5-years old or younger, 83 percent are racial and ethnic minorities, and 43 percent live in families where no adult receives TANF cash support (see Figure III, page 4). Even though their children are receiving TANF cash assistance, parents (or other caretakers) can be ineligible due to their immigration status or having lost their benefits because of stringent work requirements and sanctions. Many TANF households where only children receive benefits are headed by grandparents.

Of the very limited number of adults helped by TANF in the state, 76 percent are single and 79 percent are women (see Figure IV, page 4). Fewer than 6 percent have more than a high school education and only 21 percent are able to find employment.

Because New Mexico’s TANF families are living in poverty, they meet the financial eligibility for many other assistance programs. When it comes to accessing other programs serving low-income populations, TANF families do well in some areas but not in others (see Figure V). About 97 percent of TANF families also

received medical assistance and 93 percent received food assistance in the form of the Supplemental Nutrition Assistance Program (SNAP) in FFY15. But only 8 percent got subsidized housing, which is not surprising since subsidized housing is scarce and difficult to obtain.¹³ Additionally, only 4 percent received child care assistance—or about half the national average of 8 percent—even though almost half of all children on TANF are 5-years old or younger.

The Education Gap in Young Children & Strategies to Address it

The impacts of poverty

It’s long been understood that education is the best path out of poverty and that a parent’s educational and socio-economic levels as well as a child’s participation in quality early childhood education are good predictors of how well children will do in school and later in life.

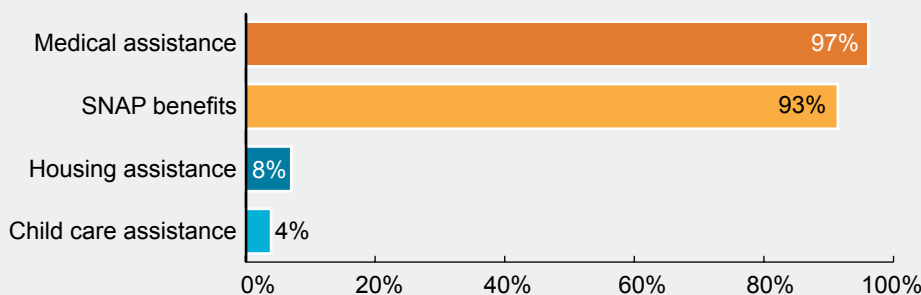
New Mexico does not measure up well compared to the rest of the nation when it comes to poverty and educational levels. In 2014, the state had the highest rate of child poverty, the worst rate of reading proficiency among fourth graders, and ranked 47th in the percentage of high school students not graduating on time (see Figure VI, page 6).¹⁴

New Mexico ranks 49th in the nation in overall child well-being, according to the Annie E. Casey Foundation’s 2016 KIDS COUNT rankings,¹⁵ and this is due, in large part, to our high child poverty rate. Poverty impacts children in a deep and profound way through both physical hardships (including hunger, lack of access to health care, poor housing conditions, and homelessness)

FIGURE V

Very few of New Mexico’s TANF families also receive assistance with housing or child care

Percentage of NM TANF families receiving additional forms of aid (FFY15)



Source: U.S. Department of Health and Human Services, FFY 2015
NEW MEXICO VOICES FOR CHILDREN

and through the chronic stress that being poor and having instability in their lives imposes on them and their families. Given that 28.6 percent of children in New Mexico live at or below the poverty line, many children face such adversities and will have a hard time meeting their full potential.¹⁶

To compound the problem, many young and vulnerable children living in poverty also do not have access to quality ECCE programs. Since working poor families often can neither afford to have a parent stay at home with their children nor to pay for high-quality child care—and because many low-paying jobs have unpredictable work hours that don’t always fit with child care center hours—many young children are cared for by a patchwork of family, friends, and neighbors or are cared for in low-quality, unlicensed child care programs.

Cognitive delays start early in children living in poverty

Research shows that children living in poverty are more likely to have delays in cognitive outcomes. Income-related disparities in cognitive outcomes begin to emerge as early as 9 months of age and become more distinct at 24 months.¹⁷ Roughly 90 percent of a child’s brain architecture is developed in the first five years of life with 700 new neural connections formed every second in the first few years. By the age of three, children of college-educated parents have more than double the vocabularies of children living in families receiving cash assistance (see Figure VII, page 7). By the time children in poverty reach school, they are often already behind their more affluent peers unless they have participated in high-quality ECCE programs to improve their school-readiness and early reading skills.¹⁸

Children who start behind fall further behind

In New Mexico, 77 percent of fourth graders are not proficient in reading (compared with 65 percent nationwide). This is a problem because up until fourth grade children are learning to read but after fourth grade they are reading to learn other subjects. Children who are not proficient in reading by fourth grade lack the fundamental basics for future

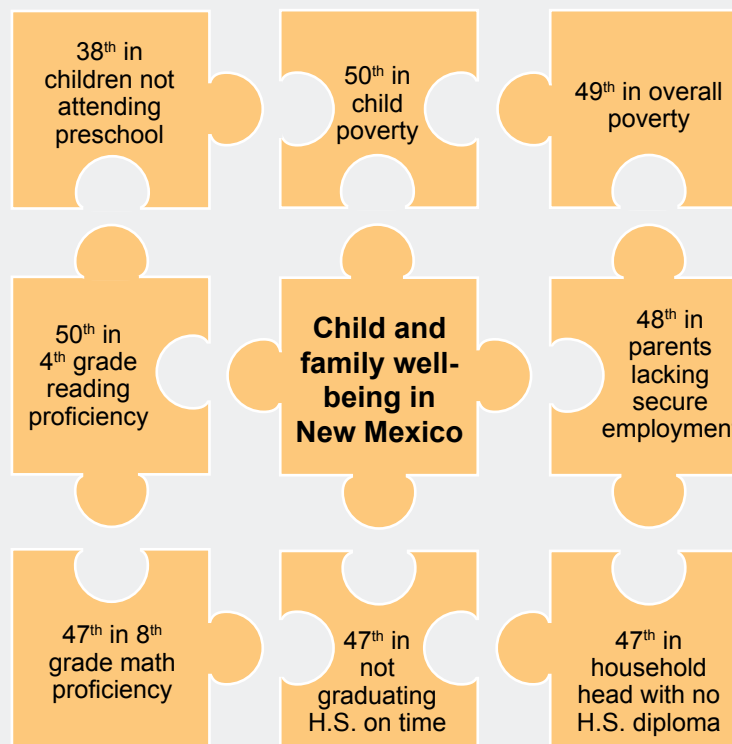
learning so they fall further behind, and too many drop out before they finish high school. Similarly, 79 percent of eighth graders in New Mexico are not proficient in math (68 percent nationwide).¹⁹

This problem continues when college students need math remediation courses because this puts them at a very high risk of dropping out, and most jobs that pay family-sustaining wages require competency in basic math. Since children living in poverty who are not proficient in reading and math are less likely to graduate from high school and much less likely to attend or persist in college, they are more likely to remain in poverty. And when they themselves have children, the cycle of poverty often continues.

However, we know how to arrest this cycle of poverty. Young children benefit from quality ECCE programs that provide nurturing, stable, safe, and stimulating environments to set them on a path to success in both school and in life. These programs are a strategic investment since they offer returns of between \$4 and \$10 for every dollar invested for at-risk or low-income

FIGURE VI
Children’s and parents’ education and poverty outcomes are interlinked

New Mexico’s national rankings in selected KIDS COUNT indicators



Source: *KIDS COUNT Data Book*, Annie E. Casey Foundation, June 2016
NEW MEXICO VOICES FOR CHILDREN

children. For the children, this investment in their early education also translates into increased earnings when they grow up. This all, in turn, leads to increased state tax revenues as well as decreased spending on prisons, special education, and assistance programs.²⁰

The need for quality ECCE programs

While New Mexico has increased funding over recent years for some ECCE programs—including the NM Pre-K program and home visiting—funding for other programs like child care assistance has stagnated and future ECCE funding is at risk due to current budget pressures, even though the need for such programs is not close to being met, as highlighted in the state’s Legislative Finance Committee 2016 post session review. Furthermore, these ECCE programs are not targeted explicitly enough to TANF families and other families living in deep poverty, even though millions of the federal TANF dollars that New Mexico receives are being spent on these programs. For example, the state is using almost \$31 million of federal TANF funds in FY17

to pay for child care assistance, but just 4 percent of TANF families receive child care assistance even though nearly 40 percent of children on TANF are 5 years old or younger. Data are not collected for how many of these children are benefiting from other ECCE programs like home visiting and NM Pre-K, even though nearly \$23 million of federal TANF funds is being spent on these two programs in FY17.²¹

There are also access and referral issues. For the child care assistance program, some eligibility regulations are not aligned between HSD, which administers the state’s TANF program, and the Children, Youth and Families Department (CYFD), which administers the child care assistance program. Additionally, the company SL Start—which is contracted to provide or refer TANF families in New Mexico to work-related services and work supports—is not referring all eligible families to CYFD for child care assistance. These barriers make it harder for our poorest families to access much-needed programs like child care assistance.²²

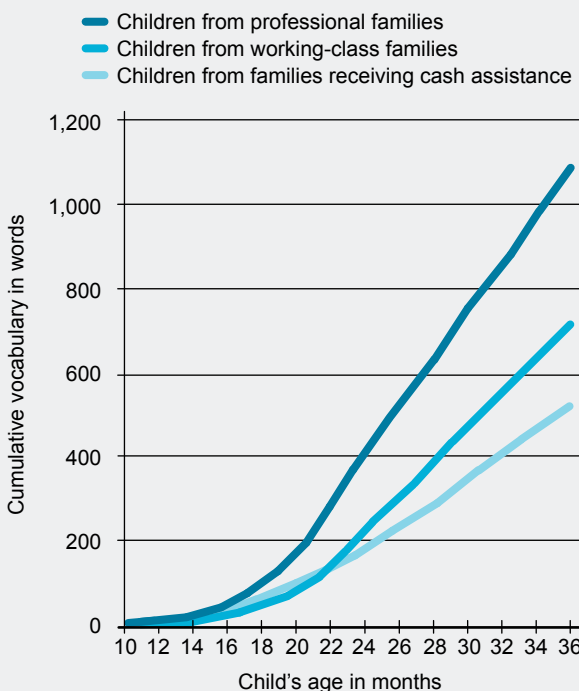
New Mexico’s TANF program would better serve children and families if:

- there was more strategic collaboration, coordination, and alignment between agencies administering TANF, ECCE programs, and education and job training services for adults;
- two-generational alignment existed between ECCE programs and education and job training programs for parents; and
- data were collected to determine how many children on TANF are participating in the different ECCE programs and hurdles were identified and remedied to address participation issues.

FIGURE VII

Parental levels of education and income can impact children’s early learning

Child vocabulary growth by family income level



Source: “The early catastrophe: The 30 million word gap by age 3,” *American Educator*, 2003
NEW MEXICO VOICES FOR CHILDREN

The Skills Gap in Adults & Strategies to Address it

New Mexico’s workforce is underdeveloped

The New Mexico economy, like that of the rest of the nation, has changed tremendously over the past 100 years. The agriculture and manufacturing jobs of the past didn’t require college degrees or even high school diplomas. In today’s economy, most family-sustaining jobs require some level of post-secondary education. Yet, the educational levels of our workforce have not kept up with the demand. When looking at the actual educational attainment and training levels of workers in all occupational categories, half of all jobs are middle-skills jobs, which require more than a high school diploma but less than a 4-year degree. These jobs are

more likely to pay middle-class incomes and they make up the largest share (47 percent) of projected job openings in New Mexico.²³

Yet, too few New Mexico adults living in poverty (28 percent) have the skills they need to fill middle-skill jobs and too many (62 percent) have low skill levels, meaning they have a high school education or less.²⁴ This middle-skill gap is present in adults living above the poverty line as well, which means that our workforce in general is underdeveloped and not meeting the needs of our economy (see Figure VIII). When companies can't find enough qualified workers in the state, they often end up hiring from out-of-state or even relocating.

Most low-skill adults living in poverty also face barriers to employment beyond the lack of education and work skills. These barriers include mental and physical health problems, substance abuse, domestic violence, low cognitive functioning, learning disabilities, unstable housing, and transportation hurdles.²⁵

Work is not always enough to escape poverty

While there is still a demand for low-skill labor, that demand is significantly lower than it was in the past. Since the supply exceeds the demand and the state minimum wage in New Mexico hasn't been increased in almost ten years,²⁶ wages for low-skill jobs have fallen so low relative to their purchasing power that these workers compose a growing sub-population called the

working poor. Working poor individuals work hard but don't make enough money to pay for basic necessities (including food, utilities, and rent) let alone afford quality education programs for their children, pay for unexpected expenses, or save money for retirement.²⁷

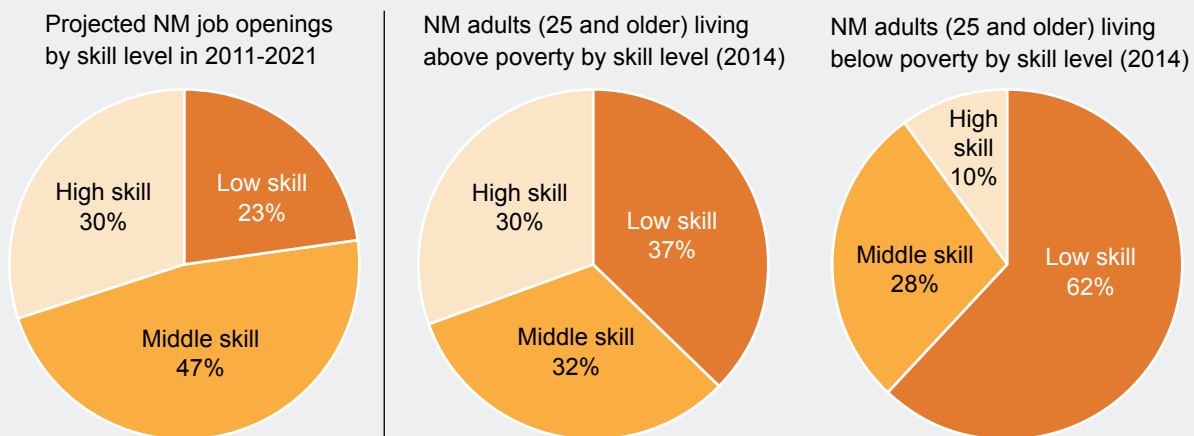
In 2014, 16.7 percent of working New Mexico families weren't paid enough to stay above the poverty line, compared with the national average of 10.7 percent. New Mexico ranked 50th nationwide in this measure and fared much worse than neighboring states in the southwest (see Figure IX, page 9). Additionally, 33.5 percent of jobs in New Mexico in 2015 (compared with 25.7 percent nationally) were in occupations that paid below the poverty level for a family of four.²⁸ It is clear that it's no longer enough to "just get a job" and "work hard" to earn a living wage and achieve the American Dream.

Education and job training provide pathways out of poverty

Parents living in poverty need access to education and training programs as many struggle with academic deficiencies in basic math, reading, and writing or lack college or workforce credentials, all of which makes them noncompetitive for many jobs. In 2014, 39.7 percent of New Mexico's working poor families had at least one parent with no high school diploma or equivalent (35.7 percent nationally) while 59.4 percent had no parents with any post-secondary education (57.8

FIGURE VIII

New Mexico does not have enough middle- and high-skill workers for projected job openings, particularly among its adults in poverty



Sources: *New Mexico's Forgotten Middle*, National Skills Coalition, 2014 (projected jobs); U.S. Census Bureau, American Community Survey, 2014 data (adults in poverty by skill level)
NEW MEXICO VOICES FOR CHILDREN

percent nationally) for national rankings of 45th and 40th respectively.²⁹

Looking at New Mexico adults receiving TANF cash assistance, 94 percent of adults have no post-secondary education. Unfortunately, New Mexico is not investing in its people. Only five percent of eligible adults who need adult basic education are being served. Additionally, the College Affordability fund—which helps low-income adults pay for college costs—was just depleted to cover budget holes. Increasing the educational attainment of parents living in poverty is crucial since they need additional income to take care of their children and TANF cash assistance is both time limited and not sufficient to pull them out of poverty.

In a multi-state survey of low-income parents, about half of whom were TANF recipients, 40 percent reported that insufficient education and job training were barriers to employment.³⁰ By increasing their levels of education, New Mexico adults can significantly reduce their chances of living in poverty and increase their chances of earning family-sustaining wages. Poverty rates in 2015 for New Mexico adults over 25 with a high school diploma or equivalent (18.1 percent) are about half that of adults with less than a high school diploma or equivalent (35.2 percent). The poverty rate decreases further if the adult has some college or an associate’s degree (14.1 percent) and becomes very low when a bachelor’s degree or higher is attained (6.6 percent).³¹

Job training is also key. Research shows that poor and low-skill parents who participate for at least two years in sector-focused training through targeted on-the-job learning that is specific to the needs of an organization have the potential to increase their average earnings by approximately 18 percent, or \$4,500 per year.³²

TANF cash assistance is too low to assist with education and job training

Midway through 2016, TANF cash assistance for a family of three averaged \$409 per month, which represents a 31 percent drop since 1996 when adjusted for inflation.³³ This is due in part to cash assistance not being indexed to rise with inflation. But HSD also instituted a 15 percent cut in 2011.³⁴ While half of the value of the cut was reinstated in 2015, cash assistance is still not back to pre-2011 levels. At \$409 a month, a family of three would receive just \$4,908 a year, which is impossible to live on. These parents often end up focusing on finding any type of work, which can jeopardize their ability to go to school or training programs to earn valuable credentials. In a study of sixteen welfare-to-work programs, researchers found that when programs reduced family incomes by 5 percent or more, the effects on the children were usually negative (including increases in school behavioral and emotional problems). Conversely, when programs raised family incomes by more than 5 percent, children usually did better in school and had fewer emotional or behavioral problems.³⁵

Education and training programs for TANF adults are under-funded

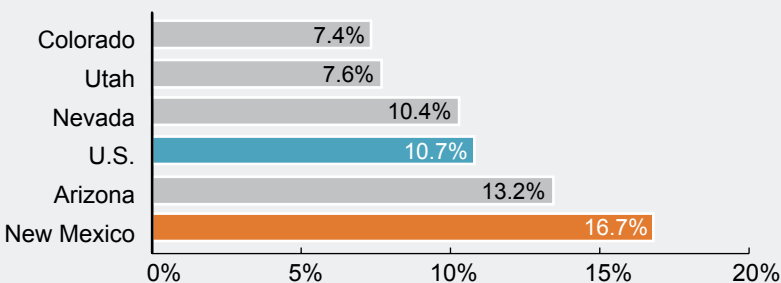
Considering that the reformed TANF program was built around participation in work or work-related activities, states ought to spend significant amounts of their TANF funding on work-related programs including education and training programs to help TANF adults achieve long-term economic sufficiency.³⁶ Unfortunately, New Mexico’s TANF program spent only 5 percent of their total federal TANF and state MOE funds in FY15 on work-related activities and zero funds in FY15 and

over the past few years on education and training programs, even though this is an allowable and recommended category under work-related activities (see Figure X, page 11). In contrast, the national average among states for TANF/MOE spending on the education and training category alone was \$7.4 million in FY15, with neighboring states like Colorado and Utah spending \$5.6 and \$2.7 million respectively.³⁷

Another compounding problem is that management of the work-related activities in New Mexico is contracted out to the SL Start company, with very little sharing of data and accountability

FIGURE IX
Too many New Mexico working families live in poverty

Percentage of working families that live in poverty by state (2014)



Source: Working Poor Families Project (WFPF) data, analysis by Population Reference Bureau of the 2014 American Community Survey (ACS) data
NEW MEXICO VOICES FOR CHILDREN

Examples of New Mexico TANF policies that hurt children and their parents

No automatic exemptions from work-related activities for single parents with infants: The TANF focus on work or work-related participation is difficult for parents with young children since many low-skill jobs have unpredictable work schedules and non-standard hours, which makes finding child care difficult. Single parents, in particular, also face hurdles when they have to balance by themselves the competing needs of their children with their jobs. New Mexico is one of only 12 states that does not automatically exempt single-parent heads of families with infants from mandatory work-related activity requirements; the state also does not automatically exempt pregnant women (even at the end of pregnancy) who are single-parent heads of families.ⁱ

Full-family sanctions: When TANF adults are not in compliance with work requirements, they face sanctions that either reduce their much-needed cash benefits or terminate them. While federal law does not force states to give out full-family sanctions, New Mexico chooses to terminate cash assistance to the entire family (not just to the adults) when parents do not or cannot meet the work participation requirements. Full-family sanctions are intended to motivate parents to meet the work requirements but when assistance is terminated for the children as well, children get hurt in the process.ⁱⁱ

Full-family time limits: States cannot use federal TANF funds to provide cash assistance for longer than 60 months to families that include an adult recipient, except for up to 20 percent of the state's caseload based on hardship (such as domestic violence). Since federal law does not enforce a time limit on "child-only families"—where no adults receive cash benefits—New Mexico should eliminate its full-family time limit and continue to provide cash benefits to children even after the parents have reached their 60-month lifetime limits and are permanently cut off.ⁱⁱⁱ

i. *TANF and the First Year of Life: Making a Difference at a Pivotal Moment*, CLASP, 2015; Welfare Rules Databook: State TANF policies as of July 2014, Table III.B.1. Work-Related Exemptions for Single-Parents Head of Unit

ii. *Policy Basics: An Introduction to TANF*, Center on Budget and Policy Priorities, 2015 ; Welfare Rules Databook: State TANF policies as of July 2014, Table III.B.3 Sanction Policies for Noncompliance with Work Requirements for Single-Parent Head of Unit

iii. Welfare Rules Databook: State TANF policies as of July 2014, Table IV.C.1 State Lifetime Time Limit Policies

from the company and HSD in terms of the services they offer and how they coordinate across agencies and programs to improve the effectiveness of the activities they provide or facilitate.³⁸

New Mexico does have a state-funded program called Education Works—funded at around \$1 million to \$2 million per year on average—that provides some cash assistance so needy parents can go to college to get 2- or 4-year degrees.³⁹ Since Education Works is not funded with TANF/MOE funds, it bypasses the TANF work requirements and does not count toward the TANF time limit, which is good for needy families. However, the funding cannot be used for non-degree credentials. To address this issue, HSD staff has shared that the state is currently funding a pilot program to help adults in poor families earn industry-recognized non-degree certificates. This is a good start but comprehensive academic and non-academic supports as well as integrated education and skills training (described in the next section) are needed to effectively help nontraditional and low-skilled adult students succeed in earning valuable credentials.

A recent study of Colorado's TANF program showed that TANF recipients who earned credentials significantly increased their quarterly earnings and were more likely to be employed than participants who earned college credits but did not receive credentials. This highlights the need to give TANF adults enough time and support to complete credentials.⁴⁰

Career pathways and the WIOA

Across the nation, workforce development experts are advocating that states prioritize integrated education and skills training programs for low-skilled TANF adults instead of focusing on participation in work or work-related activities. Other states have used TANF funds to develop and sustain comprehensive career pathways frameworks that move non-traditional, low-skilled adult students along an education and training continuum into post-secondary education that leads to credentialing in high-growth industries. Career pathways frameworks need sustainable funding and many states are using

TANF funds to get TANF adults on the path to economic security.⁴¹

Additionally, the bipartisan reauthorization of the federal Workforce Innovation and Opportunity Act (WIOA) in 2014—which provides states with millions of federal dollars to develop public workforce systems—presents states with an opportunity to capitalize on the federal government’s commitment to more effectively promote and fund career pathways. WIOA is helping states adopt strategies and fund programs that: increase education, work skills, and credential attainment; help people with significant barriers to employment get the education and training they need to find gainful employment; and meet the needs of employers who are struggling, especially in states like New Mexico, with an underdeveloped workforce.⁴² It prioritizes “recipients of public assistance [like TANF adults], other low-income individuals, and individuals who are basic skills deficient” through increased funding flexibility, fund transfer, and cooperation between the state and local governments and certain assistance programs, like TANF.⁴³ Unfortunately, based on New Mexico’s 2016 revised WIOA plan, the state is not making TANF an official combined state plan partner and thus is not strategically aligning TANF into their WIOA efforts.⁴⁴ New Mexico’s state agencies must work together more intentionally to address the work skill and education needs of TANF adults, which

ultimately better serves families, employers, and our shared economy.

Experts in the field recommend that state TANF agencies, among other things:

- partner with one-stop centers run by state workforce development agencies to share assessments and case management systems, cross-train staff, and develop family-friendly policies;
- help with the design and implementation of career pathways frameworks that effectively combine education and training as well as work-support services like child care assistance to increase credentialing; and
- focus on work-based trainings including on-the-job training, subsidized employment, and work experience.⁴⁵

Two-Generational Strategies: Addressing the Education Gap in Young Children and the Skills Gap in Parents

While the TANF program serves two generations at the same time, it is not a truly two-generational program unless state agencies focus on strategies like those outlined below that better combine the educational and occupational training as well as work-support needs of the parents and the educational and well-being needs of the children.

Co-designing and co-locating services

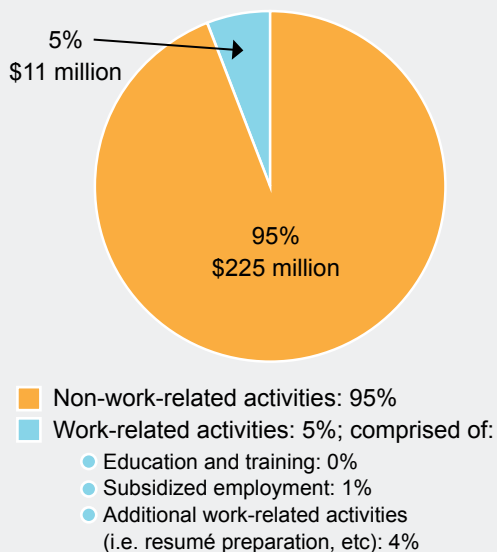
One way to achieve this is to follow a co-design process whereby service providers for both the parents and children team up to develop a family-centered program. For example, Camden County in New Jersey has developed a center-based program where infants can be cared for at the same location where the parents develop their parenting and work-related skills with on-site career exploration, basic education, and vocational training. Some even gain work experience on site with child care, food prep, and facility maintenance.⁴⁶

Looking at a Head Start-based example, CAP Tulsa in Oklahoma pairs families in poverty with a teacher and a family support specialist. Children go through a highly structured curriculum that prepares them academically, socially, and emotionally for future success while parents take part in career pathways programs that include sector-based education and training activities that lead to certifications in health care fields.⁴⁷ Some of the 5-year results of CAP Tulsa’s 2010 cohort include a 31 percent increase in the number of parents working year-round, a

FIGURE X

NM has spent zero of its TANF/MOE funding on education and training

New Mexico’s TANF/MOE spending (FY15)



Source: U.S. DHHS Office of the Administration for Children and Families’ 2015 TANF spending data
NEW MEXICO VOICES FOR CHILDREN

28 percent increase in parents earning wages above the poverty level, and a 45 percent increase in family savings. Additionally, 70 percent of parents said their child were at or above grade level in reading.⁴⁸

Targeting programs to TANF families and coordinating between agencies

In the state of Washington, \$1 million was set aside in 2014 to pilot a home visiting project entirely focused on TANF families, with 75 percent of the slots further designated for TANF mothers who were pregnant or with children under 12 months of age, as well as for TANF parents experiencing, or at imminent risk of experiencing, homelessness.⁴⁹ Home visiting programs—which generally are provided at no cost and prioritize at-risk families with children under the age of three, including low-income families, teen parents, and first-time mothers—help increase parenting skills, foster positive child development, improve family health, link families to community and government resources, and reduce child abuse and neglect. Evidence-based programs such as the Nurse-Family Partnership (NFP) and other quality

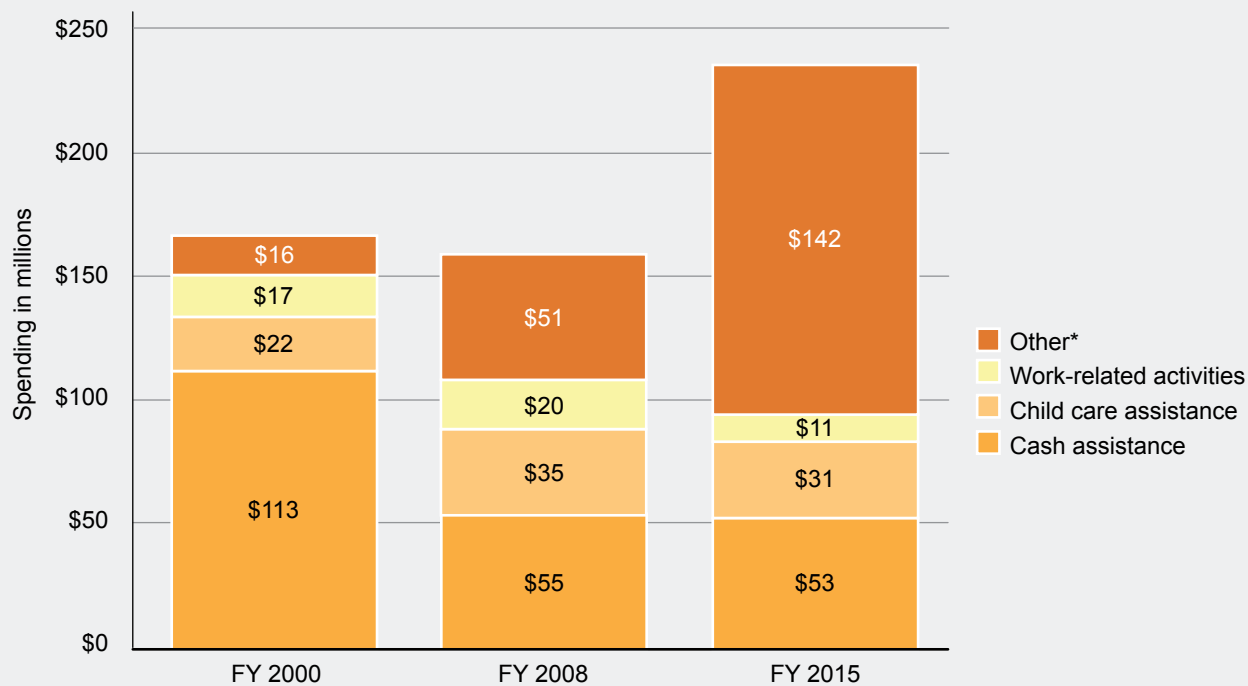
programs have shown improved outcomes for both parents and children,⁵⁰ including reduced welfare rates and adolescent criminal behavior as well as increased parental employment rates, longer birth intervals, and higher children’s academic achievement.⁵¹ Looking at system-level changes, the state of Washington also has created a subcommittee to their TANF task force and hired a two-generation manager to identify poverty reduction strategies and make recommendations to the TANF task force.

In North Carolina, the state’s TANF agency partnered with the Head Start Collaboration Office to coordinate their efforts and focus on family-centered approaches. They jointly administered a competitive grant process to foster collaborations between local Head Start/Early Head Start providers and county-level human services departments. When staff from both entities got together and engaged families, they found that “accessing viable employment” and “accessing high-quality child care” were both high priorities. So TANF staff became more focused on finding child-centered wrap-around services while Head Start staff helped identify job-readiness programs for the parents.⁵²

FIGURE XI

Spending on cash assistance has declined while spending on ‘other’ has increased

New Mexico TANF/MOE spending on core welfare reform activities (in millions; FY00-FY15)



*Other spending includes the Working Families Tax Credit, NM Pre-K, the Two-Parent Family Formation program, etc.
Source: U.S. DHHS Office of the Administration for Children and Families 2015 TANF spending data

A Utah program called Next Generation Kids (NGK) is working on breaking the generational cycle of poverty by enrolling families headed by parents who themselves got cash assistance as children and who now receive support as parents. TANF funds pay for “Work Success Coaches” and occupational trainings in high-demand fields. The program also leverages partner resources (including school office space so NGK staff can visit with families at the school) and partner efforts (including working with a school district to promote success of the program).⁵³

A recent report outlined a number of ways states are working across agencies to help TANF parents access education and training opportunities. As one example, a pilot program in Oregon that is coordinated between the state’s Department of Human Services and various workforce development partners is placing 150 TANF adults as well as adults exiting TANF into career pathways programs. The state is leveraging TANF and WIOA to support the program and is counting vocational education towards TANF work requirement for two years instead of just one year to give adults enough time to attain the desired credentials.⁵⁴

Providing career pathways programs and comprehensive supports for parents

Like 20 other states, New Mexico is using the I-BEST (Integrated Basic Education and Skills Training) career pathways bridge program model to help low-skilled adults prepare for college-level courses and earn college credentials.⁵⁵ In Washington state, where I-BEST was started, a study found that I-BEST students were three times more likely to earn college credits, nine times more likely to earn workforce credentials, and were employed at more than double the number of hours per week (35 versus 15 hours) when compared with non-I-BEST students.⁵⁶ Two years ago, New Mexico received a large multi-year federal grant to develop an initiative that includes offering I-BEST programs in health fields at numerous community colleges across the state. New Mexico has taken a first step towards developing a statewide career pathways framework (albeit in just one sector as of yet) but funding for this program is running out soon and braided TANF funds could be used to support and expand the program.

In Arkansas, millions of TANF dollars are used to help sustain their career pathways framework across all of the state’s community colleges. These funds help pay for tuition, transportation assistance, books, case managers,

and career coaches, as well as child care assistance, so TANF parents and other adults living in poverty can focus on their studies and training to gain the credentials they need to earn family-sustaining wages.⁵⁷

Linking child care assistance with career pathways and other education and skills training programs is key but it’s also needed once parents are in the workforce. Research shows that low-income parents who receive child care assistance are more likely to work, have more stable employment, and earn more income, all of which increases the economic security of the entire family.⁵⁸ Since stable and high-quality child care programs are best for both parents and children, the federal TANF and Child Care and Development Fund agencies recommend that child care and TANF state agencies strategically coordinate in order to: better communicate to TANF families about available high-quality child care options; implement a shared case management approach; increase continuous eligibility periods; and cross train front-line staff for both programs.⁵⁹

Prioritizing TANF funding for needy families

In addition to implementing two-generational approaches in its TANF activities and programs, New Mexico also needs to use its TANF funding to serve the population it’s intended to serve—our many families with children struggling with poverty. Over the past 15 years, TANF/MOE funding for cash assistance and work-related activities has dwindled while TANF/MOE funding for child care assistance has decreased in more recent years (see Figure XI, page 12). These three core 1996 welfare reform activities now account for only 40 percent of the total TANF/MOE spending in FY15, compared with 90 percent in FY00. The “other” category in Figure XI includes very worthwhile spending on programs like the Working Families Tax Credit and NM Pre-K but it means that less and less TANF/MOE funding directly supports TANF families living in poverty through cash assistance and work-related programs.⁶⁰ New Mexico, like other states, is using large proportions of TANF/MOE funds to pay for programs that also serve low-income families, and not just families living in poverty.

Policy Recommendations

Implement two-generational TANF strategies so parents and children both benefit at the same time

- **Co-design programs and co-locate services for TANF parents and children.** Examples include pairing early childhood education teachers with family support specialists and co-locating adult education, certification, or job training programs with ECCE programs.

- **Target programs specifically to TANF families and coordinate between agencies to increase prioritization of TANF families.** Examples include using TANF to fund home visiting programs entirely focused on TANF families and coordinating efforts between the state TANF agency and local Head Start offices to jointly administer family-centered education programs. Since \$54 million of TANF federal funds in New Mexico were appropriated in FY17 for ECCE programs, state agencies should better track the number of TANF families served in all of these programs and focus on outreach and coordination to increase participation. CYFD and HSD should also work together to remove eligibility barriers and increase referrals so more TANF families can access ECCE programs like child care assistance that help parents focus on work, education, or job training related activities.

- **Support career pathways programs that provide comprehensive supports for TANF parents.** Examples include linking access to child care and other ECCE programs with education and job training programs for parents. New Mexico should also consider using TANF funds and leveraging WIOA to support career pathways bridge programs like I-BEST that effectively integrate education and skills training and that include comprehensive student supports.

- **Increase the minimum wage and provide more opportunities for subsidized job training for TANF parents** to reduce the “welfare to working poor” effect and stop the perpetual cycle of poverty since an increase in parents’ salary has been shown to increase their children’s future earning potential.

Change New Mexico TANF rules that hurt children as well as adults

- **Automatically exempt single-parent pregnant women and mothers of infants from TANF work requirements** so pregnant women, especially in the last trimester, and mothers of infants who are single and heads of families, have the option to focus on their babies and not be forced to participate in work-related activities at the risk of sanctions.

- **Remove full-family TANF sanctions** that terminate cash assistance for children when the TANF adult cannot or does not meet the work requirements.

- **Remove full-family TANF time limits** so children do not lose cash assistance just because their parents reached the 60 month lifetime limit and are now permanently cut off.

Better target TANF funding so struggling families can escape the generational cycle of poverty

- **Spend more TANF/MOE funds on education and training activities** so TANF adults can focus on earning credentials and gaining skills training that can lift them and their children out of poverty; and **increase the accountability and transparency of the SL Start company** to better track spending and outcomes of their TANF work-related activities and efforts.



- **Increase TANF cash assistance levels and include cost-of-living adjustments** so TANF adults can receive sufficient cash support in the short-term to allow them to focus on their education and skills training to find long-term pathways out of poverty for their families.

- **Use the Land Grant Permanent Fund to support ECCE programs** so TANF funds are prioritized to more fully serve families in poverty. Programs that serve children of low-income families and families living in poverty shouldn't compete for resources since more funding for ECCE programs could come from a small percentage of the state's \$15 billion Land Grant Permanent Fund.

- **Generate additional state revenues to support two-generational TANF strategies** while addressing existing regressive provisions in the tax code. Revenue generation options include repealing the capital gains deduction, requiring all multi-state corporations to pay taxes on the profits they make here, and reinstating higher personal income taxes for high-income earners.

Conclusion

New Mexico needs a better-educated and trained workforce with more middle-skill workers to meet our state's workforce needs and grow our stagnant economy. We also need to address our very high child poverty rate and break the generational cycle of poverty by increasing the educational outcomes of our children and their parents. A comprehensive two-generational approach is needed for those families facing too many barriers that keep them from gaining the tools required to earn long-term economic self-sufficiency. The TANF program in New Mexico should better leverage existing federal and state funds and implement two-generational strategies to help both parents and children in TANF families simultaneously by increasing access to education and occupational training programs for parents while prioritizing quality early childhood care and education programs for children. Strengthening all family members is a win-win for families looking to lift themselves out of poverty, for the economy, and for New Mexico as a whole.

Endnotes

1. *Policy Basics: An Introduction to TANF*, Center on Budget and Policy Priorities (CBPP), 2015; *How States Use Federal and State Funds under the TANF Block Grant*, CBPP, 2015
2. *Creating Opportunity for Families: a Two-Generation Approach*, Annie E. Casey Foundation, 2014; *Considering Two Generation Strategies in the States*, The Working Poor

- Families Project, Summer 2014
3. *The Long Reach of Early Childhood Poverty*, Pathways, 2011
4. *Policy Basics: An Introduction to TANF*, Center on Budget and Policy Priorities, 2015
5. TANF New Mexico Works Fact Sheet, NM Department of Human Services, 2015; Welfare Rules Database Tables I.E.4 and IV.A.6; NM HSD TANF State Plan 2015-2017
6. U.S. Census Bureau, American Community Survey, 2015
7. *Trends in Long-Term Unemployment*, U.S. Department of Labor Statistics, 2015
8. Working Poor Families Project (WPFP) data, analysis by Populations Reference Bureau of the 2014 American Community Survey data
9. New Mexico TANF Caseload and TANF-to-Poverty Ratio Fact Sheet, Center on Budget and Policy Priorities, 2015
10. U.S. Census Bureau, American Community Survey, 2015
11. U.S. DHHS 2015 characteristics/Financial Circumstances of TANF Recipients data and Case load data
12. Ibid.
13. *America's Rental Housing: Evolving Markets and Needs*, 2013, Joint Center for Housing Studies
14. *2015 KIDS COUNT in New Mexico*, New Mexico Voices for Children, 2016
15. Ibid.
16. U.S. Census Bureau, American Community Survey, 2015
17. *Disparities in Early Learning and Development: Lessons from the Early Childhood Longitudinal Study – Birth Cohort (ECLS-B)*, Child Trends, 2009
18. "Brief: Five Numbers to Remember About Early Childhood Development," Harvard University Center on the Developing Child, 2015
19. *2015 KIDS COUNT in New Mexico*, New Mexico Voices for Children, 2016
20. "Brief: Five Numbers to Remember About Early Childhood Development," Harvard University Center on the Developing Child, 2015; *Early Childhood Development: Economic Development with a High Public Return*, Federal Reserve Bank of Minnesota, 2003; "Invest in early childhood development: Reduce deficits, strengthen the economy," The Heckman Equation
21. *Post Session Review*, New Mexico Legislative Finance Committee, 2016
22. Comments on proposed revisions to the CCDBG, New Mexico Center on Law and Poverty, 2016
23. *New Mexico's Forgotten Middle*, National Skills Coalition, 2014
24. U.S. Census Bureau, American Community Survey, 2014 data
25. *Improving TANF Program Outcomes for Families with Barriers to Employment*, CBPP, 2002
26. *Raising the New Mexico Minimum Wage*, New Mexico Voices for Children, 2015
27. *Low-Income Working Families: The Growing Economic Gap*, Working Poor Families Project, 2013
28. Working Poor Families Project data, analysis by Populations Reference Bureau of the 2015 Occupational Employment Statistics, BLS and of the 2014 American Community Survey (ACS) microdata
29. Working Poor Families Project (WPFP) data, analysis by Populations Reference Bureau of the 2014 American Community Survey (ACS) microdata
30. *TANF Tested: Lives of Families in Poverty during the Recession*, Network Connections, 2010
31. 2015 American Community Survey 1-year estimates for New Mexico adults 25 years and older
32. *Tuning In to Local Labor Markets: Findings from the Sectoral*

- Employment Impact Study*, Public/Private Ventures, 2010
33. *TANF Cash Benefits Have Fallen by More Than 20 Percent in Most States and Continue to Erode*, Center on Budget and Policy Priorities, 2016
 34. NM TANF Caseload Reduction Report sent to U.S. DHHS, 2015
 35. *How Children Fare in Welfare Experiments Appears to Hinge on Income*, Children's Defense Fund, 2001
 36. *Policy Basics: An Introduction to TANF*, Center on Budget and Policy Priorities, 2015; *Expanding Education and Training Opportunities under TANF*, CLASP, 2016
 37. U.S. DHHS Office of the Administration for Children and Families' 2015 TANF spending data
 38. *NM Works Program Needs Attention*, NM Center on Law and Poverty, 2014
 39. NM HSD Education Works Program Fact Sheet, 2015; State of New Mexico Post Session Review, New Mexico Legislative Finance Committee, 2016
 40. "The Returns to Higher Education for Marginal Students: Evidence from Colorado Welfare Recipients," *Economics of Education Review*, 2016
 41. *Charting a Path: An Exploration of the Statewide Career Pathways Efforts in Arkansas, Kentucky, Oregon, Washington and Wisconsin*, Seattle Jobs Initiative, 2009; *Improving the Economic Prospects of Low-Income Individuals through Career Pathways Programs*, Office of Planning, Research and Evaluation (OPRE), 2014
 42. *New Opportunities to Improve Economic and Career Success for Low-Income Youth and Adults: Key Provisions of the Workforce Innovation and Opportunity Act*, CLASP, 2014; *Expanding Education and Training Opportunities under TANF*, CLASP, 2016
 43. "Priority of Services" Provision in the Workforce Innovation and Opportunity Act: Targeting Funding to Serve More High-Need Adults, CLASP, 2015
 44. State of New Mexico Workforce Innovation and Opportunity Act (WIOA) Combined State Plan, Years 2016–2019, New Mexico Department of Workforce Solutions
 45. *Aligned by Design: WIOA and Temporary Assistance for Needy Families*, CLASP, 2016
 46. *TANF and the First Year of Life: Making a Difference at a Pivotal Moment*, CLASP, 2015
 47. CAP Tulsa 2015 Report Card
 48. CAP Tulsa. CAP Tulsa Alumni Impact Project. Fifth Year Results 2013/2014
 49. *TANF and the First Year of Life: Making a Difference at a Pivotal Moment*, CLASP, 2015
 50. *New Mexico Home Visiting Annual Outcomes Report*, New Mexico Children, Youth, and Families Department, Fiscal Year 2015
 51. *The Research Case for Home Visiting*, Zero to Three, 2014
 52. *Strengthening TANF Outcomes by Developing Two-Generation Approaches to Build Economic Security*, Information Memorandum from the U.S. DHHS, 2016
 53. Ibid.
 54. *Expanding Education and Training Opportunities under TANF*, CLASP, 2016
 55. *Strengthening New Mexico's Workforce and Economy by Developing Career Pathways*, New Mexico Voices for Children, 2014
 56. "I-BEST Fact Sheet," Washington State Board for Community & Technical Colleges, 2012
 57. *TANF Education and Training: The Arkansas Career Pathways Initiative*, Center for Postsecondary and Economic Success at CLASP, 2010
 58. *Progress toward Self-Sufficiency for Low-wage Workers*, Urban Institute, 2010; *Child Care Subsidies and the Transition from Welfare to Work*, National Poverty Center, 2003
 59. *Child Care Reauthorization and Opportunities for TANF and CCDF*, Information Memorandum from the U.S. DHHS, 2016
 60. U.S. DHHS Office of the Administration for Children and Families 2015 TANF spending data

Follow us online



www.nmvoices.org

KIDS COUNT, a program of New Mexico Voices for Children, is made possible by grants from the Annie E. Casey Foundation.

This report is available for download and use with proper citation at www.nmvoices.org

New Mexico Voices for Children

James Jimenez, MPA, *Executive Director* • James Aranda, *Healthy Places for New Mexico Team Coordinator* • Gerry Bradley, MA, *Senior Researcher and Policy Analyst* • Stephanie Brinker, Ph.D., *Volunteer* • Armelle Casau, Ph.D., *Policy and Research Analyst* • Cathy Cavin, *Fund Development Support* • Martha Files, *Operational Support* • Bill Jordan, MA, *Senior Policy Advisor and Government Relations Officer* • Sharon Kayne, *Communications Director* • Raphael Pacheco, *State Priorities Partnership Fellow* • Brian Urban, *Office Manager* • Virva Walkington, MPH, *Intern* • Amber Wallin, MPA, *KIDS COUNT Director*

625 Silver Ave, SW, Suite 195 • Albuquerque, New Mexico 87102 • 505.244.9505 • www.nmvoices.org

NM Voices for Children is a proud member of the following networks:



PARTNERSHIP FOR AMERICA'S CHILDREN

State Priorities Partnership
Analysis • Impact

