

Arkansas Career Pathways Initiative:

How TANF can support skills for low-income parents, and how policymakers can help



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Growing a skilled labor pool is increasingly important in an economy where as many as 80 percent of job openings will require some form of postsecondary education or training. But for many workers — including low-income, working parents — access to training alone is not enough. Low-income people who are balancing work and family needs often need additional supports in order to complete training and transition into family supporting careers.

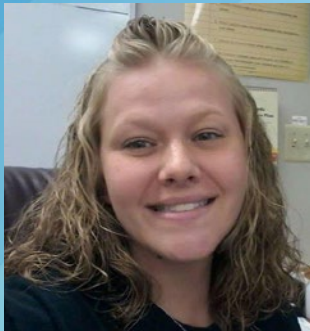
This issue brief highlights Arkansas' Career Pathways Initiative (CPI) as an example of a successful state policy that helps low-income parents earn in-demand credentials. CPI combines adult education and postsecondary training with critical supports like case management, child care and transportation assistance, and help with the costs of tuition, books, supplies, and testing fees. CPI is a critical strategy for expanding economic opportunity in Arkansas, which is one of only six states with a poverty rate at 18 percent or more. Since 2005, CPI has used the federal Temporary Assistance for Needy Families (TANF) block grant to provide support services for more than 30,000 qualifying students enrolled in occupational programs at the state's community and technical colleges. Despite the significant academic and employment barriers facing many participants, CPI students have achieved impressive outcomes: more than half of all CPI enrollees obtained at least one postsecondary credential or degree, compared to just twenty-four percent of non-CPI participants, and CPI participants earned \$3,100 more per year than TANF recipients who were not enrolled in CPI programs.

The issue brief provides a short overview of the history and structure of the Arkansas CPI program, including key action steps that state policymakers, advocates, and other stakeholders can consider as they seek to develop similar programs. The brief also highlights key federal policy challenges that impact states' ability to serve low-income jobseekers, and provides recommendations for changes that Congress should consider in 2017 and beyond.

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CPI STUDENT SUCCESS STORIES



Tiffany relocated to Arkansas from Florida and is the mother of five children ranging in age from eleven years to eighteen months. She was referred to Career

Pathways Initiative by Department of Workforce Services as a Transitional Employment Assistance participant. Through the CPI program at Southeast Arkansas College, she completed her Career Readiness Certificate and obtained her Certified Nursing Assistant license. She is now working as a CNA while attending Southeast Arkansas College as a Practical Nursing student to obtain her Technical Certificate and plans to continue on in her pursuit of a Registered Nursing degree



Crystal is a former Career Pathways participant and College of the Ouachitas (COTO) graduate. Originally from California, she relocated to Arkansas with her husband and two

boys. Career Pathways staff assisted Crystal every step of the way through her graduation at COTO, and when she moved on to obtain her bachelor's degree at Henderson State University. She now works at COTO as a math instructor/tutor and grant manager and works closely with current CPI participants to make sure that every student achieves their goals.

Overview of the Arkansas Career Pathways Initiative

The Arkansas CPI program began in 2005, when the state board overseeing Arkansas' TANF block grant approved an \$8 million grant to the Arkansas Department of Higher Education (ADHE) to support pilot programs at eleven community colleges across the state. The program was expanded in 2006 to include all twenty-two of Arkansas' community colleges, as well as three technical centers, and is currently operated through an agreement between the Arkansas Department of Workforce Services (DWS) and ADHE. The Arkansas General Assembly passed legislation in 2007¹ that codified the program, including setting basic eligibility requirements and establishing performance indicators on program completion, employment, and job retention. The legislation clarifies that the goal of the program is to increase access of low-income parents and other individuals to educational credentials that qualify them for higher-paying jobs in their local area, and to develop training in consultation with local employers and workforce development boards to ensure that credentials and skills are aligned with business needs. For Fiscal Year (FY) 2016, the funding for the program is set at \$7.15 million.²

The program is administered at the state level through the ADHE Career Pathways Division, which is responsible for allocating CPI funds to the participating colleges, identifying and approving eligible career pathways at each school, supporting professional development of CPI staff, and providing on-site monitoring of programs. The CPI Division also tracks performance outcomes for program participants through a statewide database that matches ADHE enrollment and completion data with employment and earnings data provided through DWS.

CPI funds are provided to each campus according to a formula that takes into account enrollments of low-income students, completion rates, credential attainment, and employment outcomes

Student eligibility and populations served

In order to qualify for CPI, students must be a parent, caretaker, or relative of a child under the age of twenty-one living in the home, and be one or more of the following:

1 <http://www.arkleg.state.ar.us/assembly/2007/R/Acts/Act514.pdf>

2 <http://www.arpathways.com/pdfs/Progress%20Reports/Progress%20Report%20Year%20Eleven%20Final.pdf>

- ◆ A current or former recipient of Transitional Employment Assistance (TEA), Arkansas’ TANF cash assistance program; (FY2005 - FY2017)
- ◆ A current recipient of Supplemental Nutrition Assistance Program benefits, Medicaid, or ARKids children’s health insurance; (FY2005 - FY2017)
- ◆ Have household earnings at 250 percent or less of the federal poverty level. (FY2005 - FY2017)
- ◆ For FY 2017, the eligibility requirements were changed to reflect two participant groups: those at or below 130 percent of poverty, and those between 131 and 250 percent of poverty. Initial enrollment data indicates that more than half of CPI participants fall within the former group, having household earnings of less than 131 percent of the federal poverty level.

In FY 2016, just over 4,200 students were enrolled in CPI across the state. CPI recipients are generally older than the general student population, with an average age of thirty, and are disproportionately female – 92 percent of CPI participants are women, compared to around 60 percent for the general community college population in the state.

It is important to note that while the CPI program is funded with TANF/TEA dollars, eligibility for the program is not limited to TEA recipients; in FY 2016, current TEA recipients represented only about nine percent of total enrollment.³ Although Arkansas has one of the highest poverty rates in the nation, few of the state’s poor residents qualify for TANF cash assistance due to income eligibility standards set by the state (a family of three can have no more than \$223 of monthly income to qualify).⁴ Accordingly, CPI’s student eligibility rules are intended to ensure that the program is accessible to a broader range of low-income people who might benefit from the CPI service model, even if they don’t qualify for cash assistance.

Students must enroll in one of more than 400 approved career pathways, which the state defines as a series of connected education and training programs and support services that enable individuals to secure employment in a specific occupation or sector, and advance over time to successively higher levels of education and employment in that sector.⁵

Career pathways generally provide a sequence of courses that starts with basic skills and computer literacy instruction resulting

in an employability certificate, such as the National Career Readiness Certificate, and then lead to credit-bearing certificate or associate degree programs. Certificate programs can be either certificates of proficiency (generally 7-18 credit hours) or technical certificates (24-42 credit hours), and usually articulate to associate degrees so that students can continue to earn educational credentials while they work. The community colleges also offer adult education/GED courses for individuals who enter without a high school diploma or equivalent, and may also offer “bridge” programs that provide basic skills and developmental instruction to assist disadvantaged students in transitioning from one level of education to the next.

CPI funds may be used for a range of costs associated with attendance, including:

- ◆ Direct tuition assistance – students must apply for federal Pell Grants, but CPI dollars can be used to cover any costs not met by Pell. Tuition assistance can also be used to pay for coursework offered by community-based organizations or other training providers when the community college does not offer a specific course or credential on a designated pathway
- ◆ Books, fees, tools, and supplies
- ◆ Certification or licensing examination costs
- ◆ Child care assistance and transportation vouchers

ADHE provides direct funding to each college to support dedicated CPI staff, who are responsible for administering the program and providing intensive case management for CPI participants. For many students, case management represents the most important element of the CPI model. Initially, CPI program staff help students choose an in-demand career pathway that meets their professional goals, interests, and needs. They also determine the financial supports students need to succeed (for example, child care assistance or help buying books) and align CPI funds with other resources to provide those supports. Throughout the program, CPI staff work one on one with participants to discuss progress, address challenges, and make referrals to appropriate support services when necessary. In addition, CPI staff work closely with instructors and other college personnel to address potential academic, scheduling, or financial aid challenges for CPI students, serve as liaisons with TEA case managers and other state or local agencies to coordinate services, and work with local employers to ensure that career pathways are providing appropriate skills and credentials to address business demands. All CPI staff are trained to serve as case managers, ensuring that students are always able to access support even

3 <http://www.arpathways.com/pdfs/Progress%20Reports/Progress%20Report%20Year%20Eleven%20Final.pdf>

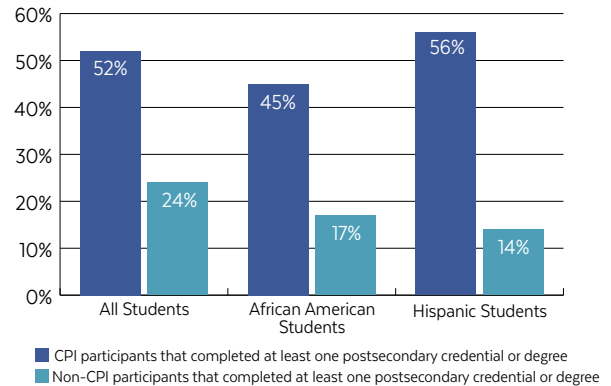
4 Urban Institute Welfare Rules Database.

5 Ibid, p.4

STRONG OUTCOMES FOR DISADVANTAGED STUDENTS

Despite limited resources, the Arkansas CPI model has produced remarkable outcomes for low-income and disadvantaged students. The FY 2016 data indicates that 72 percent of completers entered employment, and that 92 percent of program graduates who found employment were still employed after twelve months. This suggests that CPI participants are not only getting the skills and credentials they need to transition into skilled jobs, but are also able to maintain employment, reducing the likelihood they will cycle back onto public assistance. A College Count\$ analysis of performance data conducted through the College Count\$ research study also indicated that⁶:

FIFTY TWO PERCENT of all CPI participants enrolled between 2006 and 2013 completed at least one postsecondary credential or degree, **COMPARED WITH JUST 24 PERCENT** of non-CPI community college students across the state. For minority students, the numbers were particularly impressive: **African-American CPI participants** were about **THREE TIMES AS LIKELY** as their counterparts in the general community college population to obtain a certificate or degree, while **Hispanic CPI enrollees** earned postsecondary credentials at **FOUR TIMES THE RATE** of non-CPI Hispanic students.



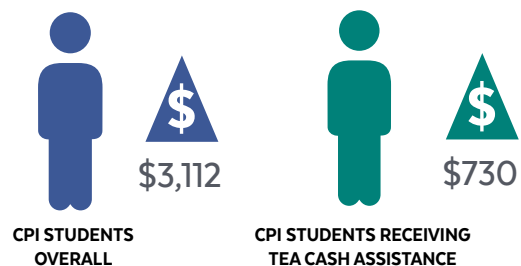
In 2011, CPI participants earned associate degrees at **EIGHT TIMES THE RATE** of the general student population (39 percent compared to 4.6 percent).



In 2011, CPI participants earned certificates at **THREE TIMES THE RATE** of other students (33.9 percent to 10.5 percent).



CPI students **earned significantly higher wages** than non-CPI TANF participants, averaging about **\$3,112 MORE PER YEAR** in the first twelve months after college completion. For those CPI participants who received TEA cash assistance, the earnings gain was lower but still significant, **APPROXIMATELY \$730 MORE PER YEAR** than TEA recipients who did not participate in CPI.



Importantly, while CPI participants generally earned less in the first twelve months after college completion than the general community college population, the wage gap has narrowed significantly over the years of the program, from \$6,432 per year in 2006 to only \$1,584 in 2011. This is particularly impressive when taking into account the unique barriers facing CPI participants relative to more traditional students, including the need to balance work, school attendance, and parental obligations.

From a state perspective, the program has also provided significant return on investment: a new study indicates that Arkansas receives \$1.79 in benefits over five years for every dollar invested, due to increased state taxes on earnings gains and reduced outlays for public assistance.⁷

6 College Count\$: Evidence of Impact. The Arkansas Career Pathways Initiative: Phase One Research Results.

7 College Count\$: Evidence of Impact Research Study, June 2016, with support from the Winthrop Rockefeller, Annie E Casey and Ford Foundations.

when their primary case manager is not available. As one CPI graduate said,

“In 2012 I found myself at thirty three years old, pregnant, alone and terrified. I was, and still am, very fortunate to have such a wonderful support system. I could not have gotten as far as I did without the help of these wonderful people, the TEA program and Career Pathways.”

Recommendations for states looking to replicate the CPI model

In conversations with key state and local leaders at ADHE, DWS, and the Arkansas Community Colleges association, as well as current and former CPI students at selected community college campuses, several elements were identified as critical to the success of the CPI model. State policymakers seeking to establish their own CPI initiatives should consider the following recommendations:

1. Put in place clear state policies supported by strong state leadership.

Staff at both the state and local level emphasized the importance of strong leadership from the state in developing and implementing the program, including support from both Democratic and Republican governors, and legislative guidance that sets forth clear purposes and performance goals for the program. The legislative framework allows ADHE and DWS to negotiate annual expectations for the program, while creating flexibility to focus on key populations or industries; for example, in FY 2016 DWS and ADHE are working to increase the number of current TEA recipients engaged in the program.

This strong political support from both the executive and legislative branches has helped to ensure some level of fiscal sustainability even where other TANF-funded activities in the state have been discontinued. States looking to replicate the CPI model may want to consider using additional funding sources, including federal WIOA and SNAP Employment and Training (E&T) dollars, as well as states resources, to supplement TANF investments and ensure that the broadest possible range of low-income jobseekers are able to access high-quality pathways.

2. Assign program administration to the agency that oversees the state’s community colleges and create a framework for cross agency collaboration.

In Arkansas, dedicated state level staff at ADHE ensure coordination across 25 community and technical colleges, which often have very different demographic profiles and economic opportunities. State and local staff indicated that having an

overall state vision, as well as staff who can assist campuses with fiscal management and tracking of performance data, helps to maintain a level of consistency across programs while freeing up on-campus staff to focus on their core mission.

Cross agency collaboration between ADHE and DWS is also critical. While TEA recipients represent a relatively small percentage of CPI students, both ADHE and DWS staff highlighted the importance of the partnership between the two agencies. At the state level, agencies work to ensure that the overall goals of increasing educational and employment opportunities for TEA recipients and other low-income individuals are being achieved each year. At the local level, DWS case managers must work with CPI staff to ensure coordination of student needs with TEA work requirements and other TANF-funded support services like child care. Staff noted that because DWS also has oversight for activities funded under the federal Workforce Innovation and Opportunity Act (WIOA), and has included TANF as a partner program in its WIOA combined state plan, there will likely be additional opportunities to coordinate between workforce, human services, and community college systems moving forward. The strong partnership between ADHE and DWS will help to support these efforts.

3. Provide resources for intensive case management, with a focus on poverty reduction, and professional development to support it.

More than any other factor, stakeholders stressed the importance of CPI’s focus on case management, and in particular the focus on understanding the unique challenges facing low-income parents as they seek to further their education. CPI staff undergo extensive professional development to better understand the impact of poverty on their students. They also work with CPI participants to design academic strategies that are collaborative relationships with DWS, local child care providers, and other external partners in order to remove barriers that can disrupt student progress. CPI positions on the 25 campuses are fully funded through CPI dollars, which allows staff to focus on the needs of their participants.

4. Develop well defined career pathways, from adult education through technical degrees.

The CPI team at ADHE is responsible for identifying eligible career pathways at each participating school, mapping out the relevant sequences of adult education, certificates, and degree programs that align with industry demand and ensure that each step along the pathways is articulated to the next level of education and training. CPI staff engage in intensive career counseling with incoming students to identify appro-

priate career goals, and work to develop clear academic plans that enable participants to work towards academic outcomes at a pace that makes sense for their life circumstances. When particular courses are not offered at a community college, institutions can also work with other CPI schools or community-based organizations to identify qualifying programs and ensure that students are able to progress along their chosen pathway, while still maintaining their existing case management relationship with their original campus.

5. Use program data to track performance outcomes and make program changes or improvements.

Early on, ADHE established a data system to track participant outcomes on key metrics such as credential attainment, employment, and earnings. This data has been critical for working with colleges to make course corrections informing the program's funding formula, and demonstrating success to state policymakers.

Federal policy challenges and recommendations

While the Arkansas CPI model has been incredibly successful in helping participants earn postsecondary credentials and transition into better paying jobs, state officials identified several policy barriers under TANF and other federal laws that have limited access to CPI services for target populations. As Congress looks towards reauthorization of TANF, the Higher Education Act, and other key laws in 2017, lawmakers should consider the following changes to ensure that states have the flexibility and resources they need to build on the CPI approach:

1. Increased funding for the TANF block grant.

Despite strong outcomes, overall funding for the CPI program has declined from a high of about \$13 million per year in 2010-2012, to the current funding level of \$7.15 million. This has resulted in significant reductions in staffing and services for CPI program sites, and a steep drop in enrollments from more than 10,000 students in FY 2010 to just over 4,200 in FY 2016. While these funding cuts are partly the result of unique budgetary conditions in Arkansas — the state originally funded the program with “carry-forward” dollars that have now been exhausted — it is important to note that the overall federal TANF block grant has not been increased since 1996, meaning that states are receiving 30 percent less funding than twenty years ago, when adjusted for inflation.

Increasing the block grant, and encouraging states to utilize additional funds to support proven workforce development strategies, would make it easier for states to build and sustain programs like CPI.

2. Creating flexibility under TANF to measure outcomes, rather than participation.

Under current law, states are required to meet two “work participation” rates for TANF recipients: an “all-families” rate, where states must demonstrate that at least 50 percent of TANF-receiving families with a work-eligible adult be engaged in a minimum number of hours of work or related activities each month; and a “two-parent” rate under which states must demonstrate that at least 90 percent of TANF receiving families with two work-eligible adults are engaged in a minimum amount of work. States can reduce these statutory minimums by reducing their TANF caseloads but have limited incentives to focus on strategies like CPI. That's because there are no federal performance measures relating to employment or educational outcomes, and no incentives for helping TANF recipients or other low-income people transition into well paying jobs. Instead, states tend to focus on counting the number of TANF recipients in activities that count toward the work participation rate without regard for whether the activity will lead to a family supporting job. Lawmakers should consider giving flexibility to states that are willing to invest in employment and education initiatives to measure success based on results, rather than processes that count participation, and provide incentives to states that demonstrate improvement in transitioning public assistance recipients into sustainable careers.

3. Eliminate outdated barriers to education and training.

When TANF was first established in 1996, Congress placed significant restrictions on the types of activities that could be counted toward a state's work participation rate. In particular, TANF limits participation in so-called “non-core” activities, including job skills training, education directly related to employment, and participation in secondary school or programs leading to a secondary diploma equivalent. These non-core activities cannot count toward work participation rates until the recipient has completed 20 hours of other activities in a given week. CPI and DWS staff indicated that this limitation makes it difficult for many TEA recipients to enroll in the program, because key elements — such as the career readiness training or adult education components — may be considered non-core activities. Given the importance of these components to the success of the CPI model, especially for individ-

uals without a high school diploma or who have basic skills deficiencies, Congress should consider lifting these restrictions to ensure that TANF recipients can benefit from high-quality career pathways models. Policymakers should also consider lifting the 30 percent cap on the number of individuals participating in vocational educational training who can count towards a state's work rate, and the lifetime cap of twelve months of vocational training for TANF recipients.

4. Expand federal financial aid to include short-term occupational credentials.

Upfront costs for tuition, fees, and books can be a major challenge for working students, and more than 40 percent of CPI funds for student services go towards these addressing these needs. While CPI participants may be eligible for federal Pell Grants, there are limitations on those funds: students cannot receive Pell if they are enrolled in short-term programs of less than fifteen weeks, and are eligible for substantially less aid if they are enrolled on a half-time or less-than-half time basis — often a necessary choice for low-income parents juggling work and child care responsibilities. Many CPI students also rely on Pell to cover housing or other expenses that cannot be paid for with CPI dollars. Congress should consider expanding access to Pell Grants for shorter-term occupational training programs leading to industry-recognized credentials, and should preserve eligibility for working students who are attending on a

part-time basis. These policy changes would help low-income students more easily connect to postsecondary pathways while freeing up scarce state and local resources to provide case management and other supportive services that promote persistence and completion.

5. Provide dedicated funding for innovative workforce development strategies.

Career pathway models have long been recognized as a best practice in workforce development. Indeed, under WIOA states and local workforce development boards are now required to work with secondary and postsecondary providers to develop and implement career pathways for low-skilled adults, youth, and individuals with barriers to employment. Unfortunately, Congress has never provided dedicated federal resources to support this mandate, meaning that stakeholders are struggling to implement new partnerships and strategies with limited resources. To stimulate the expansion of these models, Congress should consider the development of a new Career Pathways grant program that would support partnerships between community colleges, community-based organizations, businesses, and other entities to develop and deliver career pathways programs that combine industry-driven training with appropriate developmental education and supportive services.



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