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# Michigan League for Human Services



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## MICHIGAN'S WEAK LINK: Unemployment, the Skills Gap, and the Declining Support for Adult Education

A strong economy depends on a skilled workforce. In Michigan, however, far too many workers lack the skills needed by employers. As a consequence, businesses in Michigan expect to face a shortage of skilled workers, while many workers remain unemployed or in low-wage jobs that do not pay enough to meet their expenses.

Adult education, when properly supported by state policy and funding, can help to close the skills gap and link low-skill workers to good, high-paying jobs. Enrolling in an adult education program is widely seen as the first step toward overcoming illiteracy and other barriers to employment. Besides providing individuals with the basic skills needed in the workforce, it gives them the foundation from which they can access more advanced vocational training to meet the increasing demands of the job market for higher skills. A strong adult education program is therefore necessary if Michigan is serious about upgrading the skills of its workforce and combating poverty, unemployment and underemployment.

Unfortunately, adult education in Michigan cannot reach or serve many of the workers whom it could most benefit. There has been a drastic reduction in funding in recent years that has resulted in a drop in enrollment in, and successful completion of, basic adult education programs. Furthermore, there are some elements of state policy that create additional barriers for some low-income individuals who wish to enroll in adult basic education.

The stated mission of Michigan's adult education program is to "ensure that all adult learners obtain the highest quality education, leading to the attainment of a secondary education, literacy, and

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numeracy skills necessary to succeed in employment and post-secondary education.”<sup>1</sup> If steps are taken to ensure adequate funding, and correct policies related to access, Michigan’s adult education system can more readily accomplish this mission.

## **BACKGROUND: WORK AND POVERTY IN MICHIGAN**

Contrary to the old adage, a hard day’s work often does not yield a good day’s pay for many of today’s workers and their families. While Americans celebrate the Horatio Alger myth that diligent work leads inevitably to prosperity, many workers cannot make ends meet even with full time wages. The result is that a significant number of full-time workers and their families are considered poor according to official federal measurements. In 2002, 18.7 percent of the total jobs in Michigan paid wages below the poverty threshold.<sup>2</sup> Of Michigan families with at least one employed parent in 2002, 6.3 percent were living in poverty and 25 percent lived below 200 percent of the poverty threshold, the level considered closer to that necessary for the family to meet its basic needs. 45.7 percent of all poor families in Michigan that year were working families.<sup>3</sup>

A look at the wage levels in Michigan and the poverty threshold over the past several years shows the decline in the extent to which low wages can lift workers out of poverty. It is argued that most full-time low-wage workers earn more than the federal minimum wage. However, Table 1 shows that even workers earning more than \$1.50 higher than the current minimum wage fall short of the poverty threshold for a family with two children.

TABLE 1

### **Minimum Wage and the Poverty Threshold**

Year	Minimum Wage (Annual)	Single Parent with 2 Children			Two-Parent Family with 2 Children		
		Poverty Threshold	Minimum Wage as Percent of Poverty Threshold	\$1.50 over Minimum Wage, as Percent of Poverty Threshold	Poverty Threshold	Minimum Wage as Percent of Poverty Threshold	\$1.50 over Min. Wage, as Percent of Poverty Threshold
1996	\$8,840	\$12,641	69.9%	94.6%	\$15,911	55.6%	75.2%
1997	\$10,712	\$12,931	82.8%	107.0%	\$16,276	65.8%	85.0%
1998	\$10,712	\$13,133	81.6%	105.3%	\$16,530	64.8%	83.7%
1999	\$10,712	\$13,423	79.8%	103.0%	\$16,895	63.4%	81.9%
2000	\$10,712	\$13,874	77.2%	99.7%	\$17,463	61.3%	79.2%
2001	\$10,712	\$14,269	75.1%	96.9%	\$17,960	59.6%	77.0%
2002	\$10,712	\$14,494	73.9%	95.4%	\$18,244	58.7%	75.8%
2003	\$10,712	\$14,824	72.3%	93.3%	\$18,660	57.4%	74.1%

Poverty Thresholds established by the U.S. Census Bureau.  
Chart produced by Michigan League for Human Services.

<sup>1</sup> From the website of the Michigan Department of Labor and Economic Growth.

<sup>2</sup> U.S. Department of Labor Bureau of Labor Statistics Occupational Employment Statistics (OES) Program, 2002 Employment and Wage Estimates. (Calculations by Annie E. Casey Foundation, *Percent of Jobs in Occupations that Pay Below Poverty Level, 2002*)

<sup>3</sup> U.S. Census Bureau, *American Community Survey, 2002* (Calculations by Annie E. Casey Foundation).

Many other workers, while earning enough to not be considered poor, nonetheless earn far below what is needed to attain *economic self-sufficiency*, which is defined as the ability of a family to meet all of its expenses on an ongoing basis without relying on government or private assistance. According to the Michigan League for Human Services' economic self-sufficiency benchmark, a single parent with two children under age six must earn \$16.58 an hour, or \$34,485 per year, in order to be economically self-sufficient.<sup>4</sup> However, the median hourly wages of the twenty lowest paying occupations in Michigan range from only 41 percent to 51 percent of this amount.<sup>5</sup> Many of these jobs do not provide health insurance or other benefits, adding to the financial strain on such families.

In addition to the fact that many full time Michigan workers cannot support their families with the wages they earn, a significant number of families in Michigan are experiencing difficulty in finding work. Michigan currently has one of the highest unemployment rates in the country (7.1 percent in December 2004).<sup>6</sup> Michigan has led the nation in the loss of jobs, with more than 300,000 jobs lost—193,000 in the manufacturing sector alone—between January 2001 and November 2004.<sup>7</sup> Many Michigan workers have exhausted or will soon exhaust their unemployment benefits due to having been unemployed for longer than the maximum number of weeks. Other workers, while not losing their jobs entirely, have had their hours cut to part-time.

*Poverty and unemployment, in addition to creating hardships for families, exacerbate Michigan's fiscal problems.*

Poverty and unemployment, in addition to creating hardships for families, exacerbate Michigan's fiscal problems by reducing tax revenues and increasing the strain on Michigan's social services programs. There has been an increase in the number of households receiving Food Assistance (formerly known as Food Stamps), as well as an increase in the number of families who are for the first time receiving cash assistance. Michigan's Medicaid budget is under particular stress due to the increase in poor families who lack health care coverage. In addition, Michigan bears many indirect costs of poverty, including those associated with the need for special or remedial education and with higher crime rates.

The challenge for state policy is to reduce unemployment, increase wages at the low end of the income scale and reduce reliance on public assistance and charities. A more effective adult education system can help Michigan to meet this challenge.

## **AN EFFECTIVE ADULT EDUCATION SYSTEM BENEFITS MICHIGAN**

### **The Relationship Between Education, Employment and Wage Levels**

Just as it is a given that employment is the key to leaving poverty, it is also a given that the first step out of chronic unemployment or a dead end job is the acquisition of marketable skills. The credential indicating mastery of essential reading, writing and mathematics skills is a high school diploma (or an equivalent such as the General Education Development [GED] certificate.) Without this credential gainful employment is extremely difficult. As expected, earnings increase significantly with a high school diploma and also with education beyond the diploma (Table 2). Likewise, unemployment decreases as the educational level rises (Table 3).

<sup>4</sup> Michigan League for Human Services, *Economic Self-Sufficiency in Michigan: A Benchmark for Ensuring Family Well-Being*, March 2004.

<sup>5</sup> U.S. Department of Labor Bureau of Labor Statistics, *Occupational Employment and Wage Estimates, 2002*.

<sup>6</sup> U.S. Department of Labor Bureau of Labor Statistics, *Local Area Unemployment Statistics*. (Figure is not seasonally adjusted.)

<sup>7</sup> U.S. Department of Labor Bureau of Labor Statistics, *State and Area Employment, Hours, and Earnings*

TABLE 2

**Median Earnings for Michigan Workers  
By Educational Attainment, 2000**

<b>Educational Attainment</b>	<b>All Workers</b>	<b>Year-Round Full-Time Workers</b>
All Education Categories	\$27,925	\$34,783
Did Not Complete High School	\$13,662	\$21,923
High School Diploma	\$23,982	\$29,854
Some College	\$24,999	\$33,308
Associate's Degree	\$31,790	\$37,062
Bachelor's Degree	\$38,778	\$47,176
Master's Degree or more	\$60,011	\$65,250

Source: Current Population Survey (CPS) data from the U.S. Census Bureau  
Chart produced by Michigan League for Human Services.

TABLE 3

**Unemployment Rate for Adults Aged 25 Years and Over,  
By Educational Attainment (United States)**

<b>Educational Attainment</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
All Education Categories	3.7	4.6	4.8	4.4
Less Than a High School Diploma	7.2	8.4	8.8	8.5
High School Graduates, No College	4.2	5.3	5.5	5.0
Some College, No Degree	3.5	4.8	5.2	4.5
Associate Degree	2.9	4.0	4.0	3.7
College Graduates	2.3	2.9	3.1	2.7

Source: Current Population Survey (CPS) data from the U.S. Census Bureau  
Chart produced by Michigan League for Human Services.

While possession of a high school diploma or equivalent is essential, most jobs that are expected to be in demand in the near future require vocational skills or credentials beyond that level. Unfortunately, many low-wage workers without a diploma find themselves not only blocked from better-paying jobs, but also from the vocational training that can give them skills needed to secure those better-paying jobs. While some of the barriers are due to logistics (i.e. no public transportation available to jobs that match one's skills or to institutions that provide skills training), finances (i.e. not having enough money to pay for additional education and training or not having money for child care during evening class hours), or local economic factors (i.e. a shortage of higher-wage, higher-skill jobs in the areas where unemployed and low-wage workers live), for many of these workers the *primary* barrier to good jobs or vocational training is an inadequate mastery of basic skills or literacy.

### **An Effective Adult Education System Can Decrease Michigan's Skills Gap**

Michigan is currently experiencing the irony of high unemployment in the face of a looming worker shortage. At a time when thousands of Michigan families are applying for unemployment benefits and public assistance, employers are expecting to face a significant shortage of skilled workers

within a few years that will have serious consequences for economic growth in Michigan. One recent study projects that by 2012 the state will have a shortage of 334,000 skilled workers between the ages of 24 and 54.<sup>8</sup>

Part of the projected shortage is due to the retirement of baby boomers in the coming years and to an expected decrease in the population of Michigan's working age adults. Even after taking into consideration these two factors, however, a projected worker shortage despite record unemployment indicates a *skills gap* between many who are able and willing to work and the jobs for which they are applying. This has ramifications both for workers, who often cannot secure gainful employment because they do not possess the skills most in demand, and for Michigan's economy, which cannot attract and keep high-skill jobs with an inadequately prepared workforce.

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One recent study has concluded that knowledge-based industries are now the major source of employment growth and that Michigan's slow economic growth over the past several decades is due in large part to the comparatively slow growth of its knowledge sector.<sup>9</sup> At the same time, it is widely held that Michigan's manufacturing sector—long a mainstay of the state's economy—must be preserved and strengthened, even as it demands more high-tech skills requiring vocational training. The Administration has addressed these problems by, among other things, proposing that Michigan should make a commitment to “universal higher education” by guaranteeing postsecondary education for all its residents. Such a commitment would involve not only baccalaureate and postbaccalaureate programs, but also two-year degrees, apprenticeship programs, vocational certificates and other forms of job training. This is a very positive step that, if successful, will do much to reduce the technological deficiency in Michigan's workforce.

Michigan's skills gap, unfortunately, is not limited to technical and trade skills. A significant number of Michigan workers lack basic work skills due to deficiencies in reading, writing and mathematics. In 2003, nearly 13 percent of Michigan residents aged 25 and over—many in their prime working years—did not have a high school diploma or equivalent, and a large number of working poor families have at least one parent who did not complete high school.<sup>10</sup> Moreover, the most recent literacy data available about literacy in the United States, though somewhat dated, show fully 26 percent of adults in Michigan functioning at a “low” literacy level and 18 percent functioning at a “very low” level.<sup>11</sup> This suggests that a great number of high school graduates have literacy barriers, and that using the possession of a high school diploma as an indicator of literacy proficiency may grossly understate the real situation.

Though possession of a high school diploma does not guarantee that a worker will have the skills to move out of low-wage work, for a worker without a diploma it is nearly impossible. It is reasonable to expect that Michigan manufacturing employers mirror those in a recent national survey showing that over 30 percent of job applicant rejections are due to deficiencies in reading and writing, oral

<sup>8</sup> The Detroit Regional Chamber of Commerce, the Accelerator Group and the Michigan Hispanic Chamber of Commerce, *Impact of Offshore Outsourcing on Manufacturing in Michigan and the United States*, June 2004.

<sup>9</sup> Lou Glazer and Donald Grimes, *A New Path to Prosperity? Manufacturing and Knowledge-Based Industries as Drivers of Economic Growth*, July 2004.

<sup>10</sup> U.S. Census Bureau, American Community Survey, 2003.

<sup>11</sup> U.S. Department of Education, *National Adult Literacy Survey (NALS)*, 1993. Because the results of the 2003 National Adult Literacy Survey have not been released at the time of this paper's publishing, it is not possible to give a more recent percentage figure for people in Michigan with literacy barriers.

communication and/or mathematics skills.<sup>12</sup> As workers who are not proficient in these basic skills generally find themselves barred not only from higher-paying jobs, but from the vocational training needed to qualify for those jobs, Michigan needs to address basic-skill workforce deficiencies at least as seriously as it addresses deficiencies in high-tech skills.

*Over 30 percent of job applicant rejections are due to deficiencies in reading and writing, oral communication and/or mathematics skills.*

There has been some good news. During the most recent two school years for which data is available, the dropout rate for Michigan high school students was lower than in previous recent years.<sup>13</sup> Addressing the problems that lead to dropout is certainly an effective way to begin to address the basic skills shortfall in the workforce, as dropouts add a significant number of low-skilled, non-credentialed workers to Michigan's labor force each year. However, developing strategies to reduce the dropout rate is not enough, and focus also needs to be given to opportunities for workers who have already dropped out to build skills and acquire needed credentials.

The key to strengthening Michigan's workforce is to make sure that the number of skilled workers increases faster than the number of dropouts. A strong adult education system, well supported by state policy and funding, can do this. It can provide high school dropouts with an opportunity to acquire the skills and credentials that meet the needs of employers, including providing a foundation by which workers can move on to advanced skills training. The challenge for state policymakers is to ensure that adult education in Michigan is affordable, accessible and effective.

## **THE EFFECTIVENESS OF ADULT EDUCATION DEPENDS ON RECEIVING ADEQUATE STATE SUPPORT**

In Michigan, adult education programs are administered by local school districts and overseen by the Michigan Department of Labor and Economic Growth (DLEG). Programs fall under one of three categories: Adult Basic Education, Adult Secondary Education (which leads to a GED), and English as a Second Language (ESL). Each category is further divided into several levels (i.e. beginning, intermediate, advanced, etc.), and to move from one level to another, students must satisfactorily pass a standardized examination.<sup>14</sup> To gauge program effectiveness, DLEG sets annual target goals for the percentage of participants successfully completing each educational level (see Appendix A) and the percentage achieving follow-up outcome objectives such as employment or further training (see Appendix B).

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The adult education system has generally exceeded its completion targets for most educational levels. While this indicates that an acceptable percentage of adult education participants are successfully completing their programs, it says nothing about whether an adequate number of low-skill adults are enrolling in these programs in the first place. Given the seriousness of Michigan's skills gap, it must

<sup>12</sup> National Association of Manufacturers, *The Skills Gap 2001: Manufacturers Face Persistent Skills Shortages In an Uncertain Economy*, 2001.

<sup>13</sup> According to the Michigan Department of Education, the 1996-1997 year saw a dropout rate of 6.51. The rate was 4.50, 5.09, 5.73 and 5.48 in subsequent years, falling to 3.71 in 2001-2002 and 4.08 in 2002-2003.

<sup>14</sup> Michigan allows adult education program administrators to choose from one of three testing systems to use for this purpose: WorkKeys, the Test for Adult Basic Education (TABE), or the Comprehensive Adult Student Assessment System (CASAS).

be asked whether the adult education system is reaching and serving enough of Michigan's low-skill and low-literacy adults. Is the State of Michigan, through adult education, increasing credentials and skills enough to strengthen the workforce, reduce poverty, and reduce dependence on public assistance?

## **Evaluating Adult Education's Success**

### *Enrollment and Completion*

In 2003, approximately 218,600 adults in Michigan aged 25-44 did not have a high school diploma or equivalent.<sup>15</sup> During the school year beginning that fall, however, only 23,664 residents in that age range, or 10.8 percent of the total number without diplomas, were enrolled in adult education programs of any kind (and it is likely that some of those enrollees are high school graduates). Moreover, only 5,000 to 8,000 students have enrolled each year in beginning literacy programs (basic or ESL) through the adult education system during each of the past four years, despite the aforementioned survey showing 26 percent of Michigan adults functioning at a low literacy level and 18 percent at a very low level. This gives a clear indication that a good number of low-literacy and low-skill adults, with or without high school diplomas, are not being served by the adult education system.

The 2003-2004 school year in particular saw a drastic reduction in enrollment in most adult education programs (see Appendix A). The number of adults completing Beginning Literacy programs (both ESL and Basic) fell by more than 25 percent, as did the number enrolling in and completing all but one of the other ESL levels. Although the number of adults completing secondary education went up by 15 percent, the number entering secondary education declined by half, presumably reflecting a reasonable decision by most districts to give priority for scarce resources to students who were already in the programs. During 2003-2004, the number of students entering and completing Basic Education classes declined by more than 10 percent at three of the four levels.

*The most recent school year saw a drastic reduction in enrollment in most adult education programs.*

In light of the large number of Michigan adults without a high school diploma and/or with a low level of literacy, it is clear that despite the attainment of established target percentages, the actual number of adult education enrollees and completers has been inadequate in nearly all categories.

### *Employment and/or Further Training*

To get a sense of the effectiveness of the adult education system in helping workers secure employment or further training, DLEG has in place four core follow-up outcome measures: employment, retention of employment, obtaining a GED or high school diploma, and entering postsecondary education or training. With the exception of obtaining a GED or high school diploma, which should be seen as a means rather than an end, these core follow-up measures constitute the goals of adult education as related to employment and the job market.

The rate of return of survey responses is significant enough for most of these objectives to give a clear picture of the effectiveness of adult education in these four areas. As Appendix B shows, the percentage of respondents reaching the objective exceeded the state goal twelve out of sixteen times during the most recent four program years for which data are available. However, the raw numbers of

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<sup>15</sup> This number was estimated using data from the U.S. Census Bureau Current Population Survey (CPS), Table 14: *Educational Attainment of the Population 18 Years and Over for the 25 Largest States.*

participants with these goals has fluctuated over the four years, and during the most recent year each category has shown a decisive decrease from one of the previous years in the number of participants achieving the desired outcome.

Because the most recent year's outcome measures were for students who enrolled in and completed adult education before the funding cuts described in the next section took effect, the available data cannot tell us how the cuts affected outcome achievement. Such trends will need to be monitored in future years, keeping in mind that the measures related to employment will be significantly affected by economic factors as well.

## The Declining Support for Adult Education in Michigan

### Funding of Adult Education

Adult education in Michigan receives both federal and state funding, with the vast majority of funding coming from the state until very recently. The federal funding comes from the U.S. Department of Education and is allocated through two grants.<sup>16</sup> State funding for more than thirty years was allocated via the State School Aid Fund, and during the last two years of funding in that manner adult education received \$185 million per year. With the passage of Proposal A, adult education received its first major funding reduction, as it became a categorical program (not part of the foundation allowance) with a set amount of funds and received \$80 million per year for the first several years. As inflation causes flat funding to erode in value over time, the ability of districts to keep up with their expenses during these years was further weakened.

TABLE 4

### Funding for Michigan's Adult Education Programs

Program Year	Federal Funding			State Funding	Total Funding	State Portion of Funding
	Base Grant	English Literacy & Civics Grant	Total			
1997	\$ 8,287,819	*	\$8,287,819	\$80,000,000	\$88,287,819	90.6%
1998	\$11,482,416	*	\$11,482,416	\$80,000,000	\$91,482,416	87.4%
1999	\$11,654,356	*	\$11,654,356	\$80,000,000	\$91,654,356	87.3%
2000	\$11,973,584	*	\$11,973,584	\$80,000,000	\$91,973,584	87.0%
2001	\$13,691,487	\$ 437,129	\$14,128,616	\$80,000,000	\$94,128,616	85.0%
2002	\$15,159,503	\$1,168,018	\$16,327,521	\$75,000,000	\$91,327,521	82.1%
2003	\$16,310,508	\$1,259,116	\$17,569,624	\$74,569,800	\$92,139,424	80.9%
2004	\$14,679,457	\$1,340,115	\$16,019,572	\$20,000,000	\$36,019,572	55.5%

Sources: U.S. Department of Education and the Michigan Association for Community and Adult Education  
Chart produced by Michigan League for Human Services.

<sup>16</sup> The larger and older grant is the *Adult Education Basic Grant*, which is the major source of federal support for basic skills programs and has as its stated purpose “to provide educational opportunities for adults over the age of 16, not currently enrolled in school, who lack a high school diploma or the basic skills to function effectively as parents, workers, and citizens.” The other grant is the *English Literacy and Civics Grant*, which is allocated according to a formula based on state immigration levels and is intended to assist in the development of new program designs which support comprehensive ESL programs.



The loss of funding resulting from Proposal A was only the beginning of the state's adult education funding reductions. After being reduced slightly for two years beginning in 2002, adult education funding was slashed by 75 percent in 2004 as part of an effort to address a projected budget deficit.<sup>17</sup> As a result, adult education received only \$20 million per year in state funds for Fiscal Years 2004 and 2005, bringing its total federal and state funding to only 39 percent of what it was in Fiscal Year 2003. (The spending reduction also included an elimination of funding for the Partnership for Adult Learning (PAL), which had provided adult students access to GED training that was directly connected to job skills and placement and had previously been funded at \$20 million per year.)

The funding reduction has been painful, as many if not most local providers have been forced to reduce or discontinue much-needed programs. This has especially hurt students in rural areas because of the longer distance that students are required to travel to participate in the programs that have been discontinued in their own communities. (The Upper Peninsula, in particular, has been disproportionately affected in this way; it now has only three programs compared to 29 programs several years ago.) The cuts have had the two-pronged effect of limiting the accessibility of surviving programs as well as reducing the number of vacant seats.

Enrollment data for the year immediately following the cuts indicates that the programs most negatively affected by the cuts are those serving students with the most barriers in the workforce, namely the ESL and Beginning Literacy programs (see Appendix C). Furthermore, data on the demographics of adult education enrollees show that enrollment prior to the cuts had been stable or rising among many of the most vulnerable groups—the disabled, the unemployed, adults on public assistance, low-income adults, single parents, and displaced homemakers—but had dropped very steeply following the budget cuts. In addition, enrollment for individuals aged 25-44, considered prime years for building career skills and the largest age group in adult education, had dropped by a full third from the previous year (see Appendix D).

*The programs most negatively affected by the cuts are those serving students with the most barriers.*

Given that the steep declines in enrollment and completion occurred immediately after the 75 percent reduction in funding, it is clear that the funding cut has hindered the ability of low-skill adults to enroll in classes that could reduce their employment barriers and positively impact their economic future. Furthermore, as Table 3 shows, the state funding reduction has made Michigan much more reliant on federal funding than it was before. To the extent that federal domestic spending is made precarious by the current record deficits in the federal budget, as well as the President's budget proposals, Michigan's adult education programs will be in further jeopardy.

### *Policies and Practices Affecting Adult Education Enrollment and Completion*

In addition to funding cuts in adult education, policy barriers outside of the adult education system are also hindering low-skill or low-literacy workers from accessing adult education. The policies governing Michigan's Family Independence Program (FIP) have not been conducive to participation by cash assistance recipients in adult education. There are some restrictions that are federal and cannot be modified on the state level; however, working within the parameters of federal law, there is much Michigan can do to make access to adult education easier for FIP cash assistance recipients.<sup>18</sup>

<sup>17</sup> The 75 percent funding reduction was spread uniformly to all school districts.

<sup>18</sup> At the time of writing, the future of Michigan's flexibility in this area is uncertain. The reauthorization of Temporary Assistance for Needy Families (TANF), the federal funding stream for state cash assistance programs,

Federal law currently allows cash assistance recipients to count ten hours of GED classroom time per week toward their work requirements without a time limit if they work twenty hours per week. There is no federal time limit on how long a recipient can count the classroom hours toward the work

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requirements. Michigan, on the other hand, places a six-month time limit on how long recipients may count GED classroom hours toward work requirements. One way Michigan policy can better enable GED completion by cash assistance recipients would be to lengthen the time that recipients may count ten GED classroom hours per week toward their FIP work requirements.

Further, as balancing family, work and education is a challenge for many parents, making FIP work requirements more flexible (as permitted by federal law) would enable more cash assistance recipients to complete their GED's, which in turn would increase their ability to

leave public assistance. The current federal work hour requirement for a single parent receiving cash assistance is 30 hours a week. While Michigan, during the first several years of welfare reform, had a similar minimum work requirement, in 2002 the state raised the total amount of work hours required to receive FIP cash assistance to 40 hours per week. This policy change has served to discourage cash assistance recipients from enrolling in adult education. As cash assistance recipients are allowed to count GED education as a work activity for only six months, those who need more time to complete their GED must do so on top of 40 hours of work per week rather than 30 hours, and those who have not reached their deadline must complete their ten classroom hours per week on top of 30 hours of work rather than 20 hours. As ESL and basic education may not count toward work activities at all, Michigan's policy change also increases the amount of hours each week that cash assistance recipients in those programs must work.<sup>19</sup>

*Making FIP work requirements more flexible would enable more recipients to complete their GED's, which in turn would increase their ability to leave public assistance.*

During the 2002-2003 program year, before the funding cuts took effect, an average of 74,086 Michigan families each month received FIP cash assistance, and 363,350 households each month received Food Assistance. During that same year, there were only 6,027 enrollees in adult education that had the participant status "On Public Assistance" at the time of their enrollment.<sup>20</sup> Ultimately, the goal of the FIP program should be to reduce the need for public assistance by supporting low-income workers' efforts toward financial independence—a departure from the current program emphasis on immediate labor force attachment.

Another barrier to FIP recipients' participation in adult education is the apparently low level of integration between the state's adult education, workforce development and public assistance

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will likely occur within the next year. There are competing proposals regarding work hours and flexibility for education and training, and it is unclear which ones will prevail in the final reauthorization legislation.

<sup>19</sup> ESL and adult basic education not leading to a GED do not currently qualify as a countable work activity under federal TANF regulations, though some states fund it at their own expense. There have been proposals to allow ESL hours to count toward TANF work requirements, but whether such proposals will be enacted during reauthorization is not known at this time.

<sup>20</sup> The category "On Public Assistance" is not limited to FIP recipients. It is defined as "...receiving financial assistance from Federal, State or Local Government Agencies, including Temporary Assistance for Needy Families (TANF), food stamps, refugee cash assistance, old age assistance, general assistance and aid to the blind or totally disabled. Social Security benefits, unemployment insurance and employment funded disability are not included..." Moreover, there may be some FIP recipients who fall under another primary category and are thus not counted under "On Public Assistance."

systems. A recent University of Michigan study explored whether the functions of the Family Independence Agency (now the Department of Human Services, or DHS) and the Department of Career Development (now DLEG) were integrated sufficiently during the late 1990's and concluded that they were not.<sup>21</sup> As a recipient's cash assistance caseworker and employment caseworker must both approve counting education and training toward FIP requirements, lack of coordination between the two caseworkers or their agencies can negatively affect the recipient's ability to access such education. (Fortunately, at the time of this writing, the two agencies are currently working to better coordinate their functions. It is hoped that adult education will be brought into this effort at some point.)

While integration appears to be low between the adult education, workforce development and public assistance systems, there appears to be a concerted effort to integrate local and state literacy groups (there are 19 Literacy Councils in Michigan), Community Action Agencies, and representatives and advocates of adult education. This could result in all parties involved having a greater ability to identify local education needs and attempting to match those with the necessary programs, referral procedures and resources. Unfortunately, however, the ultimate effectiveness of such initiatives will continue to be dampened by funding and policy decisions in Lansing that have reduced the ability of low-skill and high-barrier adults to access necessary education programs.

## **RECOMMENDATIONS**

In order to expand its workforce and reduce unemployment, Michigan must invest in basic skills and literacy training that will keep workers employable, and enact policies that ensure access to such training by those who most need it. Such an investment will benefit not only workers who are unable to find a job, but those who are underemployed (part-time but desiring full-time work) and those who are trapped in low-wage employment. It will also benefit Michigan's businesses by helping to cultivate and retain an adequately skilled workforce that is ready to meet the changing needs of employers. Conversely, failure to make significant investment in such training or to enact policies that improve accessibility to basic skills and literacy training will allow the economic struggles of many families to continue, will jeopardize Michigan's competitiveness in attracting new employers, and will put further strain on Michigan's safety net programs.

With this in mind, ***Michigan should establish a goal to reduce the number of adults without a high school diploma or equivalent.*** This goal ought to go hand in hand with the Administration's stated objective of doubling the number of college graduates in the state within a decade. It would require a great effort by the state on behalf of both the K-12 system and the adult education system; secondary schools would continue to receive support in their effort to reduce the dropout rate and to provide graduates with the necessary skills, and the adult education system would be supported in its efforts to increase the skills and credentials of those who have already dropped out. Such an endeavor, of course, will require a serious examination of Michigan's current approach to adult education and a willingness to change policies and practices that are counterproductive.

No conversation about Michigan's adult education system can take place without addressing funding needs and the recent 75 percent reduction in what was already an inadequate level of adult education funding. The numbers speak for themselves; at a time when Michigan needed to be enacting proactive policies to increase the number of low-skill adults enrolling and successfully completing adult basic education and literacy programs, it instead limited that number by forcing localities to cut

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<sup>21</sup> Sandfort, Jodi, "Why is Human Services Integration so Difficult to Achieve?" Institute for Research on Poverty, University of Wisconsin-Madison, 2003.

programs and numbers of adults served. To ensure an adequate funding base in the future for adult education, Michigan needs to:

- Restore the funds that were recently eliminated;
- Develop a formula for increasing adult education funding to keep up with inflation, rather than maintaining it at a flat level, the value of which will erode over time;
- Monitor developments in federal adult education funding and be prepared for any federal funding cuts in the future;
- Advocate at the federal level for increased funding for adult education; and
- Examine current delivery systems and procedures to seek ways to maximize resources.

Beyond funding, however, current policies must be examined as to whether they constitute barriers to adult education's accessibility. If we can reasonably assume the Michigan workers who are on public assistance are among the most in need and, by definition, are furthest from attaining economic self-sufficiency, then Michigan should enact policies that expand, not restrict, the access such workers have to adult education. With this in mind, Michigan should:

- Allow secondary education that leads to a GED to count toward work requirements for longer than six months;
- Lower the required number of work hours back to 30 per week for adult education participants, as is allowed by federal law; and
- Maintain, strengthen and expand support services such as transportation and child care for workers who are in adult education.

Finally, to ensure effective intra-agency referral procedures and accountability structures, there needs to be successful cooperation between personnel in the DHS, Michigan Works! Agencies, adult education programs and other relevant organizations. To the degree that there is incongruence among agencies or programs, adults with skills barriers will not be served optimally. Michigan should therefore:

- Strengthen opportunities for all key players in workforce development, public assistance, postsecondary education and adult education to interact, with a view toward streamlining the process by which those with skill barriers can access adult education;
- Expand the role of community colleges in linking adults with the training they need, as they are the post-secondary institutions most likely to serve low-income adults and adults with barriers; and
- Examine state and agency policies to determine whether they encourage interagency competition or other barriers to integration of the services provided by the agencies.

Helping low-income workers to gain the skills they need to stay in the workforce and work toward economic self-sufficiency is a wise investment, not only for the public assistance system but for the state economy and its employers. Adult education, properly funded and delivered, can be a very effective link between low-skill workers and jobs.

APPENDIX A

Educational Gains by Program Year

Educational Functioning Level of Participants*	2000-2001				2001-2002				2002-2003				2003-2004			
	Entering	Completing		State Goal	Entering	Completing		State Goal	Entering	Completing		State Goal	Entering	Completing		State Goal
	#	#	%	%	#	#	%	%	#	#	%	%	#	#	%	%
<b>ADULT BASIC EDUCATION</b>																
Beginning Literacy	2,816	348	12.4%	15%	4,437	617	13.9%	19%	4,797	813	16.9%	20%	3,119	600	19.2%	21%
Beginning Basic	4,514	641	14.2%	16%	5,169	1,099	21.3%	20%	7,214	1,406	19.5%	21%	6,383	1,317	20.6%	22%
Intermediate Low	4,332	767	17.7%	17%	4,818	1,403	29.1%	21%	7,547	1,829	24.2%	22%	7,723	1,623	21.0%	23%
Intermediate High	18,508	6,245	33.7%	18%	28,827	9,355	32.5%	22%	7,983	1,931	24.2%	23%	7,056	1,689	23.9%	24%
<b>ABE Subtotal</b>	<b>30,170</b>	<b>8,001</b>	<b>26.5%</b>		<b>43,251</b>	<b>12,474</b>	<b>28.8%</b>		<b>27,541</b>	<b>5,979</b>	<b>21.7%</b>		<b>24,281</b>	<b>5,229</b>	<b>21.5%</b>	
<b>ADULT SECONDARY EDUCATION</b>																
Low	3,625	750	20.7%	20%	5,067	1,577	31.1%	29%	16,272	1,428	8.8%	30%	6,002	1,944	32.4%	31%
High	6,176	2,738	44.3%	N/A	5,408	2,201	40.7%	N/A	5,180	2,042	39.4%	N/A	4,689	2,060	43.9%	N/A
<b>ASE Subtotal</b>	<b>9,801</b>	<b>3,488</b>	<b>35.6%</b>		<b>10,475</b>	<b>3,778</b>	<b>36.1%</b>		<b>21,452</b>	<b>3,470</b>	<b>16.2%</b>		<b>10,691</b>	<b>4,004</b>	<b>37.5%</b>	
<b>ENGLISH AS A SECOND LANGUAGE</b>																
Beginning Literacy	3,189	830	26.0%	15%	3,450	1,347	39.0%	19%	2,791	1,250	44.8%	27%	1,885	872	46.3%	28%
Beginning	6,058	1,319	21.8%	16%	8,002	2,637	33.0%	20%	8,070	2,894	35.9%	23%	4,572	2,118	46.3%	24%
Intermediate Low	1,753	557	31.8%	19%	3,591	1,631	45.4%	23%	3,782	1,686	44.6%	34%	2,269	1,240	54.7%	35%
Intermediate High	2,460	723	29.4%	20%	3,589	1,277	35.6%	24%	3,704	1,452	39.2%	30%	2,480	1,298	52.3%	31%
Low Advanced	1,681	246	14.6%	18%	2,722	503	18.5%	22%	2,891	561	19.4%	23%	1,688	392	23.2%	24%
High Advanced	889	307	34.5%	18%	908	275	30.3%	22%	662	204	30.8%	23%	407	127	31.2%	24%
<b>ESL Subtotal</b>	<b>16,030</b>	<b>3,982</b>	<b>24.8%</b>		<b>22,262</b>	<b>7,670</b>	<b>34.5%</b>		<b>21,900</b>	<b>8,047</b>	<b>36.7%</b>		<b>13,301</b>	<b>6,047</b>	<b>45.5%</b>	
<b>Total</b>	<b>56,001</b>	<b>15,471</b>	<b>27.6%</b>		<b>75,988</b>	<b>23,922</b>	<b>31.5%</b>		<b>70,893</b>	<b>17,496</b>	<b>24.7%</b>		<b>48,273</b>	<b>15,280</b>	<b>31.7%</b>	

\*A participant is an adult who receives at least 12 hours of instruction. Work-based project learners are not included.

*Italics* denote a completion percentage that exceeded the state goal.

Source: Michigan Adult Education Reporting System (MAERS) data from the Michigan Department of Labor and Economic Growth, Office of Adult Education

Chart produced by Michigan League for Human Services.

APPENDIX B

Core Follow-up Outcome Achievement

Core Follow-up Outcome Measures	Participants Achieving Outcome*																			
	2000-2001					2001-2002					2002-2003					2003-2004				
	# of Participants with Main or Secondary Goal	Response Rate	# Achieving Outcome	Percent Achieving Outcome	State Goal	# of Participants with Main or Secondary Goal	Response Rate	# Achieving Outcome	Percent Achieving Outcome	State Goal	# of Participants with Main or Secondary Goal	Response Rate	# Achieving Outcome	Percent Achieving Outcome	State Goal	# of Participants with Main or Secondary Goal	Response Rate	# Achieving Outcome	Percent Achieving Outcome	State Goal
<b>Entered Employment</b>	404	55.9%	150	<i>40.0%</i>	30%	2,216	74.9%	953	<i>53.6%</i>	32%	1,609	79.1%	818	<i>56.9%</i>	34%	402	89.1%	160	<i>45.1%</i>	36%
<b>Retained Employment</b>	161	99.4%	103	<i>64.1%</i>	50%	684	98.0%	329	48.5%	50%	350	99.1%	173	49.7%	53%	319	99.1%	179	56.7%	56%
<b>Obtained a GED or HS Diploma</b>	26,837	84.1%	5,556	24.9%	25%	26,658	85.5%	8,727	<i>37.3%</i>	25%	26,668	77.7%	6,675	<i>31.8%</i>	25%	18,499	96.2%	6,543	36.8%	27%
<b>Entered Post-Secondary Education or Training</b>	664	72.6%	135	22.9%	30%	1,029	72.6%	302	<i>35.5%</i>	30%	1,265	80.7%	536	<i>51.0%</i>	31%	930	95.5%	460	<i>51.0%</i>	32%

\*To be counted, an enrollment must have Student Instructional Hours greater than or equal to 12.

*Italics* denote a completion percentage that exceeded the state goal.

Source: Michigan Adult Education Reporting System (MAERS) data from the Michigan Department of Labor and Economic Growth

Chart produced by Michigan League for Human Services.

APPENDIX C

**Decline in Adult Education Enrollment  
and Completion After Funding Reduction**

Educational Functioning Level of Participants	2002-2003		2003-2004		Percentage Change	
	# Entering	# Completing	# Entering	# Completing	# Entering	# Completing
<b><i>ADULT BASIC EDUCATION</i></b>						
Beginning Literacy	4,797	813	3,119	600	-35.0%	-26.2%
Beginning Basic	7,214	1,406	6,383	1,317	-11.5%	-6.3%
Intermediate Low	7,547	1,829	7,723	1,623	2.3%	-11.3%
Intermediate High	7,983	1,931	7,056	1,689	-11.6%	-12.5%
<b>ABE Subtotal</b>	<b>27,541</b>	<b>5,979</b>	<b>24,281</b>	<b>5,229</b>	<b>-11.8%</b>	<b>-12.5%</b>
<b><i>ADULT SECONDARY EDUCATION</i></b>						
Low	16,272	1,428	6,002	1,944	-63.1%	36.1%
High	5,180	2,042	4,689	2,060	-9.5%	0.9%
<b>ASE Subtotal</b>	<b>21,452</b>	<b>3,470</b>	<b>10,691</b>	<b>4,004</b>	<b>-50.2%</b>	<b>15.4%</b>
<b><i>ENGLISH AS A SECOND LANGUAGE</i></b>						
Beginning Literacy	2,791	1,250	1,885	872	-32.5%	-30.2%
Beginning	8,070	2,894	4,572	2,118	-43.3%	-26.8%
Intermediate Low	3,782	1,686	2,269	1,240	-40.0%	-26.5%
Intermediate High	3,704	1,452	2,480	1,298	-33.0%	-10.6%
Low Advanced	2,891	561	1,688	392	-41.6%	-30.1%
High Advanced	662	204	407	127	-38.5%	-37.7%
<b>ESL Subtotal</b>	<b>21,900</b>	<b>8,047</b>	<b>13,301</b>	<b>6,047</b>	<b>-39.3%</b>	<b>-24.9%</b>
<b>Total</b>	<b>70,893</b>	<b>17,496</b>	<b>48,273</b>	<b>15,280</b>	<b>-31.9%</b>	<b>-12.7%</b>

Source: Michigan Adult Education Reporting System (MAERS) data from the Michigan Department of Labor and Economic Growth, Office of Adult Education

Chart produced by Michigan League for Human Services.

APPENDIX D

**Adult Education Enrollment by Participant Status**

Participant Status on Entry Into the Program	Number of Enrollees				Change in Enrollment for Most Recent Year
	2000-2001	2001-2002	2002-2003	2003-2004	
Disabled	1,227	1,726	1,502	956	-36%
Employed	21,330	26,323	22,830	14,307	-37%
Unemployed	19,592	26,067	28,635	17,181	-40%
Not in the Labor Force	22,117	23,598	19,428	16,785	-14%
On Public Assistance	2,953	6,163	6,027	3,794	-37%
Living in Rural Areas <sup>1</sup>	5,297	5,619	5,736	4,766	-17%
<b>Program Type</b>					
In Family Literacy Programs <sup>2</sup>	359	438	147	583	297%
In Workplace Literacy Programs <sup>2</sup>	453	734	473	234	-51%
In Programs for the Homeless <sup>2</sup>	0	1	2	0	-100%
In Programs for Work-based Project Learners <sup>2</sup>	0	3	5	1	-80%
<b>Institutional Programs</b>					
In Correctional Facilities	14,180	13,918	11,352	11,488	1%
In Community Correctional Programs	428	659	671	424	-37%
In Other Institutional Settings	951	2,055	1,438	2,075	44%
<b>Secondary Status Measures (Optional)</b>					
Low Income	4,095	12,929	13,101	8,990	-31%
Displaced Homemaker	90	313	298	176	-41%
Single Parent	1,327	5,452	5,197	3,495	-33%
Dislocated Worker	95	435	515	294	-43%
Learning Disabled Adults	821	1,590	1,585	1,223	-23%
<b>Age</b>					
16-18	2,008	3,838	3,644	2,387	-34%
19-24	17,144	23,835	21,484	15,335	-29%
25-44	28,755	37,684	35,096	23,664	-33%
45-59	6,157	8,240	8,219	5,567	-32%
60+	1,937	2,391	2,450	1,320	-46%

<sup>1</sup>Rural areas are defined as places of less than 2,500 inhabitants and outside urbanized areas.

<sup>2</sup>Participants counted here must be in program specifically designed for that purpose.

Source: Michigan Adult Education Reporting System (MAERS) data from the Michigan Department of Labor and Economic Growth, Office of Adult Education

Chart produced by Michigan League for Human Services.