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Jobs for Welfare Recipients

Federal and state policies are increasingly pushing welfare recipients into the labor market. What types of jobs are welfare recipients likely to get? Do some types of jobs lead to greater long-run "success" for welfare recipients?

Welfare recipients are most commonly employed in low-wage jobs with low educational requirements (see table 1). However, these jobs vary widely in tasks and skills required, and in the likelihood that welfare recipients will be successful in retaining them.

Why the Types of Jobs Matter

Why might some jobs lead to greater long-run success for welfare recipients? Long-run success will be influenced by short-run job retention. One study of a welfare-to-work program shows that employment status three months after completing the program is a good predictor of the net earnings effect during the entire two-and-a-half year follow-up period (Zornitsky and Rubin 1988).

The short-run matters so much because many welfare recipients face problems with job retention. At one welfare-to-work program, Project Match in Chicago, researchers found that 46 percent of the program clients lost their first job by three months, 60 percent by six months, and 73 percent by twelve months (Berg, Olson and Conrad 1992).

This poor job retention is not due primarily to inadequate technical or "hard" skills. Welfare recipients generally lose jobs because of problems with absenteeism and punctuality, or because of conflicts with supervisors and co-workers (Berg, Olson and Conrad 1992; Quint and Musick 1994). The one "hard skills" deficiency that is frequently mentioned is problems in running a cash register.

Job retention problems occur in part because many welfare recipients find the circumstances of low-wage jobs to be unfamiliar. The usual daily activities of an unemployed welfare recipient are comprised of child care and home care, with no supervisors or co-workers to accommodate, and with the welfare recipient controlling her own schedule.

Table 1. Top Ten Occupations/Industries of Welfare Recipients

Occupation	Percentage of sample
Cashiers	9.8
Nursing aides	6.7
Waitresses	6.3
Maids	4.3
Cooks	4.0
Janitors	3.9
Secretaries	2.8
Child care	2.6
Household cleaning	2.1
Assemblers	1.8

Industry	Percentage of sample
Eating and drinking places	16.4
Nursing and personal care	5.6
Private household services	4.2
Hotels and motels	4.1
Grocery stores	3.7
Elementary & secondary schools	3.6
Department stores	3.1
Personnel supply services	2.9
Hospitals	2.8
Services to dwellings & buildings	2.4

SOURCE: March Current Population Survey (1983-1995). See Bartik (forthcoming).

Some types of jobs might lead to greater job retention for welfare recipients because occupations or industries differ in pressure for timely completion of tasks, the strictness of supervision, and interactions with co-workers or customers. Occupations or industries also differ in whether the skills required have much in common with child care or home care. Some occupations and industries may better tolerate substandard performance while the new worker adjusts to the job. Finally, higher wages or benefits make an otherwise bad job easier to endure.

Estimated "Effects" of Job Characteristics

In a recent working paper, I examine how occupation, industry, and wage of job held by a welfare mother are associated with her later employment and earnings (Bartik, forthcoming). This research uses data from 13 years (1983-95) of the March Current Population Survey. The analysis is based on all single mothers in this data base who received welfare during the year prior to the March interview and who worked during the prior year. The research examines what influence the characteristics of last year's job had on the individual's employment and weekly earnings as of the March interview.

One issue is how to interpret the estimated "effects" of job characteristics. Better workers will tend to have gotten better jobs in the prior year, and to have done better in the labor market in March. What appear to be effects of job characteristics on later employment and earnings could occur because the individuals taking those jobs are, for unobservable reasons, better workers. The research does control for many personal characteristics, including education, age, and number of children. In addition, for many purposes it is of interest to simply know what jobs are associated with later success. Whether that success is due to the job or the person may be a secondary issue. For example, welfare-to-work programs could benefit from knowing what types of jobs are associated with later success. The program could improve performance by both targeting those jobs for placements and providing the training needed for clients to succeed in those jobs.

Of those welfare recipients who held a job last year, 48 percent were employed the following March. The average weekly earnings of those employed in March was around \$190 in 1995 dollars, or an average of \$91 when including those who are not working. For welfare recipients who were not employed at all last year, the probability of employment in March was only 5 percent.

These data indicate the following "effects" of last years' job characteristics on this March's employment probability and weekly earnings:

- The hourly wage rate that a welfare recipient was paid on last year's job has statistically significant effects on whether the individual is employed in March as well as the individual's earnings. These effects are more

modest than one might expect. A job last year that pays 25 percent higher hourly wages is associated with an increase in the March employment probability of only one percentage point, from 48 percent to 49 percent. Average weekly earnings go up by more, from \$91 to \$100.

- The size of the firm in which the welfare recipient was employed last year has no significant effects on March employment or earnings.
- Both the industry and occupation of last year's job have significant effects on March employment probabilities. Industry matters more than occupation.
- The industries that have the most positive effects on March employment, compared to the average industry, are hospitals, educational services, finance/insurance/real estate, and durable goods manufacturing. The industry with the most negative effect on March employment is the temporary help industry.
- Two occupations for last year's job have effects on March employment that differ significantly from the average occupation: laborers and cashiers. Both occupations reduce March employment probabilities.
- These industry/occupation effects are large. For example, if a welfare recipient had a job in the hospital industry, their probability of being employed in March of the following year is increased by 13 percentage points, from 48 percent to 61 percent.

These industry occupation effects are large enough that it seems plausible that they are true effects and not solely a reflection of unobservable personal characteristics. One can speculate why these effects occur. Temporary help employment is of course temporary, and laborer occupations may in many cases also be casual jobs. Cashiers must have technical skills and handle pressures for accuracy. Hospitals and the educational services industry may have more in common with the regular activities of many welfare recipients. These industries and finance/insurance/real estate may have less pressure for dealing with customers. Durable manufacturing industries, hospitals, and educational services may offer benefits, which are not measured in these data.

Implications for Welfare-to-Work Programs

What do these results imply for welfare-to-work programs? The results suggest that the job in which a welfare recipient is placed has a significant impact on future success. Program managers might consider efforts to target higher-wage jobs, and jobs in hospitals, the educational services industry, finance/insurance/real estate, and durable goods manufacturing. Targeting jobs in an industry should include efforts to ensure that a welfare recipient has the training needed to succeed in that industry.

Welfare-to-work programs must plan for what to do if the job is lost, as it will be in many cases. Programs such as Project Match in Chicago have had much experience helping welfare recipients after a job is lost (see Herr and Halpern 1991). In addition, the federal government is sponsoring a study of the effectiveness of post-employment services to welfare recipients, to help them retain jobs or recover from job loss (Haimson, Hershey and Rangarajan 1995). Both Project Match and the Postemployment Services Demonstration offer program managers lessons on dealing with job retention and job loss.

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Suggested Readings

Bartik, Timothy. Forthcoming. "Short-Run Employment Persistence for Welfare Recipients: The 'Effects' of Wages, Industry, Occupation, and Firm Size." Working paper, Upjohn Institute.

Berg, Linnea, Lynn Olson, and Aimee Conrad. 1992. "Causes and Implications of Rapid Job Loss Among Participants in Welfare-to-Work Programs." Working Paper 92-1, Center for Urban Affairs and Policy Research, Northwestern University.

Haimson, Joshua, Alan Hershey, and Anu Rangarajan. 1995. *Providing Services to Promote Job Retention*. Princeton, NJ: Mathematica Policy Research.

Herr, Toby, and Robert Halpern. 1991 "Changing What Counts: Rethinking the Journey Out of Welfare." Project Match and Center for Urban Affairs and Policy Research, Northwestern University.

Quint, Janet and Judith Musick. 1994. *Lives of Promise, Lives of Pain: Young Mothers After New Chance* . New York: Manpower Demonstration Research Corporation.

Zornitsky, Jeffrey and Mary Rubin. 1988. "Establishing a Performance Management System for Targeted Welfare Programs." National Commission for Employment Policy Research, Report No. 88-14.