

Common & Promising Industries among Employed Welfare Leavers

Lisa Thiebaud Nicoli

August 18, 2014

Presented at the 2014 National Association for Welfare Research and Statistics Workshop

This project was funded by the Maryland Department of Human Resources.

Moving Beyond Work-First

- Work-first difficult to implement during the Great Recession
- New emphasis on sector-based strategies and career pathways
 - Federally funded evaluations like Innovative Strategies for Increasing Self-Sufficiency (ISIS)
 - Health Profession Opportunity Grants (HPOG)

The Role of Industry

- Previous research found that welfare leavers did better in some industries than in others (Bartik, 1997; Foster-Bey & Rawlings, 2002)
 - Retail trade & restaurants employ many former welfare recipients—but at low wages
 - Health services, professional/educational/social services, manufacturing, and construction/transportation employ fewer former welfare recipients—but at higher wages
- Could targeting industries be effective in helping leavers find family-sustaining employment?

Research Questions

- What are the most common industries in which welfare leavers work?
 - What are earnings and employment retention like for leavers in these industries? What about the likelihood of returning to welfare?
- Are there other industries with better outcomes for welfare leavers?
- Are there differences between leavers in common industries and leavers in industries with better outcomes?

Sample

- 5% random sample of all families who left Temporary Cash Assistance (TCA), Maryland's TANF program, in each month from December 2007 through December 2012 (n=4,962)
 - Only families in which the payee was employed in a job covered by the Maryland Unemployment Insurance (UI) system during the quarter in which the family exited TCA (n=2,072) are included in these analyses

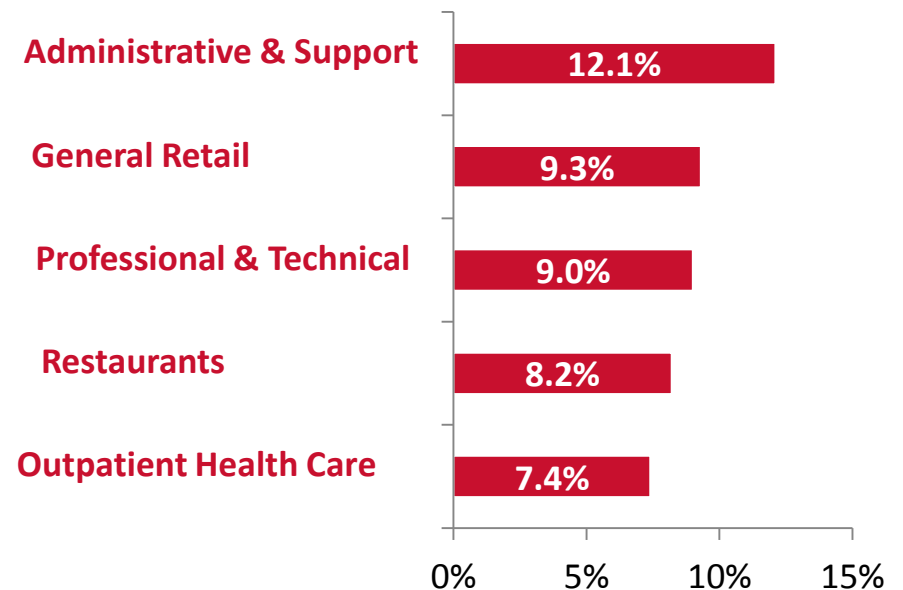
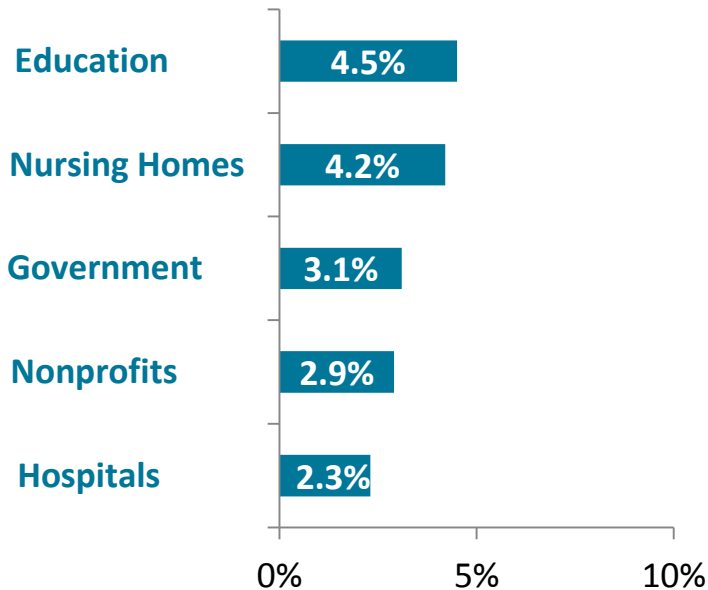
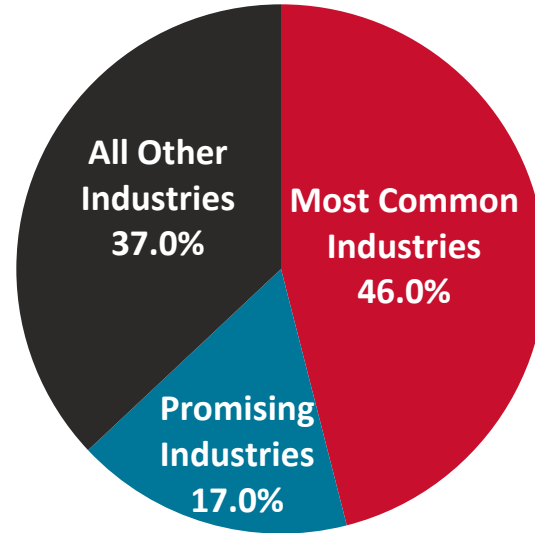
Data

- CARES (Client Automated Resource and Eligibility System), Maryland's administrative data system for TANF
 - Provides individual-level and case-level information on TANF program participants
- MABS (Maryland Automated Benefits System), Maryland's administrative data system for UI

Methods

- Industries are identified using three-digit North American Industry Classification System (NAICS) codes for the employer listed in MABS
 - If the leaver has more than one employer in the exit quarter, the highest-earning place of employment is selected.
- Descriptive statistics, including significance testing for differences

Common and Promising Industries among Leavers Working in the Exit Quarter

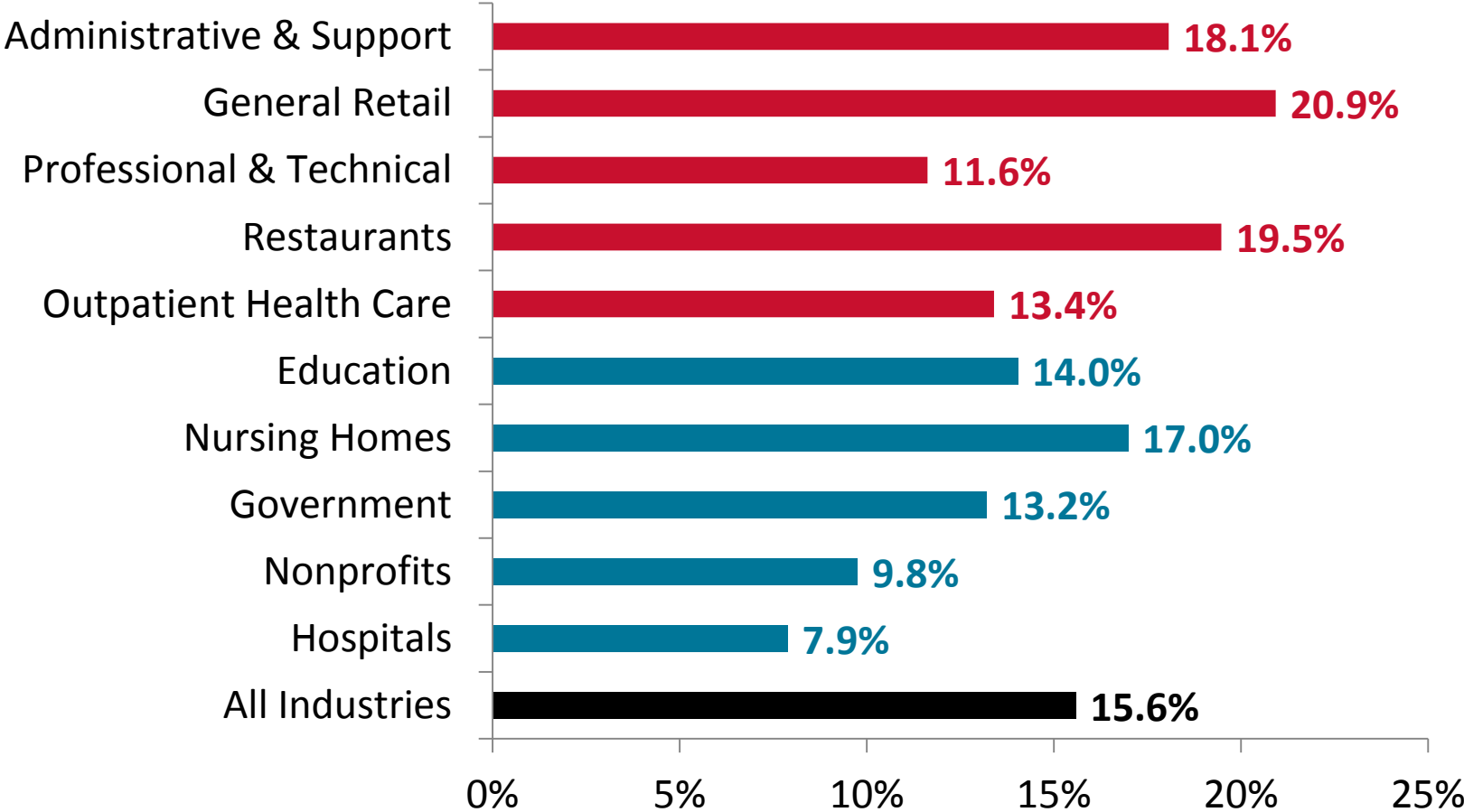


Six-Month Industry Retention & Average Earnings

	<i>Percent who worked in same industry for six months after exit</i>		<i>Average earnings in six months after exit</i>
Most Common Industries	50.0%	(476)	\$8,919
Administrative & Support	38.0%	(95)	\$9,138
General Retail	49.7%	(96)	\$7,157
Professional & Technical	50.8%	(95)	\$10,240
Restaurants	53.3%	(90)	\$6,221
Outpatient Health Care	65.4%	(100)	\$11,574
Promising Industries	72.6%	(257)	\$13,860
Nursing Homes	63.6%	(56)	\$12,650
Education	66.7%	(62)	\$13,958
Nonprofits	76.7%	(46)	\$11,600
Hospitals	81.3%	(39)	\$15,163
Government	83.1%	(54)	\$16,010
All Industries	53.5%	(1,109)	\$10,639

Percent Returned to TCA within One Year by Industry

Leavers with Six-Month Industry Retention

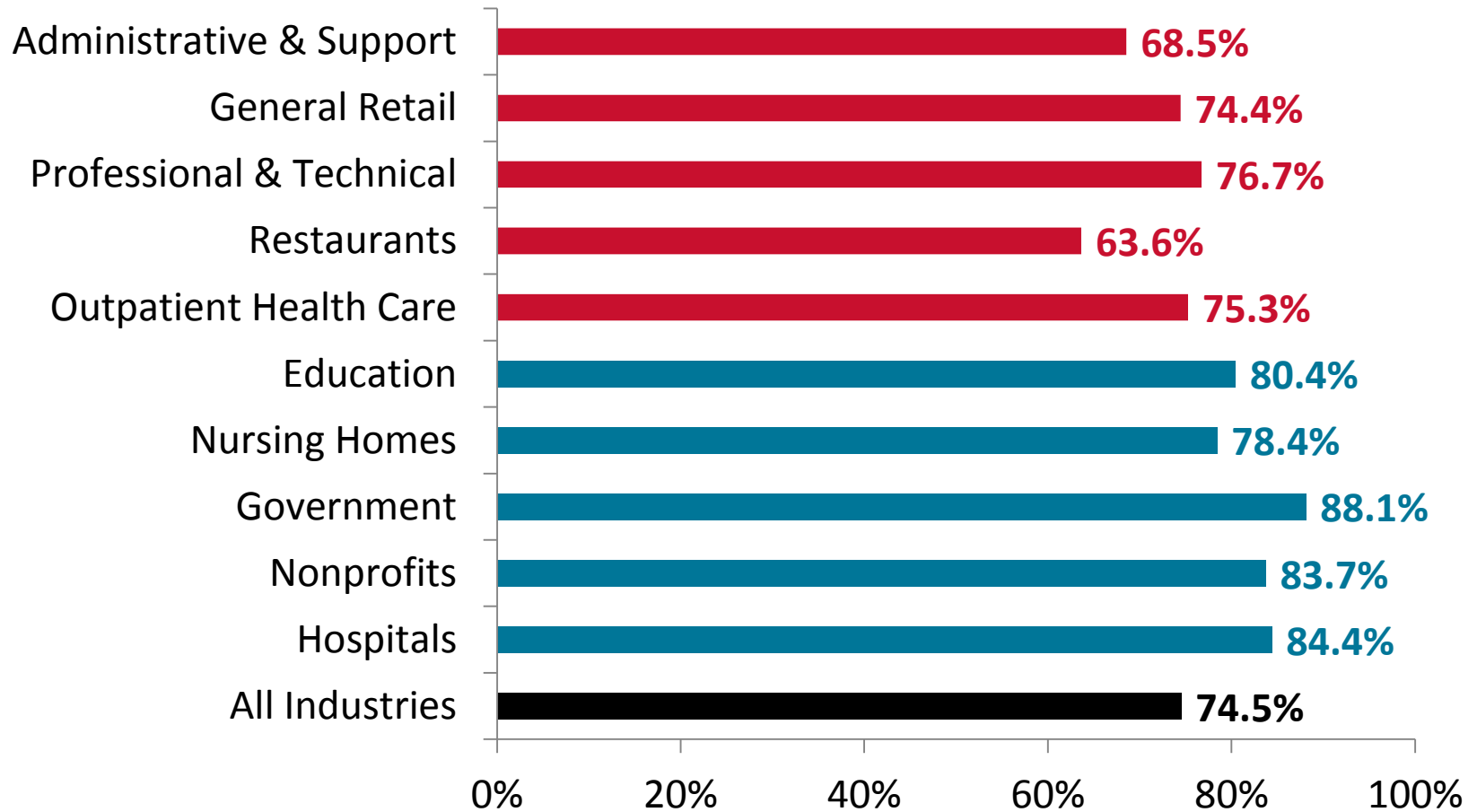


Differences among Leavers

- Differences by industry
 - Leavers who retained jobs in the most common industries vs. leavers who retained jobs in promising industries
 - No differences in work experience, marital status, or TCA receipt
 - Leavers in promising industries tend to be older, to have older children, and to be better educated than leavers in common industries

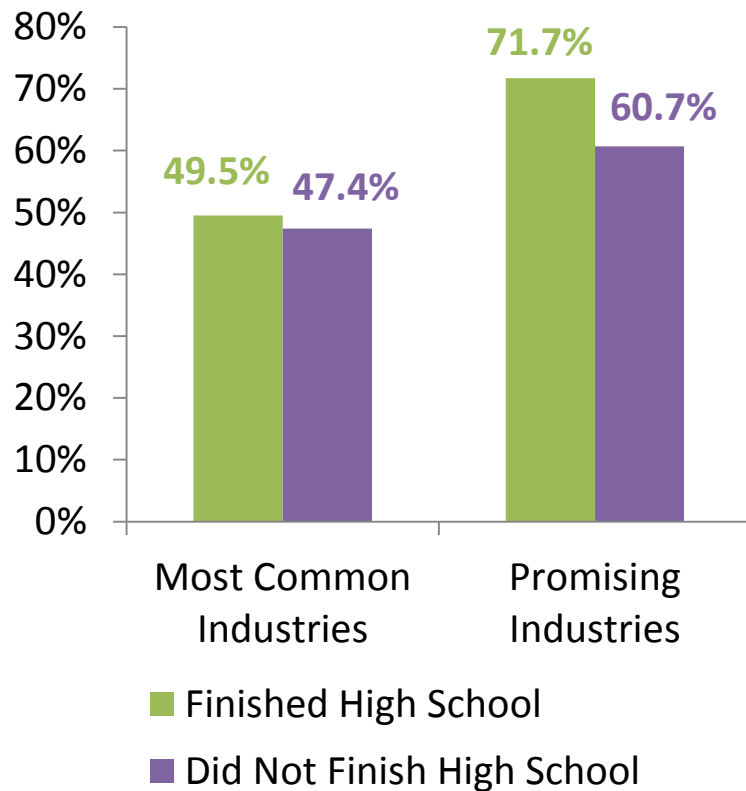
Percent with High School Diploma by Industry

Leavers with Six-Month Industry Retention

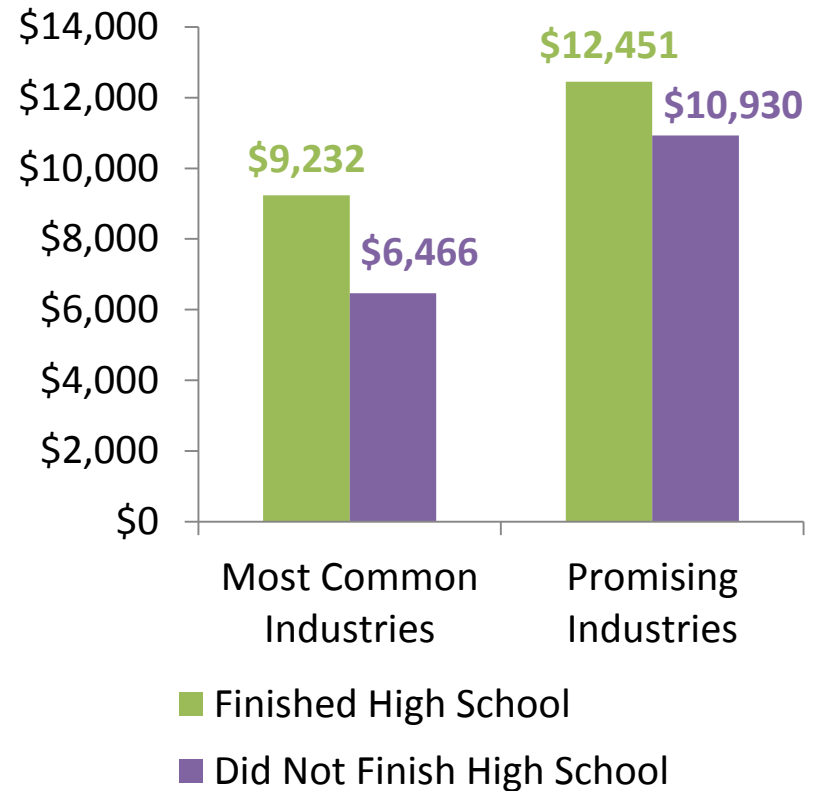


Industry Retention & Earnings by Education

Six-Month Industry Retention



Six-Month Average Earnings



Conclusions

- Outcomes vary substantially by industry
- Promising industries have better employment & earnings outcomes
 - More likely to retain jobs in the same industry for 6 months
 - Earn more in 6 months
- Decreased likelihood of returning to cash assistance among promising industries

Conclusions

- Those in promising industries are more likely to have finished 12th grade
 - Within common or promising industries, those with a high school education earn more
 - Leavers in promising industries **without** a high-school education have higher industry retention and higher earnings than leavers in common industries **with** a high-school education
- Targeting promising industries may help clients become self-sufficient

References

- Bartik, T.J. (1997). *Short-run employment persistence for welfare recipients: The 'effects' of wages, industry, occupation, and firm size*. Retrieved from W.E. Upjohn Institute for Employment Research website:
<http://research.upjohn.org/cgi/viewcontent.cgi?article=1145&context=reports>
- Foster-Bey, J., & Rawlings, L. (2002). *Can targeting industries improve earnings for welfare recipients moving from welfare-to-work? Preliminary findings*. Retrieved from the Urban Institute website:
http://www.urban.org/UploadedPDF/410537_PrelimFindings.pdf

Contact Information

Lisa Thiebaud Nicoli, PhD
Research Specialist

Family Welfare Research and Training Group
University of Maryland, School of Social Work
(410) 706-2763

lnicoli@ssw.umaryland.edu

<http://www.familywelfare.umaryland.edu/>

Thank you!