Common & Promising Industries among Employed Welfare Leavers

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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

- Most Common Industries: 46.0%
- Promising Industries: 17.0%
- All Other Industries: 37.0%

**Industry Breakdown:**
- Administrative & Support: 12.1%
- General Retail: 9.3%
- Professional & Technical: 9.0%
- Restaurants: 8.2%
- Outpatient Health Care: 7.4%
- Education: 4.5%
- Nursing Homes: 4.2%
- Government: 3.1%
- Nonprofits: 2.9%
- Hospitals: 2.3%
### Six-Month Industry Retention & Average Earnings

<table>
<thead>
<tr>
<th>Most Common Industries</th>
<th>Percent who worked in same industry for six months after exit</th>
<th>Average earnings in six months after exit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative &amp; Support</td>
<td>50.0% (476)</td>
<td>$8,919</td>
</tr>
<tr>
<td>General Retail</td>
<td>38.0% (95)</td>
<td>$9,138</td>
</tr>
<tr>
<td>Professional &amp; Technical</td>
<td>50.8% (95)</td>
<td>$10,240</td>
</tr>
<tr>
<td>Restaurants</td>
<td>53.3% (90)</td>
<td>$6,221</td>
</tr>
<tr>
<td>Outpatient Health Care</td>
<td>65.4% (100)</td>
<td>$11,574</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Promising Industries</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Homes</td>
<td>63.6% (56)</td>
<td>$12,650</td>
</tr>
<tr>
<td>Education</td>
<td>66.7% (62)</td>
<td>$13,958</td>
</tr>
<tr>
<td>Nonprofits</td>
<td>76.7% (46)</td>
<td>$11,600</td>
</tr>
<tr>
<td>Hospitals</td>
<td>81.3% (39)</td>
<td>$15,163</td>
</tr>
<tr>
<td>Government</td>
<td>83.1% (54)</td>
<td>$16,010</td>
</tr>
</tbody>
</table>

| All Industries                      | 53.5% (1,109)                                             | $10,639                                   |
Percent Returned to TCA within One Year by Industry

Leavers with Six-Month Industry Retention

- Administrative & Support: 18.1%
- General Retail: 20.9%
- Professional & Technical: 11.6%
- Restaurants: 19.5%
- Outpatient Health Care: 13.4%
- Education: 14.0%
- Nursing Homes: 17.0%
- Government: 13.2%
- Nonprofits: 9.8%
- Hospitals: 7.9%
- All Industries: 15.6%
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*

- Administrative & Support: 68.5%
- General Retail: 74.4%
- Professional & Technical: 76.7%
- Restaurants: 63.6%
- Outpatient Health Care: 75.3%
- Education: 80.4%
- Nursing Homes: 78.4%
- Government: 88.1%
- Nonprofits: 83.7%
- Hospitals: 84.4%
- All Industries: 74.5%
Industry Retention & Earnings by Education

Six-Month Industry Retention

- Most Common Industries
  - Finished High School: 49.5%
  - Did Not Finish High School: 47.4%

- Promising Industries
  - Finished High School: 71.7%
  - Did Not Finish High School: 60.7%

Six-Month Average Earnings

- Most Common Industries
  - Finished High School: $9,232
  - Did Not Finish High School: $6,466

- Promising Industries
  - Finished High School: $12,451
  - Did Not Finish High School: $10,930
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 12\textsuperscript{th} grade
  – Within common or promising industries, those with a high school education earn more
  – Leavers in promising industries \textbf{without} a high-school education have higher industry retention and higher earnings than leavers in common industries \textbf{with} a high-school education

• Targeting promising industries may help clients become self-sufficient

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Thank you!