

1997

Employment and Earnings of Milwaukee County Single Parent AFDC Families: Establishing Benchmarks for Measuring Employment Outcomes Under "W-2"

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Employment & Training Institute

**Employment and Earnings of Milwaukee
County Single Parent AFDC Families:
Establishing Benchmarks for Measuring
Employment Outcomes Under "W-2"**



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**Employment and Earnings of Milwaukee
County Single Parent AFDC Families:
Establishing Benchmarks for Measuring
Employment Outcomes Under "W-2"**

by

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The Employment and Training Institute of the University of Wisconsin-Milwaukee provides applied research, technical assistance and policy development on the employment and education needs of low-income and unemployed workers in Wisconsin. The Institute works with local and state governments, community organizations and national agencies to generate research and policy papers on interrelationships between labor market trends, employment training programs, educational programs and welfare policies.

Funding support for this report was provided by the Private Industry Council of Milwaukee County and the Helen Bader Foundation. For further information, contact the Employment and Training Institute, University of Wisconsin-Milwaukee, 161 W. Wisconsin Avenue, Suite 6000, Milwaukee, WI 53203. Phone (414) 227-3385. Summaries of other Employment and Training Institute reports are available on the Internet (www.uwm.edu/Dept/ETI/).

Employment and Earnings of Milwaukee County Single Parent AFDC Families: Establishing Benchmarks for Measuring Employment Outcomes Under "W-2"

Executive Summary

This report tracks the earnings and employment experience for all 25,125 single parents receiving AFDC in Milwaukee County in December 1995 who are expected to work under the "W-2" new state welfare initiative. The Wisconsin Department of Workforce Development (DWD) matched all quarterly wages paid from January 1996 through March 1997 by Wisconsin employers with the AFDC population in Milwaukee County. The University of Wisconsin-Milwaukee Employment and Training Institute then analyzed employment patterns, jobs held and earnings for each single parent in the study population. Additionally, the AFDC and public assistance status of each AFDC case was examined for December 1995, September 1996 and December 1996.

State DWD employer records showed employment and earnings for 18,126 of the 25,125 parents at some time from January 1996 through March 1997. In all 42,120 jobs were held by employed parents during the five quarters examined. Earnings were tracked for all single parents remaining on AFDC and also for parents leaving AFDC. These employment outcomes offer a first look at the experience of AFDC recipients and provide baseline data on the characteristics of the AFDC population leaving public assistance prior to implementation of "W-2." The study introduces a methodology for providing timely data on "W-2" outcomes using measures of employment and earnings.

Measuring the Outcomes of Welfare Reform

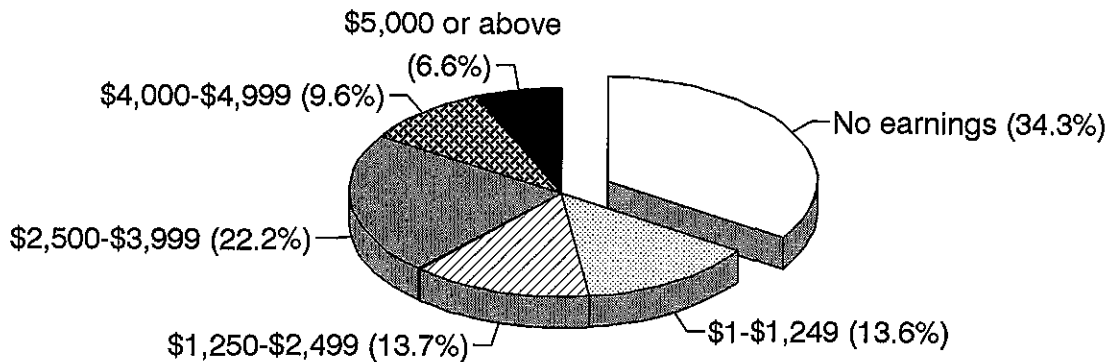
Evaluations of welfare reform experiments are typically released four or more years after initiatives begin. Program operators and policy makers need more timely information to assess program performance and to improve services. This report provides a model for measuring outcomes using State of Wisconsin DWD wage data currently available. Under this model, quarterly outcome reports could be provided in an inexpensive and timely manner utilizing existing institutional data. The following analyses related casehead earnings to levels of employment success.

A. Employment Earnings of Cases Leaving AFDC in September 1996

- A total of 7,502 single parent cases receiving AFDC in December 1995 were no longer on AFDC in September 1996. In order to measure the status of single parents leaving AFDC or W-2, the earnings of these parents were related to five levels of employment related outcomes. Only 16 percent of single parents leaving AFDC showed earnings above the poverty level while 34 percent showed no earnings in Fourth Quarter (October-December) 1996.

October-December 1996 Earnings of Cases Off AFDC in September 1996

(N=7,502)

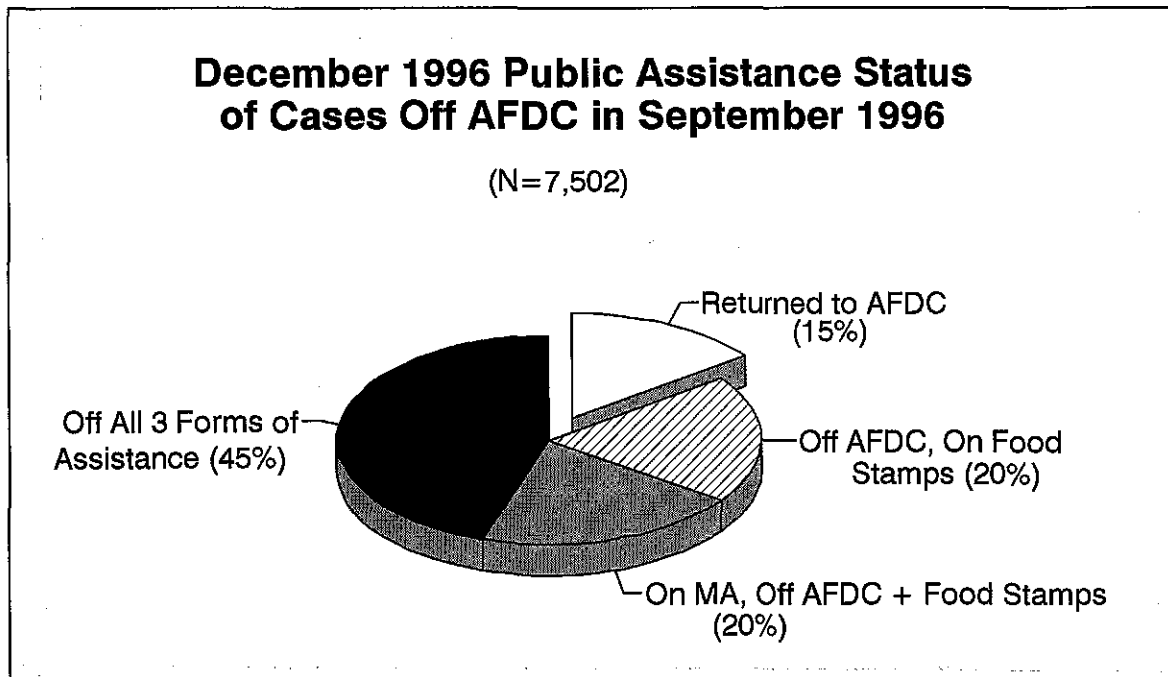


Single parents off AFDC in September 1996 showed the following employment earnings in Fourth Quarter (October-December) 1996:

- Level 1: 6.6 percent (493 single parents) had quarterly earnings at or above \$5,000 in Fourth Quarter 1996. Most of these parents continued to earn wages above the poverty level for a family of four (\$4,000 or above) in First Quarter 1997.
- Level 2: 9.6 percent (721 single parents) had total earnings of \$4,000-\$4,999 in Fourth Quarter 1996. Less than half of these parents continued to have earnings above the poverty level (at least \$4,000) in First Quarter 1997.
- Level 3: 22.2 percent (1,664 single parents) had Fourth Quarter 1996 earnings from \$2,500 (at least full-time employment at minimum wage) to \$3,999. Two-thirds of these parents continued to work at the full-time minimum wage level or above in First Quarter 1997 but few (186) showed earnings above the poverty level.
- Level 4: 27.3 percent (2,050 single parents) had total earnings between \$1 - \$2,499 in Fourth Quarter 1996. A fourth of these cases returned to AFDC by December 1996 and only 308 of these parents worked at the full-time minimum wage level or above in First Quarter 1997.
- Level 5: 34.3 percent (2,574 single parents) had no earnings in Fourth Quarter 1996. Although most of these cases remained off AFDC in December 1996, only 322 of these parents had any earnings in First Quarter 1997.

B. December 1996 Public Assistance Status of Cases Off AFDC in September 1996

- Fifteen percent (1,153 cases) of the 7,502 cases that left AFDC in September 1996 had returned to AFDC by December 1996. Another 20 percent were on Food Stamps but not AFDC, and 20 percent more remained on medical assistance only. In total, 55 percent remained on some form of public assistance in December 1996.



- Most single parents who were off AFDC in September but returned to AFDC by December 1996 had less than 12 years of schooling, no work history during the 15 month period (from January 1996 through March 1997), or no earnings above \$1,250 in any quarter of the study period.

C. Continuing Economic Well-Being of Families Leaving AFDC

Measures were developed to determine continuing economic well-being of single parent families, using sustained employment and case status off AFDC. Six subsequent months of employment data (October 1996 through March 1997) were examined for the 7,502 cases off AFDC in September 1996.

- While 16 percent of the cases off AFDC in September 1996 showed Fourth Quarter 1996 earnings above the poverty level (\$4,000), only 10 percent of cases remained off AFDC in December 1996 and had sustained earnings above poverty (\$4,000 or above) in both Fourth Quarter 1996 and First Quarter 1997.

- While 38 percent of the cases off AFDC in September 1996 showed full-time employment (i.e., at least \$2,500 earnings) in Fourth Quarter 1996, only 28 percent remained off AFDC in December 1996 and showed earnings of at least \$2,500 in both Fourth Quarter 1996 and First Quarter 1997.

D. Single Parents Who Left AFDC with No Earnings in Quarter 4 1996

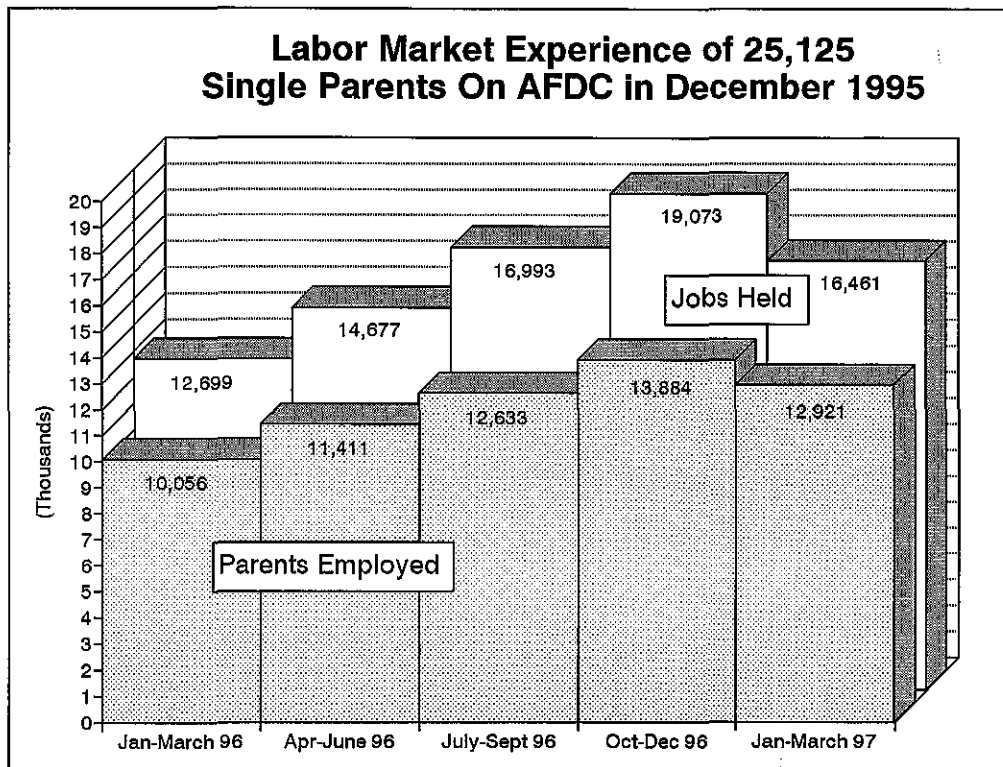
A third (2,574) of the single parent cases who left AFDC in September 1996 had no employment earnings during Fourth Quarter (October-December) 1996. Most of these cases remained off AFDC in December 1996; only 18 percent returned to AFDC in December and an additional 11 percent received food stamps but no AFDC.

The 1,834 cases showing no earnings in Fourth Quarter 1996 and no AFDC or food stamps payments in December 1996 were examined to identify their economic status and characteristics.

- 28 percent of the 1,834 cases appeared to have other sources of income. The most common sources of unearned income were SSI for children (listed in 14 percent of cases) and child support (listed in 9 percent of cases).
- While the movement of families out of state could not be established, it appeared that out-migration could be a factor for a portion of the 1,834 cases showing no Wisconsin earnings. A much higher percent of the 1,834 cases without earnings, AFDC or food stamps were found to be recent in-migrants; 33 percent had moved to Milwaukee after 1991 (compared to 13 percent of the total population). The in-migrant population was also much younger (38 percent were under 25 years of age) and more likely to have no recent work experience (68 percent posted no earnings in any of the five quarters).

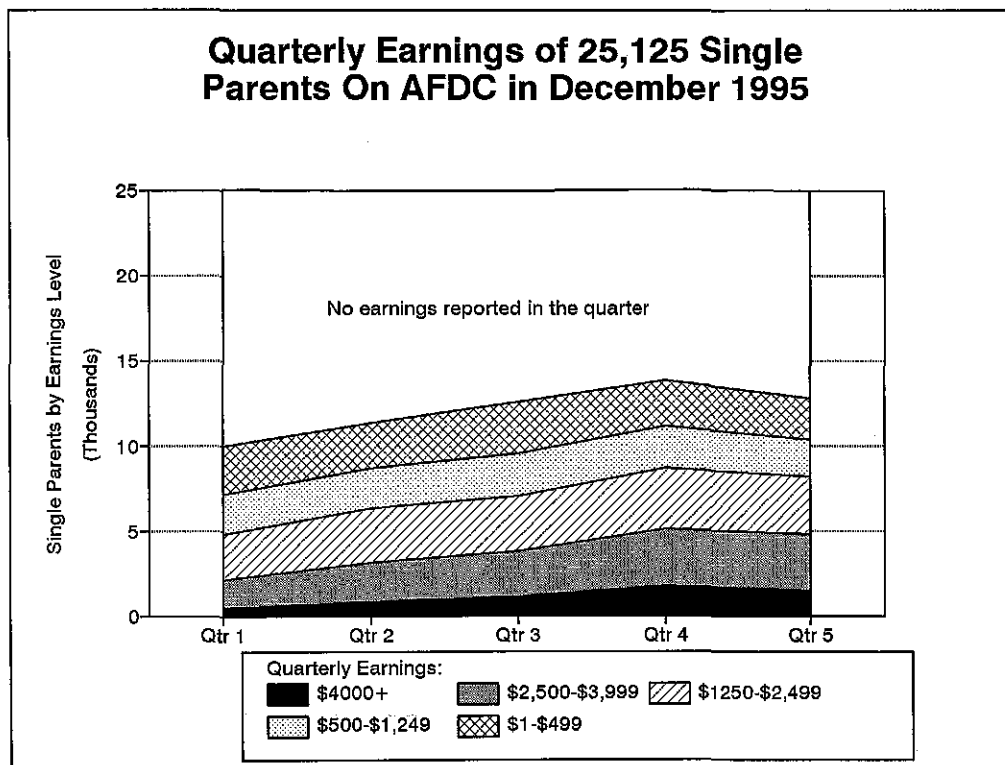
Employment Patterns for Single Parent AFDC Cases from January 1996-March 1997

- A total of 18,126 caseheads (72 percent of the single parent AFDC population) held jobs at some point from January 1996 through March 1997. The number of AFDC single parents working increased through 1996 with 10,056 employed at some time in First Quarter 1996, up to 13,884 employed in Fourth Quarter 1996, but then declined to 12,921 employed in First Quarter 1997. These workers generated \$114.6 million in earnings during the five quarters.



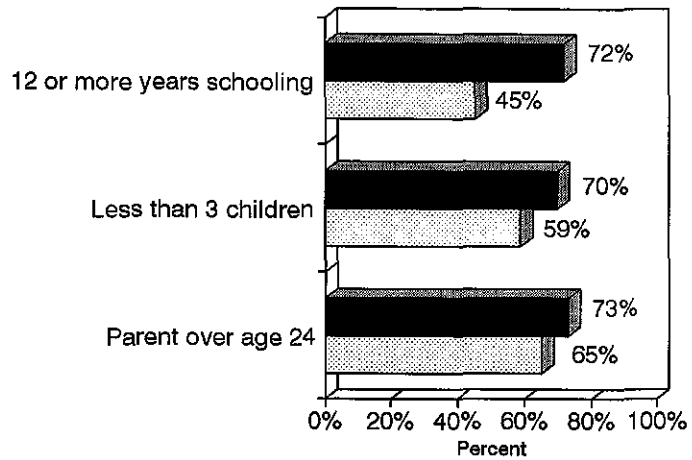
- Over half of single parents employed during the study were already working in First Quarter 1996. These caseheads were typically better educated and had fewer younger children. The employed population was the primary group targeted to move off AFDC during 1996 and made up a majority of the cases off AFDC in September 1996.
- Despite high overall employment rates, many parents failed to maintain their employment over the quarters studied, with new entrants to the labor force showing high failure rates. Half of the single parents entering the workforce after First Quarter 1996 were unemployed or only marginally employed one year later with 33 percent not employed and 17 percent earning less than \$500 in First Quarter 1997. Even among the single parents already employed in First Quarter 1996, 26 percent were no longer employed in First Quarter 1997 and another 10 percent earned less than \$500 in the quarter.

- The percentage of single parents working at the full-time minimum wage level or above (\$2,500 per quarter) rose from 9 percent in First Quarter 1996 to 20 percent in Fourth Quarter 1996.
- Many single parents were only marginally employed and showed failed employment episodes. On average 20 percent or more of employed caseheads per quarter earned less than \$500 in wages.
- Only 1,509 cases (6 percent of the total single parent AFDC population) showed First Quarter 1997 earnings at or above \$4,000 (the poverty level for a family of four).



- A primary employer was identified for each single parent with earnings based on the job with the most earnings in the quarter. In Fourth Quarter 1996, 22 percent of employed single parents worked for temp agencies, 26 percent for health, education and social service agencies, 25 percent in retail and wholesale trade, and 22 percent for hotel, auto, business and personal services firms.
- An expectation of 1996 welfare initiatives was that parents would leave AFDC and have full-time employment. Three-fourths of the 3,503 single parents who left AFDC by December 1996 and had earnings of at least \$2,500 (full-time equivalent wages) in First Quarter 1997 were already employed one year earlier. These parents were older, better educated, and had fewer children. By contrast, only 45 percent of the 15,145 single parents remaining on AFDC had 12 or more years of schooling and 41 percent had 3 or more children.

Comparison of AFDC Single Parent Cases



AFDC Status in December 1996:

On AFDC Off AFDC and Earning \$2,500+

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I. Introduction

This report tracks the earnings and employment experience for all 25,125 single parents on AFDC in December 1995 and expected to work under W-2. Earnings data for the AFDC population was obtained from computer matches with quarterly wage reports submitted to the Wisconsin Department of Workforce Development (DWD) by Wisconsin employers for all of their workers with earnings in the quarter. Employment was tracked for five quarters from January 1996 through March 1997 using statewide employer wage data. The AFDC, food stamp and medical assistance status of each AFDC case was examined for December 1995, September 1996 and December 1996. (See Appendix A, Methodology and Data Sources.)

These employment outcomes offer a first look at the experience of AFDC recipients expected to work under 1996 Wisconsin "Pay for Performance" requirements and provide baseline data on the characteristics of the AFDC population leaving public assistance prior to "W-2," the state's new welfare initiative. The study introduces a method for providing timely assessment data on the W-2 experience using outcome measures of employment and earnings and for developing performance standards for vendors funded to provide services under W-2.

II. Employment Patterns for Single Parent AFDC Recipients (January 1996-March 1997)

Quarterly employment records and wages were analyzed for all single parent AFDC recipients expected to work under the W-2 program (N = 25,125) using Wisconsin Department of Workforce Development employer-reported wages. A total of 18,126 parents in the study population were employed at some time during the fifteen month period and earnings from all 42,120 of their jobs held were analyzed.

The study population of single parents consisted almost entirely (98 percent) of women heads of household. In December 1995 most (64 percent) of these household heads had children under five years of age; 33 percent had a child under two years of age. The number of children per family varied: 34 percent had 1 child, 29 percent had 2 children, and 37 percent had 3 or more children. Half (51 percent) of the population had at least twelve years of schooling, while 11 percent had more than 12 years of schooling. Forty percent (9,980 cases) of the 25,125 cases studied were no longer on AFDC one year later in December 1996. The employment and welfare experiences of all cases were examined and analyses conducted for those who left AFDC during the year and those who remained.

Number of Single Parents Employed

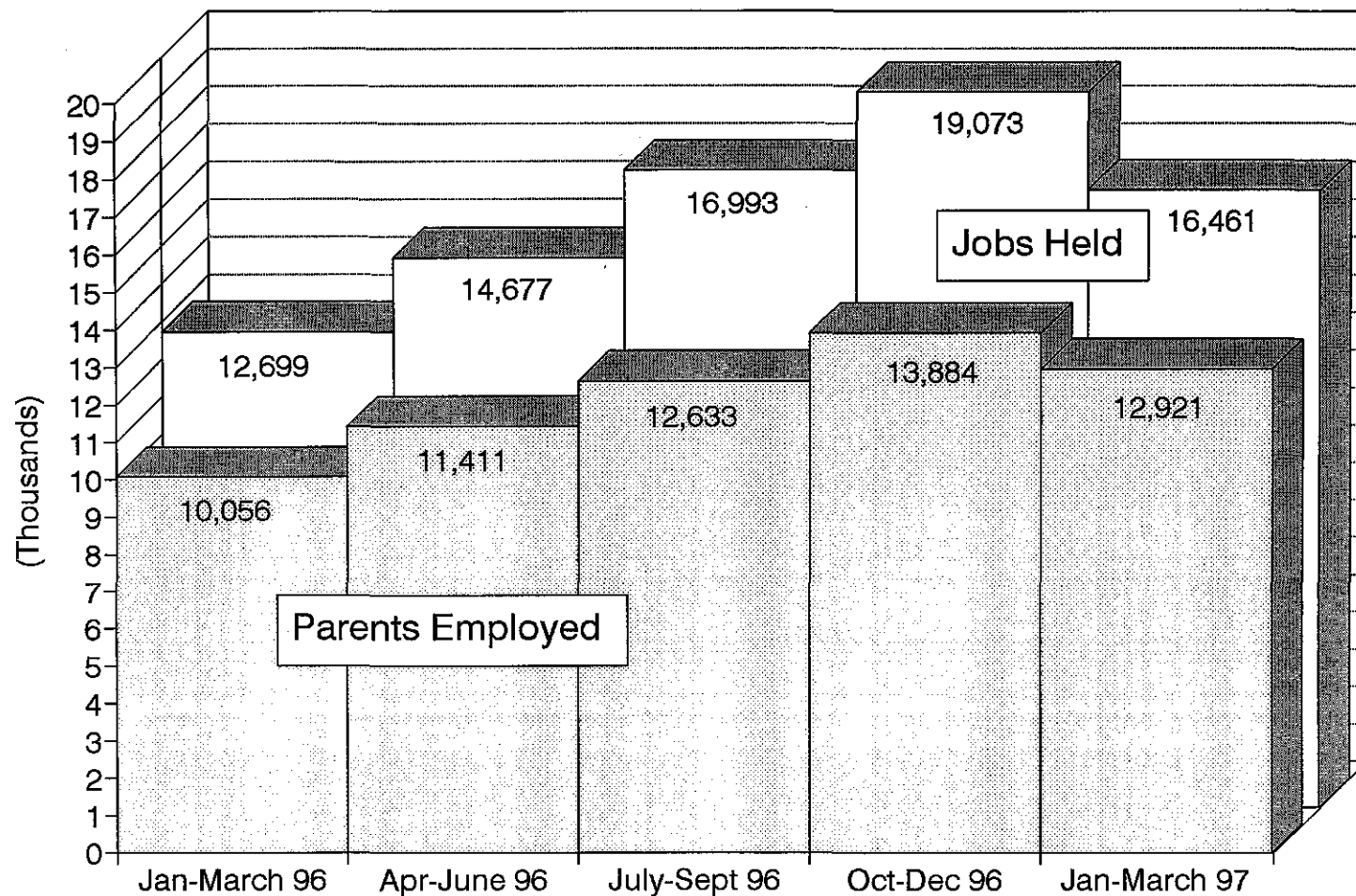
Wages were reported for 18,126 single parent cases of those on AFDC as of December 1995. These employment experiences were tracked over five quarters (First Quarter 1996 through First Quarter 1997) along with each case's public assistance status to assess employment and earnings over time. Because this analysis followed a cohort group of single parents on AFDC in a specific month (December 1995) over five subsequent quarters, employment and departure rates reflect in part natural caseload turnover. These patterns also reflect seasonal changes in the labor market and movement in and out of employment.

**Employment Experience of December 1995 AFDC Population
(N = 25,125)**

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 5</u>	<u>Employed in Any Quarter</u>
Number Employed	10,056	11,411	12,633	13,884	12,921	18,126
Percent Employed	40.0%	45.4%	50.3%	55.3%	51.4%	72.1%

While 72 percent of the population on AFDC (18,126 out of 25,125 cases) were employed at some time during the five quarters following their December 1995 AFDC episode, their employment experiences varied widely. As expected, many single parents were already employed when the study began, with 10,056 employed at some time in the First Quarter 1996. (Note: First Quarter 1996 workers include both new entrants into the labor force that quarter and persons employed during 1995 quarters prior to the study period.) The number of additional workers entering the labor force declined over the five quarters studied. In Second Quarter 1996 a total of 3,030 workers entered the labor force, 2,383 workers entered the labor force in Third Quarter 1996, and 1,799 workers began employment in Fourth Quarter 1996. Only 858 single parents entered employment in the last quarter of the study (First Quarter 1997). The total number of single parents employed each quarter rose gradually through 1996 and then turned downward in the fifth quarter (First Quarter 1997) attributable in large part to overall declines in employment with temporary agencies and the retail sector.

Labor Market Experience of 25,125 Single Parents On AFDC in December 1995



Employment Retention Patterns Among the Employed Population

Many single parents had problems retaining employment. An examination of individual employment history by their first quarter of employment showed significant declines in the number of workers employed one quarter later, with the initial drop ranging from a decline of 17 percent to 33 percent of the employed population.

Percent of AFDC Population Remaining Employed by Quarter Entered Employment

<u>Quarter Entered Employment</u>	<u>N=</u>	% STILL EMPLOYED IN QUARTER:					Earning More
		<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 5</u>	Than \$500 in Qtr 5
Already employed in Quarter 1	10,056	100%	83%	79%	80%	74%	64%
Began employment in Quarter 2	3,030		100%	78%	72%	63%	57%
Began employment in Quarter 3	2,383			100%	78%	63%	49%
Began employment in Quarter 4	1,799				100%	66%	48%
Began employment in Quarter 5	858					100%	51%

Earnings of Employed Single Parents

While employment rose gradually during 1996, total wages paid almost doubled by the Fourth Quarter 1996 to \$29.3 million, an indication that not only were more people working but that those already working and continuing to work were employed more hours per period. Average quarterly earnings rose from \$1,511 to \$2,105.

Employment Experience of December 1995 AFDC Population (N=25,125)

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 5</u>
Number Employed	10,056	11,411	12,633	13,884	12,921
Aggregate Wages in Millions	\$15.2	\$20.0	\$23.0	\$29.3	\$27.2
Average Quarterly Earnings of Those Employed in the Quarter	\$1,511	\$1,747	\$1,824	\$2,108	\$2,105

Those 10,056 parents already employed in First Quarter 1996 were more likely to continue working and overall showed increased quarterly earnings over time. By Quarter 5 (in 1997) 74 percent remained employed and showed average quarterly earnings of \$2,415. Single parents entering the workforce in later quarters were less likely to continue working and less likely to leave AFDC.

Average Quarterly Wages for the Employed Population

<u>Quarter Entered Employment</u>	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 5</u>	<u>N =</u>
Already employed in Quarter 1	\$1,511	\$2,057	\$2,172	\$2,496	\$2,415	10,056
Began employment in Quarter 2		\$891	\$1,698	\$1,955	\$1,975	3,030
Began employment in Quarter 3			\$806	\$1,855	\$1,883	2,383
Began employment in Quarter 4				\$929	\$1,560	1,799
Began employment in Quarter 5					\$826	858
No employment shown						6,999

Initial drops in employment levels of 22 percent one quarter after entry into the labor force were seen for Quarter 2 and Quarter 3 entrants and a 34 percent drop for Quarter 4 entrants. Much (70 percent) of the initial decline was accounted for by first time employment experiences in 1996 which failed to generate even \$500 earnings in the quarter. Those initial employment experiences which resulted in at least \$1,000 in the First Quarter were most likely to sustain employment. Only one-third of new hires were successful in attaining \$1,000 in earnings in their first quarter; however, 90 percent of those who continued employment in the next quarter attained \$1,000 in earnings. Workers who failed to earn \$1,000 in their first quarter also showed much lower percentages continuing to work in subsequent quarters; only 70 percent of these low earning Quarter 2 new entrants worked in Quarter 3, 66 percent worked in Quarter 4 and 56 percent worked in Quarter 5.

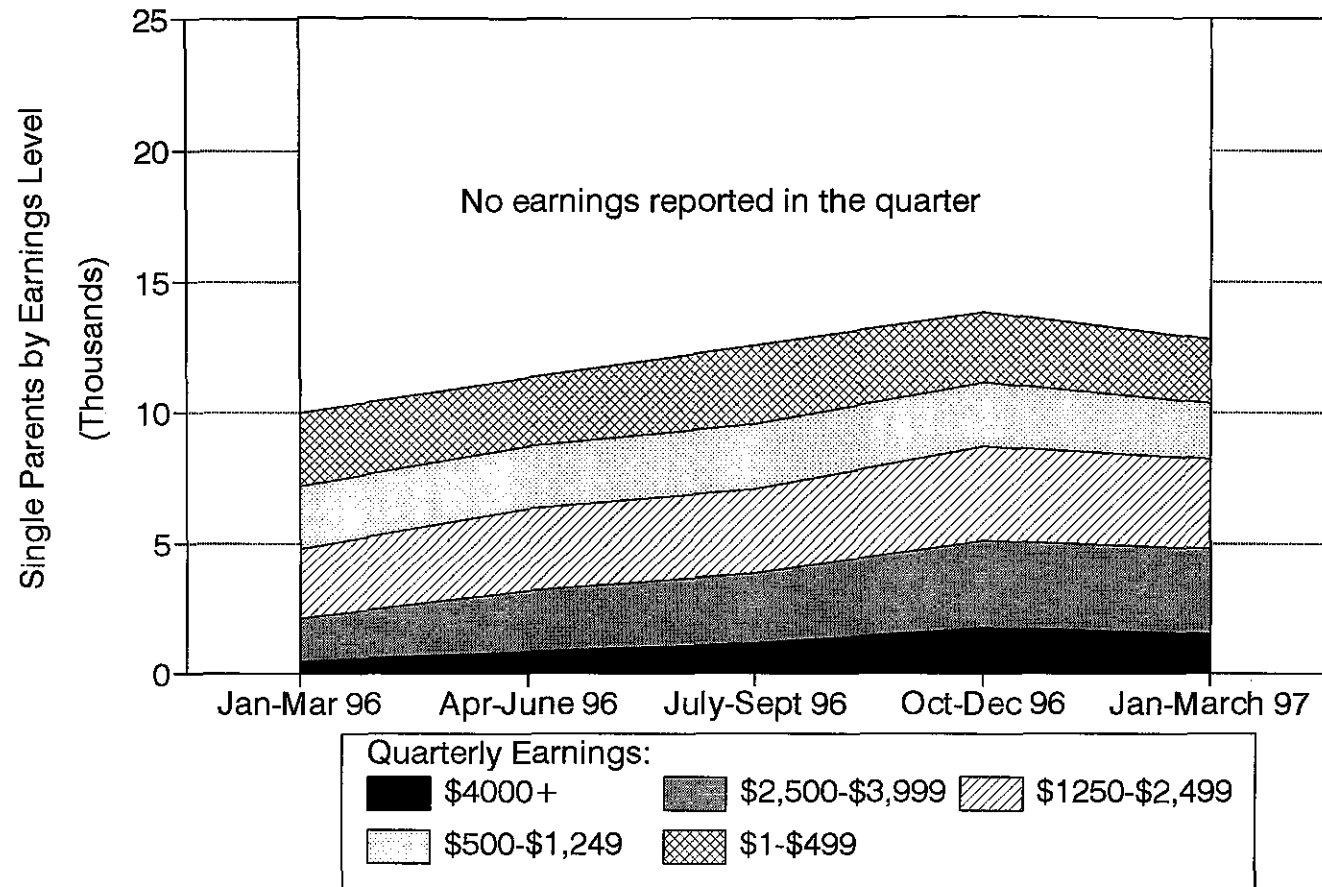
While employment levels increased for the population throughout 1996, the employment experiences of AFDC single parents often resulted in marginal work experiences. Employment by wage range showed the level of earnings for each quarter. Two to three thousand single parents in each quarter earned less than \$500 and more than two thousand more earned less than \$1,250.

Quarterly Earnings of the Employed Population

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 1</u>
<u>Quarterly Earnings</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1997</u>
Total Employed Persons	10,056	11,411	12,633	13,884	12,921
Earning \$1-\$499	2,824	2,641	3,044	2,692	2,481
Earning \$500-\$1,249	2,386	2,427	2,534	2,444	2,181
Earning \$1,250-\$2,499	2,689	3,190	3,245	3,611	3,434
Earning \$2,500-\$3,999	1,696	2,328	2,695	3,392	3,316
Earning \$4,000-\$4,999	301	550	691	1,081	906
Earning \$5,000 or above	160	275	424	664	603

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 1</u>
<u>Quarterly Earnings</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1997</u>
Total Percent	100.0	100.0	100.0	100.0	100.0
Earning \$1-\$499	28.1	23.1	24.1	19.4	19.2
Earning \$500-\$1,249	23.7	21.3	20.1	17.6	16.9
Earning \$1,250-\$2,499	26.7	28.0	25.7	26.0	26.6
Earning \$2,500-\$3,999	16.9	20.4	21.3	24.4	25.7
Earning \$4,000-\$4,999	3.0	4.8	5.5	7.8	7.0
Earning \$5,000 or above	1.6	2.4	3.4	4.8	4.7

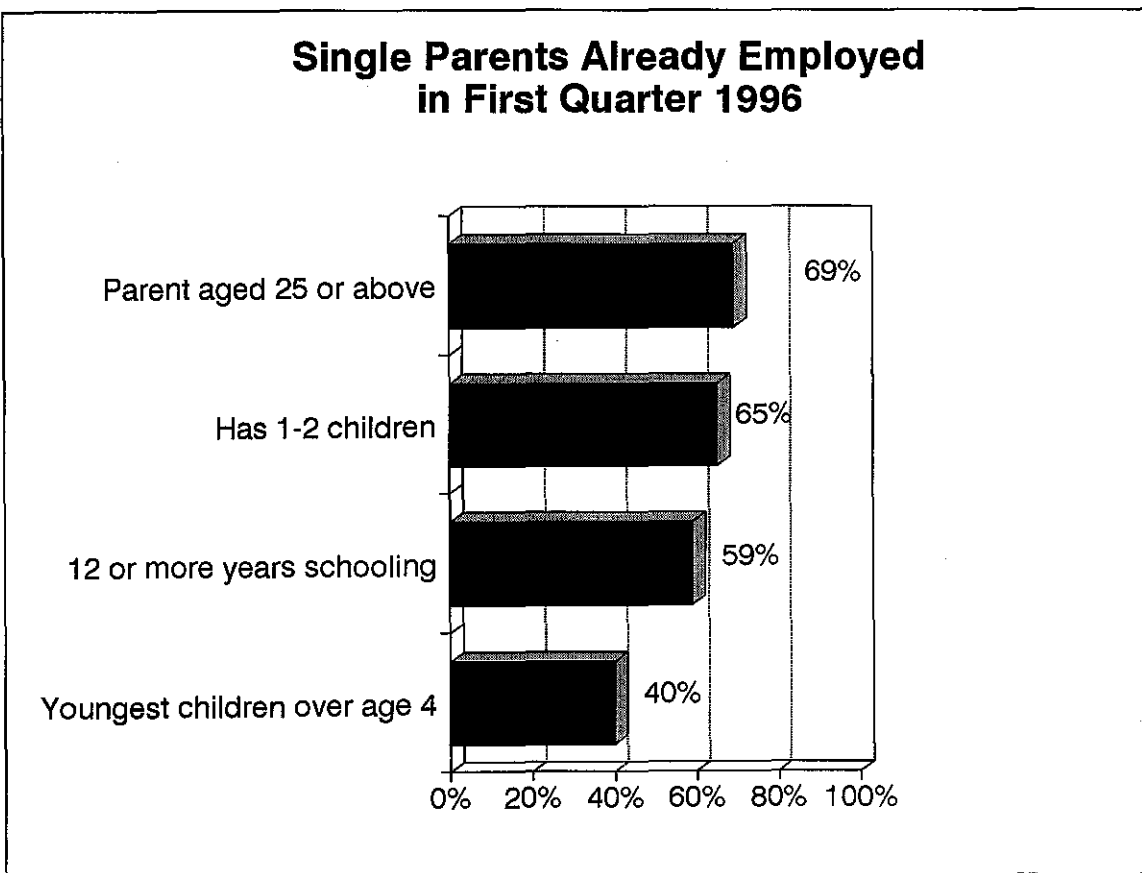
Quarterly Earnings of 25,125 Single Parents On AFDC in December 1995



In Quarter 1 1996, 28 percent of employed parents earned below \$500 in the quarter and over half (52 percent) earned below \$1,250. Over time the proportion of workers in these low paying categories declined as continuing workers increased their earnings and the number of new labor force entrants tapered off in subsequent quarters. Workers with earnings at or above \$4,000 per quarter level rose, from 4.6 percent in First Quarter 1996 to 12.6 percent in Fourth Quarter 1996 and then declined slightly to 11.7 percent in First Quarter 1997. The percentage of workers with quarterly wages of \$2,500 - \$3,999 rose throughout the quarters examined, from 16.9 percent in First Quarter 1996 to 25.7 percent in First Quarter 1997.

Demographic Characteristics of the Employed Population

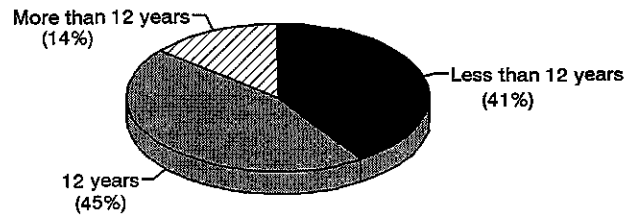
Those single parents already working in First Quarter 1996 were on average better educated, less likely to be long term welfare recipients, and much more likely to leave AFDC during 1996. In fact, this employed population was the primary group targeted to move off AFDC during welfare reform initiatives in place during 1996, when Milwaukee County was required by the State of Wisconsin to reduce its AFDC caseload 20 percent by September 1, 1996.



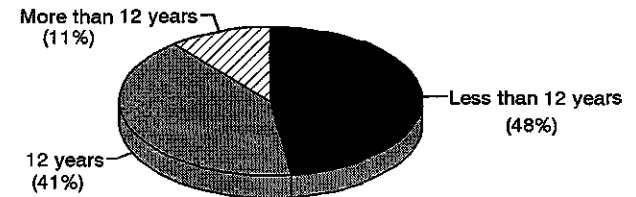
Characteristics of the AFDC Single Parent Population by Employment Experience from January 1996-March 1997

<u>Characteristics</u>	<u>First Quarter Employed During Study Period:</u>					<u>No Employment Shown</u>
	<u>Qtr 1 1996</u>	<u>Qtr 2 1996</u>	<u>Qtr 3 1996</u>	<u>Qtr 4 1996</u>	<u>Qtr 1 1997</u>	
N =	10,056	3,030	2,383	1,799	858	6,999
	100%	100%	100%	100%	100%	100%
<u>Years of Schooling</u>						
Less than 12 years	41%	48%	52%	57%	56%	57%
12 years	45%	41%	38%	35%	35%	33%
More than 12 years	14%	11%	10%	8%	9%	10%
<u>Age of Youngest Child</u>						
Under age 2	27%	37%	36%	41%	41%	35%
Aged 2-4 years	33%	32%	31%	30%	28%	29%
Aged 5-9 years	22%	17%	18%	16%	18%	18%
Over age 9	18%	14%	15%	13%	13%	18%
<u>Number of Children</u>						
One	35%	33%	31%	32%	36%	33%
Two	30%	29%	29%	29%	27%	29%
Three or more	34%	38%	40%	39%	37%	38%
<u>Age of Casehead</u>						
21 or under	14%	17%	19%	20%	22%	15%
22-24 years	17%	21%	18%	19%	18%	14%
25 or above	69%	62%	63%	61%	60%	71%
 % moving to Wisconsin after 1991	 11%	 11%	 11%	 12%	 14%	 18%
% on AFDC more than 29 months	41%	46%	49%	49%	49%	50%

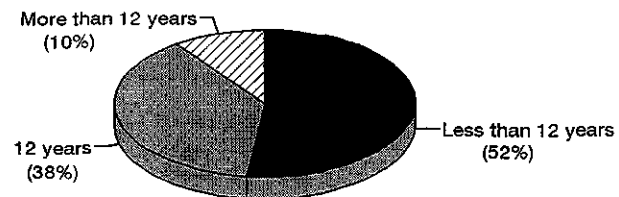
Years of Schooling:
Parents Already Employed in Quarter 1



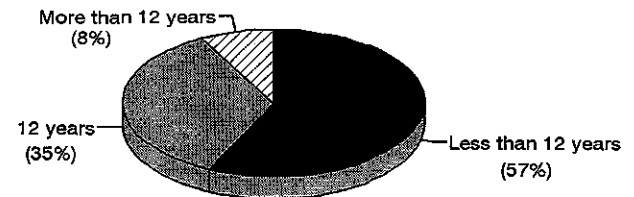
Years of Schooling:
Parents Entering Jobs in Quarter 2



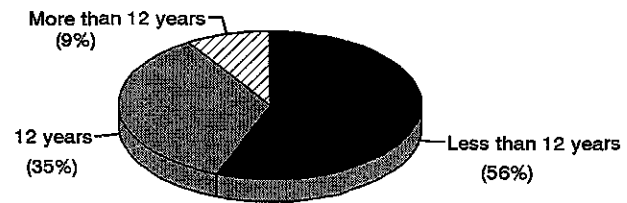
Years of Schooling:
Parents Entering Jobs in Quarter 3



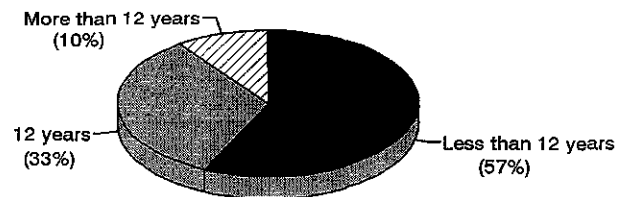
Years of Schooling:
Parents Entering Jobs in Quarter 4



**Years of Schooling:
Parents Entering Jobs in Quarter 5**



**Years of Schooling:
Parents With No Employment Shown**



Industries Employing AFDC Single Parents

A primary employer was identified for each worker for each quarter of the study period, based on the worker's job paying the most earnings for the quarter. Quarterly employment earnings of individuals were detailed by industry for the primary employer of record for each of the five quarters examined.

Retail and wholesale trade accounted for a fourth of all individuals' primary employment experiences. Another fourth of jobs were in health, education, social and legal services. About 20 percent of primary jobs were with temporary employment agencies. Hotel, auto, business and personal services comprised the primary employer for 12-15 percent of individuals. Manufacturing accounted for up to 7 percent of jobs while the transportation/communications/utilities (TCU) sector and the finance/insurance/real estate (FIRE) sectors each had a 3-4 percent share. Government (not including schools) made up only 1 percent of jobs, with less than 150 employed workers' primary employment in any quarter studied. Employment in construction, agriculture, and forestry provided less than 1 percent of primary employment for the AFDC single parent population.

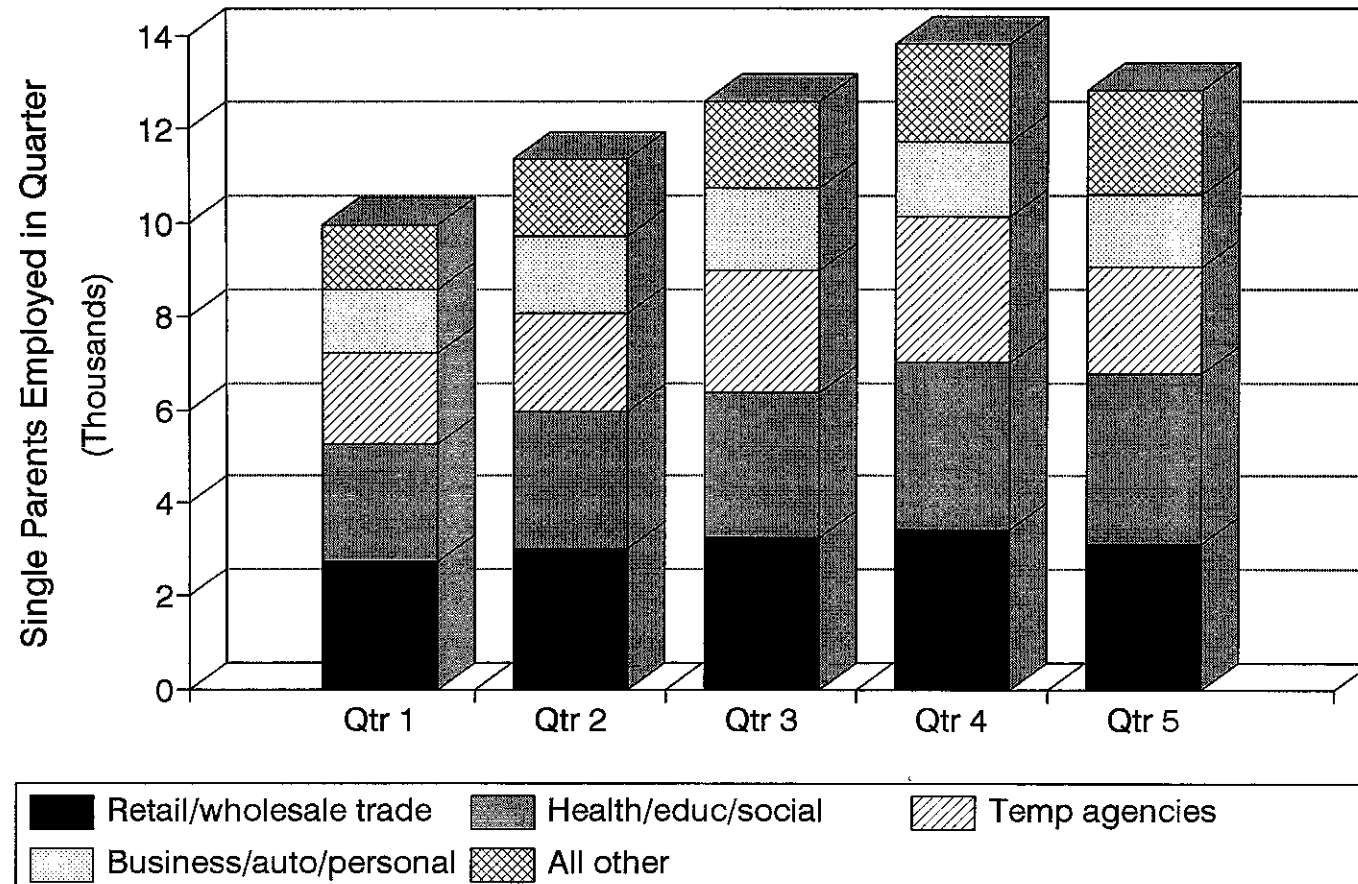
Quarterly Employment by Industry for the Primary Source of Wages

<u>Industrial Sector</u>	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 5</u>
Wholesale and retail trade	2,753	3,019	3,264	3,447	3,124
Services- health, education, social, legal	2,535	2,944	3,123	3,614	3,683
Temporary employment agencies	1,976	2,122	2,660	3,110	2,321
Services- hotel, auto, business, personal	1,399	1,657	1,742	1,612	1,540
Manufacturing	525	682	752	841	948
Transportation, communications, utilities	353	385	407	514	501
Finance, insurance, real estate	314	371	449	492	498
Government (excluding schools)	95	122	121	145	134
Other	106	109	115	109	172
All	10,056	11,411	12,633	13,884	12,921

Percent of Quarterly Employment by Industry for the Primary Source of Wages

<u>Industrial Sector</u>	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 5</u>
Wholesale and retail trade	27	26	26	25	24
Services- health, education, social, legal	25	26	25	26	29
Temporary employment agencies	20	19	21	22	18
Services- hotel, auto, business, personal	14	15	14	12	12
Manufacturing	5	6	6	6	7
Transportation, communications, utilities	4	3	3	4	4
Finance, insurance, real estate	3	3	4	4	4
Government (excluding schools)	1	1	1	1	1
Other	1	1	0	0	1
All	100%	100%	100%	100%	100%

Primary Employment by Industry (18,126 Employed Single Parents)



Four specific types of companies accounted for a fourth of all employment during 1996.

Eating and drinking establishments were the primary employer for over 10 percent of all employed persons. The number of workers employed in eating and drinking establishments increased during 1996, but the share of total jobs in this area declined as other types of employment were found by new labor force entrants.

Nursing homes were also a major employer with 9-10 percent of all individuals working in this category throughout the year.

Grocery stores and **department stores** each accounted for 3-4 percent of the primary employment for the population in 1996 and in First Quarter 1997.

Percent of Quarterly Employment in Specific Industries for the Primary Source of Wages

<u>Industrial Classification</u>	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 5</u>
Eating and drinking establishments	1,152	1,320	1,370	1,379	1,277
Nursing homes	981	1,106	1,097	1,253	1,306
Grocery stores	361	396	379	381	390
Department stores	347	342	471	487	400
Sub-Total	2,841	3,164	3,317	3,500	3,373
Eating and drinking establishments	11%	11%	11%	10%	10%
Nursing homes	10%	10%	9%	9%	10%
Grocery stores	4%	3%	3%	3%	3%
Department stores	3%	3%	4%	4%	3%
Sub-Total	28%	27%	27%	26%	26%

Other places of work for AFDC single parents included printing firms, school bus companies, gas stations, drugs stores, hotels and motels, building maintenance firms, security firms, medical offices and clinics, hospitals, schools, social service agencies, and child care providers.

Use of Temporary Employment Agencies

Temporary employment agencies were used by 42 percent of the population sometime during the study period, with temp agency employment peaking in the Fourth Quarter 1996 retail season when one out of five workers relied upon a temp position as their primary source of earned income. Between Fourth Quarter 1996 and First Quarter 1997 the number of single parents working for temp agencies as their primary source of earnings dropped by a fourth from 3,100 to 2,321. For one-third of caseheads using temp agencies, temp jobs were their sole source of employment. In most cases temporary usage was combined with other non-temp employment.

Use of temporary agencies rose through 1996 from 2,378 individuals working as temps some time in the First Quarter to a high of 3,997 persons working as temps some time in the Fourth Quarter 1996. (This includes persons for whom the temp agency was their primary employer and persons who worked for both a non-temp business and a temp agency.) Total employment in temp agencies dropped 27 percent, however, in the First Quarter 1997, suggesting a heavy use of temps in the retail sector which also experienced a drop of 15 percent in jobs for the population during the same period. For over half of single parents using temp agencies, total wages in any quarter were less than \$500 while about one-third of temp workers showed temporary wages above \$1,000 in each quarter.

AFDC Workers Employed by Temporary Employment Agencies

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Qtr 5</u>
Number Employed as Temp Workers *	2,378	2,684	3,404	3,997	2,918
% of All Employed Workers	23.6%	23.5%	26.9%	28.8%	22.6%
Aggregate Wages in Millions	\$2.1	\$2.5	\$3.1	\$4.1	\$3.0
Average Quarterly Earnings	\$864	\$946	\$898	\$1,038	\$1,019
% with Temp Wages of \$1,000 or above/Qtr.	40%	36%	39%	41%	37%
% with Temp Wages \$500-\$999/Qtr.	8%	14%	10%	11%	15%
% with Temp Wages below \$500/Qtr.	52%	50%	51%	48%	48%

*Includes workers for whom temp agencies were their primary source of income as well as workers who used temp agencies to supplement wages from other jobs.

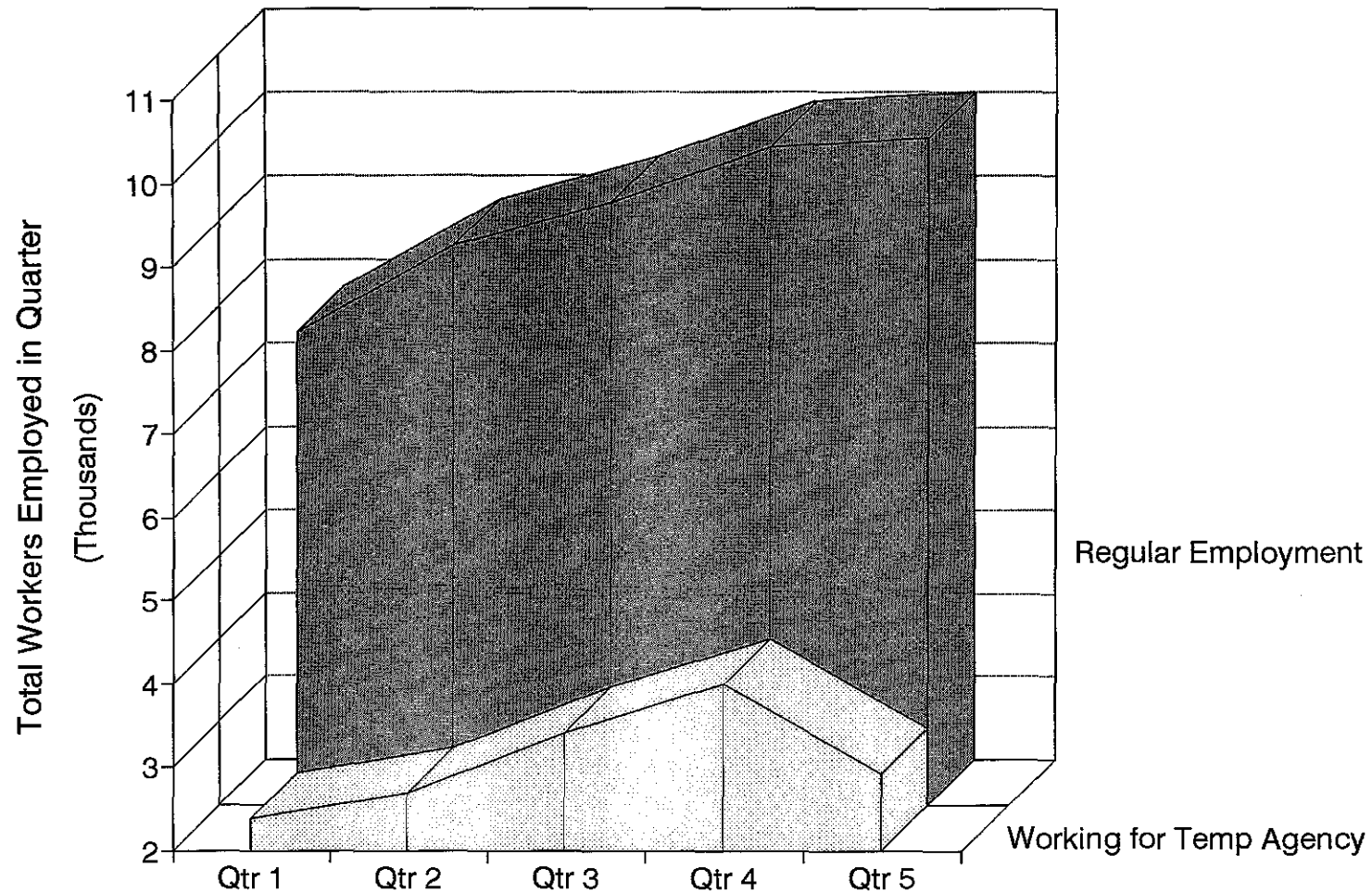
For many individuals temporary agencies provided an entry point into the labor market on a part-time basis. Among those using temp agencies during the five quarters examined here, most new entrants had a temporary job in their first quarter employed.

Percent of Workers Employed by Temp Agencies

<u>Quarter Entered Employment</u>	<u>% of Workers Employed by Temp Agencies in That Quarter</u>	<u>% of Workers Employed by Temp Agencies in Any Quarter</u>
Already employed in Quarter 1	24%	41%
Began employment Quarter 2	31%	44%
Began employment Quarter 3	37%	45%
Began employment Quarter 4	40%	43%
Began employment Quarter 5	32%	32%
ALL EMPLOYED WORKERS		42%

Over a third of parents who began working after First Quarter 1996 used temporary employment agencies. For those already working in First Quarter 1996, 24 percent used a temp agency that quarter while 41 percent used temp agencies sometime during the five quarters studied. Use of temp agencies increased through 1996 for new entrants in the labor force after First Quarter 1996. In Second Quarter 1996 31 percent new entrants used temp agencies; in Fourth Quarter 1996 40 percent of new entrants used temp agencies. Declines in the proportion of new entrants using temp agencies in First Quarter 1997 reflected the substantial downturn in the use of temps after the retail sales season.

December 1995 AFDC Population Employed from January 1996-March 1997

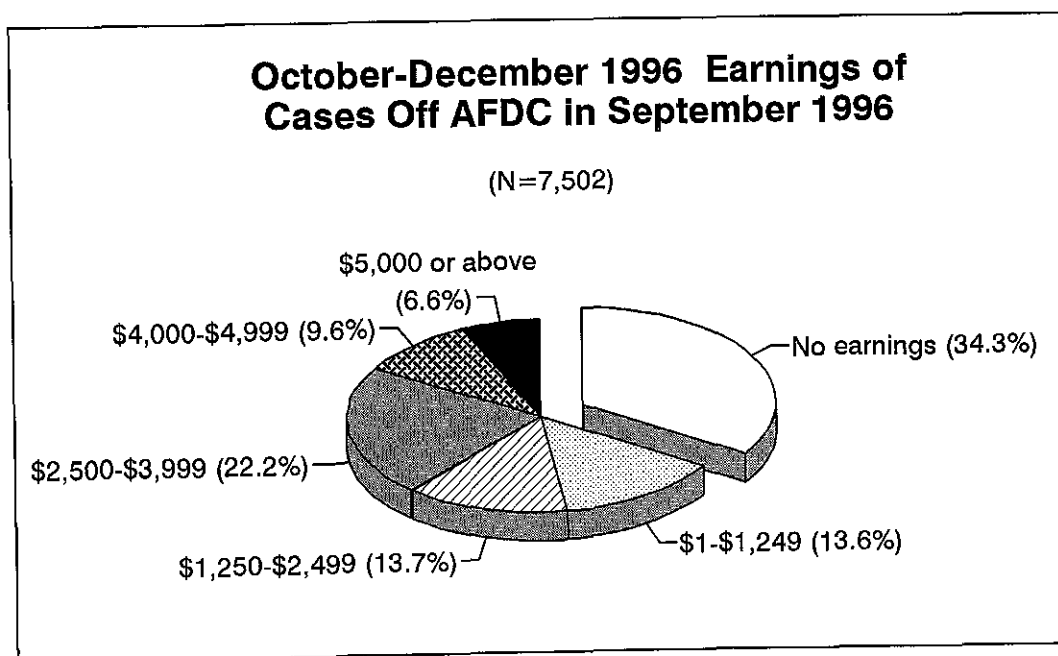


III. Benchmarks to Measure Employment Outcomes for Single Parents Off AFDC in September 1996

In an attempt to establish employment related outcome measures to assess the performance of participants who leave AFDC, 1996 quarterly earnings and welfare data were combined to derive categories of employment status. The December 1995 AFDC single parent population expected to work under W-2 (N=25,125) was examined to identify those who left AFDC by September 1996 and those who had sustained earnings over two quarters.

Of the December 1995 AFDC population, 7,502 or 30 percent had left AFDC by September 1996. Five general groups emerged from an analysis of the Fourth Quarter (October-December 1996) earnings for this population leaving AFDC:

- Level 1: Those earning at or above \$5,000 (6.6 percent). These parents earn wages well above the poverty level for a family of four (\$4,000).
- Level 2: Those earning \$4,000 (poverty level for family of four) to \$4,999 (9.6 percent).
- Level 3: Those earning \$2,500-\$3,999 (22.2 percent). These parents earn at least the equivalent of full-time employment at the minimum wage but below the poverty level.
- Level 4: Those earning less than \$2,500 but more than zero (27.3 percent).
- Level 5: Those with no earnings in Fourth Quarter 1996 (34.3 percent).



Sustained employment is a second measure which can be overlaid on the above levels by measuring two consecutive quarters at or above levels 1 through 5. The table below shows case welfare status in December 1996 and earnings for Fourth Quarter 1996 as well as subsequent earnings in First Quarter 1997 for each of these groups.

An examination of employment outcomes for Quarter 4 1996 and Quarter 1 1997 and public assistance status in December 1996 showed 493 cases earning \$5,000 or above and 721 cases earning \$4,000-4,999 in Quarter 4 1996. In all, 13 percent of closed cases were earning above the poverty level for a family of four (at least \$4,000) in Quarter 4 1996. However, only 10 percent of all single parent cases off AFDC were able to sustain earnings at or above \$4,000 in Quarter 1 1997. Those single parents earning in the \$2,500-\$3,999 range were more likely to be at or above the \$2,500 level (minimum wage for full-time employment) for two consecutive quarters. However, this group's public assistance recidivism rates rose to 7 percent for AFDC and 33 percent for Food Stamps by December 1996.

Subsequent Employment Experiences of Cases Off AFDC in September 1996
(N = 7,502)

	FOURTH QUARTER 1996 EARNINGS:				No	ALL
	\$5,000 or above	\$4,000- \$4,999	\$2,500- \$3,999	\$1- \$2,499	Earnings	CASES
N =	493 100%	721 100%	1,664 100%	2,050 100%	2,574 100%	7,502 100%
<u>Sustained Employment: Earnings</u> <u>in First Quarter (January-March) 1997</u>						
\$5,000 or above	52%	16%	2%	1%	0%	6%
\$4,000 - \$4,999	29%	31%	9%	1%	0%	7%
\$2,500 - \$3,999	9%	40%	56%	13%	1%	21%
\$1,250 - \$2,499	4%	5%	20%	28%	2%	14%
\$1 - \$1,249	2%	3%	7%	32%	8%	14%
No Earnings	5%	5%	5%	25%	87%	39%
<u>Welfare Status December 1996</u>						
Returned to AFDC by Dec. 1996	1%	3%	7%	28%	18%	15%
On Food Stamps only in Dec. 1996	10%	23%	33%	21%	11%	20%

Level 1: Off AFDC in September 1996 -- Earning at or Above \$5,000 in 4th Quarter 1996

The group earning \$5,000 or more in Fourth Quarter 1996 and off AFDC in September 1996 made up 6.6 percent of the total single parent population on AFDC in December 1995 and expected to work under W-2. Those employed caseheads with Fourth Quarter 1996 earnings well above the poverty level for a family of four (with at least \$5,000 per quarter or \$9.62 per hour at 40 hours a week) were most likely to remain off AFDC, were usually already employed (rather than recent labor force entrants), had much higher levels of schooling and were less likely to have recently moved to Wisconsin. The sustained employment rate for this group dropped to 52 percent (that is, cases continuing to earn \$5,000 or more in First Quarter 1997).

This group showed the highest percentage of workers with some postsecondary education. Over one-third of those earning at or above \$5,000 per quarter in Fourth Quarter 1996 had more than 12 years of schooling, 46 percent had 12 years, and 18 percent had less than 12 years of schooling. The return rate to AFDC in December 1996 was only 1 percent, while 10 percent were on food stamps but not AFDC. Most of this group (88 percent) had already been working in First Quarter 1996 at the beginning of the study period and about half (53 percent) worked full-time (that is, earning greater than \$2,500) throughout all quarters of 1996.

Level 2: Off AFDC in September 1996 -- Earning \$4,000-\$4,999 in Fourth Quarter 1996

In all, 9.6 percent of cases had earnings from \$4,000 (the poverty level for a family of four) to \$4,999 in Fourth Quarter 1996. Less than half of these workers sustained this level of earnings in First Quarter 1997, when seasonal fluctuations result in reductions in staffing needs. Only 47 percent of these workers continued to earn \$4,000 or more in First Quarter 1997.

This group shows educational levels above average for the entire AFDC population. Twenty-three percent had greater than 12 years schooling, 51 percent had 12 years, and 24 percent had less than 12 years of schooling. Only 3 percent of these workers were on AFDC in December 1996 and 23 percent remained on food stamps in December 1996. However, while 95 percent posted earnings in First Quarter 1997, the earnings of 40 percent of these workers had dropped to the \$2,500 - \$3,999 level. Erosion of earnings by First Quarter 1997 were significant for both the \$4,000-4,999 and \$5,000+ earners, with 5 percent of each population showing no earnings in First Quarter 1997.

Level 3: Off AFDC in September 1996 -- Earning \$2,500-\$3,999 in Fourth Quarter 1996

Those off AFDC in September 1996 and earning \$2,500-\$3,999 in Fourth Quarter 1996 (22 percent of the study population) were considered to be working full-time (at minimum wages of \$4.75 to \$7.70 an hour). This group was made up in large part of better educated workers with 16 percent having more than 12 years of schooling, 51 percent having 12 years, and 33 percent having less than 12 years of schooling. Almost two-thirds (62 percent) were already employed in First Quarter 1996 and 49 percent worked full-time in all four quarters in 1996. Rates of return to AFDC were also very low for this group with 7 percent returning to AFDC by December 1996 and 33 percent remaining on food stamps.

The group was highly likely to show some employment in First Quarter 1997, but with significant erosion in earnings. While 11 percent earned at or above \$4,000 per quarter and 56 percent between \$2,500-\$3,999, some 27 percent dropped below \$2,500 for the quarter and 5 percent showed no earnings in the three months of the quarter.

Level 4: Off AFDC in September 1996 -- Earning \$1-\$2,499 in Fourth Quarter 1996

Those off AFDC in September 1996 with earnings less than \$2,500 in Fourth Quarter (October-December) 1996 made up 27 percent of the total study group. These caseheads were less educated on average (43 percent had less than 12 years of schooling) and less likely to have a consistent work history (69 percent failed to earn \$2,500 in any quarter of 1996).

Return rates to AFDC for this group were also high, with 28 percent returning to AFDC in December 1996 and an additional 21 percent remaining on food stamps (but not AFDC) in that month. The likelihood of this population to remain working was also lower with 25 percent showing **no** earnings in First Quarter 1997.

Level 5: Off AFDC in September 1996 -- No Earnings in Fourth Quarter 1996

Despite the lack of any earnings in Fourth Quarter 1996, only 18 percent of this group off AFDC in September 1996 returned to AFDC in December 1996 and only 11 percent remained on food stamps (but not AFDC) in December. This group typically showed lower levels of education; nearly half (49 percent) had less than 12 years of schooling. Two-thirds (65 percent) showed no earnings during any months in 1996. Only 11 percent of these cases had earnings during First Quarter 1997, and most of these had wages below \$1,250 for the three month period.

This population had the highest proportion of cases recently moving into the State of Wisconsin (after 1991); 27 percent came to Wisconsin sometime after December 1991. While out-migration of AFDC was not tracked in this study, it is possible that at least a portion of this population may have moved out of state. Other sources of income may also be a factor in the cases remaining closed in both September and December 1996:-- 15 percent of these cases had SSI income for a child and 31 percent had some type of outside income that was unearned.

Demographics of the Population by Earnings Levels

The top three levels of wage earners consisted mostly of better educated individuals with employment histories suggesting that they were already employed rather than new entrants into the labor force. As the W-2 population becomes an increasingly difficult population to employ, the measurements defining "success" may have to be ratcheted down to two or three categories: those earning \$2,500 for consecutive quarters, those earning \$1-\$2,499 in a quarter, and those not employed.

**Demographic Characteristics of Cases Off AFDC in Sept. 1996 by Qtr 4 1996 Earnings
(N = 7,502)**

	FOURTH QUARTER 1996 EARNINGS:				No	ALL
	<u>\$5,000</u> <u>or above</u>	<u>\$4,000-</u> <u>\$4,999</u>	<u>\$2,500-</u> <u>\$3,999</u>	<u>\$1-</u> <u>\$2,499</u>	<u>Earnings</u>	<u>CASES</u>
N =	493 100%	721 100%	1,664 100%	2,050 100%	2,574 100%	7,502 100%
<u>Employment History</u>						
Already Employed in Qtr 1 1996	88%	85%	81%	62%	25%	57%
Any Earnings in Qtr 1 1997	95%	95%	95%	75%	13%	61%
<u>Years of Schooling</u>						
Greater Than 12 Years	36%	23%	16%	14%	12%	16%
12 Years	46%	51%	51%	43%	39%	44%
Less than 12 Years	18%	24%	33%	43%	49%	40%
<u>Migration Status</u>						
Moved to Wisconsin After 1991	11%	9%	9%	11%	27%	14%

IV. Labor Market History of Cases Off AFDC in September 1996

Of the 7,502 AFDC cases closed as of September 1996, 78 percent had earnings some time during 1996, while 22 percent of the cases closed in September 1996 did not show earnings at any time in 1996. Less than 40 percent of the closed cases were earning above \$2,500 in the Fourth Quarter (October-December) 1996, the equivalent of 40 hours per week at minimum wage. Eighty-five percent of those Fourth Quarter 1996 cases earning at or above \$2,500 were already employed in First Quarter 1996, and 60 percent had 12 or more years of schooling. The earnings of the 7,502 cases off AFDC in September 1996 are shown below for the quarters before and after September.

**Quarterly Earnings of December 1995 AFDC Recipients Off AFDC in September 1996
(N = 7,502)**

	Qtr 1 (Jan- Mar 96)	Qtr 2 April- June 96)	Qtr 3 July- Sept 96)	Qtr 4 (Oct- Dec 96)	Qtr 5 Jan- (Mar 97)
<u>Quarterly Earnings</u>					
\$5,000 and above	2%	3%	5%	7%	6%
\$4,000 - \$4,999	3	6	8	10	7
\$2,500 - \$3,999	15	21	24	22	21
\$1,250 - \$2,499	17	18	14	14	14
\$1 - \$1,249	20	16	13	14	14
\$0	<u>43</u>	<u>36</u>	<u>35</u>	<u>34</u>	<u>39</u>
Total	100%	100%	100%	100%	100%

As expected, the percent of single parents working increased over time through 1996 with a downturn in the First Quarter 1997. The percent of the population earning at or above \$4,000 per quarter (\$16,000 annualized) rose to 17 percent in the Fourth Quarter 1996 but then dropped to 13 percent by the First Quarter 1997. Only 10 percent of single parents were able to sustain employment for two consecutive quarters at \$4,000 or above for Fourth Quarter 1996 and for First Quarter 1997. Many single parents working full-time (that is, earning at least \$2,500 per quarter) were already employed in First Quarter 1996 and continued to work full-time throughout all five quarters. Twenty-nine percent of the Fourth Quarter 1996 full-time workers and 57 percent of First Quarter 1997 full-time workers worked at or above the \$2,500 level in all five quarters.

At the other extreme, 21 percent of single parents who left AFDC by September 1996 did not have reported earnings in any quarter studied and an additional 14 percent never worked at even a half-time level in any of the five quarters. Cases where the single parent never worked at the \$2,500 level showed a high rate of AFDC recidivism. Nearly a fourth (24 percent) of parents with earnings never reaching \$2,500 returned to AFDC by December 1996, compared to 3 percent of those who worked at or above the \$2,500 level in each quarter.

Level of education was also a key factor for who remained off AFDC and held full-time employment. Welfare recipients with more than 12 years of schooling posted much higher wages, much lower recidivism to AFDC, and much higher rates of employment throughout the five quarters studied.

Employment Experience of AFDC Recipients Off AFDC in Sept. 1996 by Education Level

<u>Employment/AFDC Status</u>	<u>YEARS OF SCHOOLING COMPLETED:</u>		
	<u>Less than 12 Years</u>	<u>12 Years</u>	<u>More than 12 Years</u>
Percent Returning to AFDC	19%	14%	9%
Percent Never Employed Half-Time	62%	41%	34%
Percent Working Full-time All Five Quarters	7%	13%	17%
Percent Not Employed in Quarter 5	48%	33%	29%
Percent Earning More Than \$4,000 in Quarter 5	6%	15%	26%

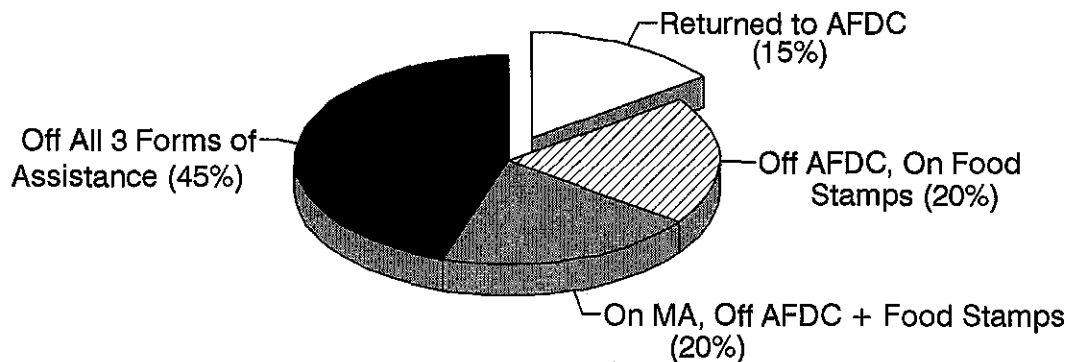
V. December 1996 Public Assistance Status of Cases Off AFDC in September 1996

AFDC, food stamps and medical assistance records were examined for all 25,125 single parents on AFDC in Milwaukee County in December 1995 in September 1996 and December 1996. Data on welfare status in three points in time (December 1995, September 1996 and December 1996) was combined with employer-reported wages to track earnings of single parents across five quarters beginning with the First Quarter 1996.

Overall, of the 7,502 cases which had left AFDC as of September 1996, 15 percent returned to AFDC, 20 percent remained on Food Stamps, and 20 percent more remained on medical assistance, for a total of 55 percent remaining on some form of public assistance.

December 1996 Public Assistance Status of Cases Off AFDC in September 1996

(N=7,502)



Most of those returning to AFDC in December 1996 had less than 12 years of schooling (50 percent), no work history in the five quarters examined (22 percent), or no quarterly earnings above \$1,250 in any quarter. When employment status was taken into account, the following levels of public assistance were seen for those who left AFDC by September 1996.

December 1996 Public Assistance Status of Cases Off AFDC in September 1996

(N = 7,502)

Fourth Quarter 1996 Earnings	N =	On AFDC	On Food Stamps, not AFDC	On MA, not FS/ not AFDC	Off All Assist- ance	Total
Not Working	2,574	18%	11%	9%	62%	100%
\$1 - \$1,249/Qtr	1,023	31%	16%	13%	40%	100%
\$1,250 - 2,499	1,027	25%	25%	18%	32%	100%
\$2,509 - 3,999	1,664	7%	33%	29%	32%	100%
\$4,000 - 4,999	721	3%	23%	36%	38%	100%
\$5,000 and above	493	1%	10%	44%	45%	100%
TOTAL	7,502	15%	20%	20%	45%	100%

VI. A Comparison of Single Parents Who Left and Those Remaining on AFDC

Of the study population of 25,125 single parents on AFDC in Milwaukee County in December 1995 and expected to work under W-2, a total of 7,502 cases had left AFDC by September 1996 and by December 1996, a total of 9,980 cases in the study population were off AFDC. This analysis compared the group off AFDC in December 1996 (N=9,980) with those on AFDC that month (N=15,145). Data analyzed included employment status, full-time employment (i.e., quarterly earnings of at least \$2,500 -- 40 hours per week at minimum wage) in First Quarter 1997, and educational levels.

The group of cases off AFDC in December 1996 was comprised largely of the AFDC population that program operators originally targeted to move off AFDC first, that is, those caseheads already employed and better educated. As found previously, caseheads with more years of schooling showed higher wage earnings and better AFDC closure rates. The population remaining on AFDC as of December 1996 continued to be more difficult to serve and included caseheads with less recent work experience and less education. Consequently, outcome measures and employment levels for the shrinking W-2 population will likely worsen as the Milwaukee County caseload is reduced even further over the next year. The smaller W-2 population will likely include higher concentrations of lower educated caseheads, fewer experienced workers, and parents with larger numbers of children.

Cases On and Off AFDC in December 1996 by Years of Schooling

AFDC December 1996 Case Status and Quarter 1 1997 Earnings	N=	YEARS OF SCHOOLING:			Total
		Below 12 Years	12 Years	Above Years	
Total Population					
On AFDC Dec. 1995	25,125	49%	39%	11%	100%
Cases remaining on AFDC 12/96	15,145	55	36	9	100
Cases off AFDC 12/96	9,980	40	45	15	100
1st Quarter 1997 Earnings of Cases Off AFDC 12/96:					
Greater than \$4,000	1,272	20	50	30	100
\$2,500 - \$3,999	2,231	33	51	16	100
Zero - \$2,499	6,477	47	41	12	100

Thirty percent of those who left AFDC and were earning wages above the poverty level (\$4,000 per quarter) had more than 12 years schooling, 50 percent had 12 years of schooling, and 20 percent had less than 12 years of school. By comparison, of those remaining on AFDC, 55 percent had less than 12 years of school, 36 percent had 12 years and 9 percent had less than 12 years of schooling. While single parents with higher levels of education showed high departure rates from AFDC and higher earnings, single parents already working in First Quarter 1996 also left AFDC at high rates and posted earnings increases as well.

Those single parents with more than 12 years of schooling were most likely to move off AFDC one year later (54 percent) and most likely to be off with wages above poverty (14 percent). Single parents with 12 years of schooling posted a 45 percent AFDC departure rate and 6 percent earning at and above \$4,000 in Quarter 1 1997 and off AFDC. Those single parents with less than 12 years of schooling had the lowest departure rate from AFDC (32 percent), and only 2 percent were off AFDC and earning at least \$4,000 by Quarter 1 1997.

Single parents already employed in First Quarter 1996 showed high AFDC closure rates (53 percent) in December 1996, but only 10 percent were off AFDC in December and showed earnings of \$4,000 or above in First Quarter (January-March) 1997.

Percent of Cases On and Off AFDC in December 1996 by First Quarter Working

<u>Quarter Entered Employment</u>	<u>N=</u>	<u>Still on AFDC 12/96</u>	<u>Off AFDC/Qtr 1 1997 Earnings:</u>			
			<u>\$0</u>	<u>\$1- \$2,500</u>	<u>\$2,500- \$3,999</u>	<u>\$4,000+</u>
Already employed Qtr 1 1996	10,056	47%	10%	17	16	10
Entered employment Qtr 2 1996	3,030	59%	11%	15	10	5
Entered employment Qtr 3 1996	2,383	64%	11%	13	8	4
Entered employment Qtr 4 1996	1,799	76%	7%	13	3	2
Entered employment Qtr 1 1997	858	82%	0%	17	2	0
No earnings any quarter	<u>6,999</u>	72%	17%	11	0	0
TOTAL	25,125	60%	15%	11%	9%	5%

Those caseheads moving off AFDC and earning more than \$4,000 in Quarter 1 1997 had much in their favor with higher levels of schooling, older children, fewer children, and fewer children under 5 years of age. Those leaving AFDC with First Quarter 1997 earnings between \$2,500-\$3,999 still showed two-thirds with at least 12 years of schooling and 41 percent with no pre-school children. In contrast, of those remaining on AFDC only 9 percent had 12 years or more years of schooling, 36 percent had 12 years of schooling, and 55 percent had less than 12 years of schooling. The number of children was also higher with 41 percent having three or more children, 25 percent with two or more children less than five years old, and 65 percent with at least one children under age five.

Characteristics of Caseheads On and Off AFDC in December 1996

<u>Case Characteristics</u>	<u>CASES OFF AFDC BY 1ST QUARTER 1997 EARNINGS:</u>			<u>Cases Still On AFDC 12/96</u>
	<u>\$4,000 or more</u>	<u>\$2,500- \$3,999</u>	<u>\$0 - \$2,499</u>	
Number =	1,272 100%	2,231 100%	6,477 100%	15,145 100%
<u>Age of Casehead:</u>				
Less than 25 years old	26%	28%	30%	35%
25 years or older	74%	72%	70%	65%
<u>Presence of Pre-School Children:</u>				
Have child less than 2 yr. old	26%	28%	29%	33%
Have child less than 5 yr. old	58%	59%	58%	65%
More than 1 child under 5 years	13%	14%	18%	25%
<u>Number of Children in Case:</u>				
1 child	40%	38%	40%	30%
2 children	31%	31%	30%	29%
3 or more children	29%	31%	30%	41%
<u>Schooling of Casehead:</u>				
Greater than 12 years	30%	16%	12%	9%
12 years	50%	51%	41%	36%
Less than 12 years	20%	33%	47%	55%

APPENDIX A

Methodology and Data Sources

The study population included 25,125 single parent AFDC caseheads on public assistance in December 1995, and expected to work under W-2. Exempt were those AFDC cases where the casehead was on SSI, someone other than the parent was caring for the children, or cases where there was a child under 3 months of age. Single parents' status in December 1995, September 1996 and December 1996 was used to define single parent status. Single parents made up 91 % of the December 1995 AFDC population expected to work under W-2.

State AFDC data was combined with State of Wisconsin employer wage data to describe the employment experience of the study population over a fifteen month period beginning in the First Quarter (January-March) 1996 through the First Quarter 1997. Because many individuals had more than one job in a quarter, wage data was examined for participants in two ways: by individual job held and by aggregated quarterly for all jobs held. Scrambled employer data was used to note the employment experiences of individual employers and to assess the overall experience of establishments hiring single parents from the AFDC population.

The Employment and Training Institute used existing AFDC data from state extracts of the CARES system for all AFDC recipients on public assistance in December 1995 and living in Milwaukee County. These records were used to construct a database which provided extensive demographics on each case and welfare status as of December 1995, September 1996 and December 1996. The research database was forwarded to the state Department of Workforce Development (DWD) and matched with quarterly wages reported by employers. The DWD employee wage reporting system was used to construct a wage record detailing quarterly earnings for five quarters beginning with the First Quarter 1996. This computer match by social security number provided detailed employment information regarding each job held by all AFDC caseheads detailing type of industry, location of employment, quarterly wages and duration of employment. As protections for confidentiality, all records were stripped of personal identifiers for individuals and employers.

There are several advantages of using DWD data to analyze the employment experience of the AFDC population.

1. This data base includes an estimated 99 percent coverage of earnings data.

Matching of social security numbers with the state wage file allows access to all wages paid by employers covered under state reporting requirements. The advantage of using this file is that 100 percent of all reported earnings over time can be matched to obtain pre- and post-program data without having to contact clients, thereby eliminating problems of non-response and inaccuracy of reported wages currently provided via telephone surveys. The DWD file includes almost all employers in the state. It does not, however, cover churches, farm labor where employment is below 10 employees or out-of-state firms, nor does it cover unreported wages paid in cash. However, a previous wage match of the Job Training Partnership Act (JTPA) population conducted by the

Employment and Training Institute for the Milwaukee County Private Industry Council showed that the DWD wage match captured reported earnings for 99 percent of all clients who were placed in jobs under JTPA.

2. This database provides long-term outcomes for employment of the population.

Creation of a longitudinal database allows analysis of the long-term outcomes of program components by industrial sector and participant characteristics. The employment history of participants can be tracked before, during and after welfare episodes with analysis of job retention, earnings, and level of employment possible at points in time as well as across years.

3. Use of this data source is cost effective and provides accurate and confidential information.

The Department of Workforce Development has established procedures for matching recent and historical wage data against rosters of JTPA program participants to generate quarterly wage data. The Milwaukee County Private Industry Council has used this data to improve the more limited information obtained through telephone follow-up surveys tracking employment outcomes for JTPA clients. Phone surveys have shown difficulty locating clients on welfare with up to a 50 percent non-response rate. A comparison of telephone survey data with employer wage match data on JTPA participants has shown that respondents to the phone survey are much more likely to be employed using wage match data than non-respondents. Survey data is also subject to errors due to the difficulty of workers recalling their employment and wage history over time. Because the wage match is done for the entire population using computerized state employment records, it is not subject to sampling error.

The wage match data has several limitations which require care in analyzing the data findings.

1. Hourly wages, weeks worked and number of hours worked per week are not included in wages reported by employers; only the sum of wages paid during the quarter are reported. As a result, full and part-time work status must be derived, using the prevailing minimum wage and hours worked per week in a quarter (i.e., $\$4.75 \times 520 \text{ hours} = \$2,470$).
2. Wages in a single quarter vary by the week in which the worker entered employment. Calculation of wages in the quarter after clients leave AFDC varies significantly by the week of the case closure.
3. Earnings from self-employment and employment outside of the state are not captured by these files.

Operational Definition of Terms

Earnings - wages reported to the Wisconsin Department of Workforce Development. The state collects records of quarterly employee earnings from most Wisconsin employers (except small farms, churches, domestic help). The following earnings levels were used to approximate levels of employment.

Full-time employment - employment resulting in at least \$2,500 earnings per quarter, or the minimum wage times 40 hours/week.

Permanent full-time employment - employment resulting in earnings of at least \$2,500 a quarter for an employer other than a temporary employment agency.

"Temp-to-Perm" employee - a worker with at least \$1,000 in earnings from a temporary employment agency in one quarter followed by earnings of at least \$2,500 from a non-temp employer in the next quarter and at least \$2,500 non-temp earnings in First Quarter 1997.

Hire - an employment event, i.e. earnings for one worker from one employer.

New hire - an employment event (hire) which occurred after First Quarter 1996.

Quarter 1 - January-March, 1996

Quarter 2 - April-June, 1996

Quarter 3 - July-September, 1996

Quarter 4 - October-December, 1996

Quarter 5 - January-March, 1997

APPENDIX B

Standard Industrial Classification (SIC) Codes

The employment data used identified each subject's employer by Standard Industrial Classification (SIC), a scheme used by the federal government to classify employers by the primary type of activity or product, based on twelve industrial divisions and about 900 industries. These employer codes were listed for all employment episodes identified for the thirty-nine month study period. Employment in this report was analyzed by the type of industrial sector of the employing firm (e.g. retail trade, manufacturing, government) and not by the specific type of work of the employee (e.g. computer programmer, custodian, clerk). The classifications used for this analysis included:

Construction - general building contractors, heavy construction, special trade contractors.

Day Labor - day labor and temporary help firms.

Finance, Insurance, Real Estate - banks, savings and loans, credit unions; security and commodity brokers; insurance carriers; insurance agents, brokers, and service; real estate; holding and other investment offices.

Government - city, county, state, federal and suburban governments (excluding schools).

Manufacturing: Durable - fabricated metal products; electronic and other electric equipment; industrial, commercial and computer equipment; primary metal industries; rubber, plastics, and leather products; stone, clay and glass products; transportation equipment; instruments and related products.

Manufacturing: Non-Durable - manufacturing of food, printing and publishing, chemicals, tobacco, textile mill, apparel and other textile products, lumber and wood products, furniture and fixtures, paper and allied products, petroleum and coal products.

Retail Trade - eating and drinking places, food stores, automotive dealers and service stations, apparel and accessory stores, general merchandise stores, furniture and home furnishings stores, building materials and garden supplies, miscellaneous retail.

Services - Health, Education, Legal, Social - health, legal and educational services (including schools and universities), social services; museums, botanical and zoological gardens; membership organizations; engineering and management services; private households.

Services - Hotel, Auto, Business - hotels and other lodging places, personal services; business services (except day labor); auto repair, services, and parking; miscellaneous repair services; motion pictures, amusement and recreation services.

Transportation, Communications, Utilities - local and interurban passenger transit, trucking and warehousing, railroad transportation, postal service, water and air transportation, transportation services; communications; electric, gas and sanitary services.

Wholesale Trade - wholesale trade of groceries, chemical, paper products and other non-durable goods; machinery, equipment and supplies, electrical goods, motor vehicles and parts, professional and commercial equipment and other durable goods.

Miscellaneous - nonclassifiable establishments, agricultural and landscaping services.