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WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS

1997-98

(session year)

Senate

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Project Get Started:

Phase II Report

Milwaukee Area Technical College

September 1997

Demographic Summary of Project Get Started Participants

by Lois M. Quinn, University of Wisconsin-Milwaukee Employment and Training Institute¹

The Private Industry Council of Milwaukee County initiated Project Get Started to assess the employment readiness, skills and child care needs of mothers with children under one year of age who receive AFDC and are expected to find employment under "W-2," the state's new welfare initiative. This project was operated by Milwaukee Area Technical College in cooperation with JOBS program operators. Technical college staff conducted an extensive assessment of caseheads to identify child care, education, work activities, and other services necessary to successfully engage in W-2 transition. Caretakers were then offered a number of workshops to assist them in preparing to find employment, secure child care and address family problems.

This report summarizes the characteristics of the 1,551 caretakers with children three to twelve months of age who were assessed by MATC staff from February through June, 1997. The study population was taken from a list of 2,190 caretakers receiving AFDC in Milwaukee County and caring for at least one child born between January 1, 1996 and October 31, 1996. Only caretakers having a "CA" (caring for child under age one) work exemption code in November 1996 were included in the sample selection.² These assessments were conducted to provide critical information on an AFDC parent population considered difficult to place in employment and a population of babies considered "fragile" and possibly at-risk under current welfare changes. This study utilizes the 110 variables identified by Teresa Kelley, Francine Triplett and the MATC Project Get Started team in the ten to twelve pages of interview data (see Appendix A).

Findings

- Although they had very young children, about 6 percent of the total population assessed were employed full-time and 8 percent were employed part-time (less than 35 hours a week). The median age of babies when mothers reentered the labor market was six months old, although some mothers reported continued employment through their pregnancy and child's early months. In addition to these women who were already employed, 25 percent of the population had recent labor market experience, and 41 had been employed sometime in the past, while 20 percent had no reported labor market history.

¹ Assistance in data analysis was provided by University of Wisconsin-Milwaukee Employment and Training Institute research assistants Valerie L. Colcord, Alice Klima, David J. Rademacher, Chera L. Roovers and Tiffany N. Slade.

² The study population did not include many mothers ages 18-21 who were under the Learnfare or Family and Parental Responsibility Act experiments, mothers recently applying for AFDC without "CA" work exemption codes entered, women with reported pregnancies, women assessed as incapacitated for employment, and caretakers aged sixty and above. About half of the excluded population were young mothers under 21 years of age. The non-"CA" populations may show different demographic characteristics, readiness for employment and educational needs and represent another "challenging" population to be affected by new Wisconsin welfare reforms.

- When caretakers were asked to state their occupational goals, the job areas of highest interest were in clerical and computer jobs, health fields, child care, cosmetology, light industrial work, environmental services and food service. All of these areas are in demand in the current labor market and many require short-term training – particularly for certified nursing assistants and child care workers. In the health and computer fields, workers may be able to advance to better-paying jobs with additional training.

TOTAL POPULATION ASSESSED
(1,551 Families With Child Under Age One in November 1996)

<p>Labor Force Strengths</p> <p>46% have completed high school or a GED 39% were employed within the past 12 months 39% can run some job-related equipment 38% have some job training 19% have some postsecondary education 18% have a job-related license or certificate 15% have drivers license and access to a car 14% are currently employed</p> <p>Labor Force Limitations</p> <p>72% do not have a drivers license 53% have not completed high school 20% have no employment experience 16% have child with permanent health problems complicating work/child care 8% have permanent health problems that could interfere with their employment 7% have less than a 9th grade education 6% have temporary health problems that could interfere with employment 5% are now pregnant 3% do not speak English</p>	<p>Educational Needs</p> <p>72% need basic math skills (of those tested) 35% need remedial reading (of those tested) 5% have limited English proficiency</p> <p>Child Care Needs</p> <p>69% need help with child care 55% have more than two children 24% don't know what child care to use 23% have child with ongoing health problems 19% have a mother/friend to watch children 17% have more than four children</p> <p>Social Service Needs</p> <p>24% requested help with money management 18% requested help with parenting 16% requested help with child's behavior 13% requested help with abusive relationship 9% have history of drug or alcohol abuse 7% requested help with legal problems</p>
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- Wages for the 6 percent of caretakers employed full-time averaged \$238 a week. The 8 percent of caseheads employed part-time averaged \$132 a week in wages. Predominantly, jobs held were concentrated in entry-level positions in the service and retail trade sectors.
- Project Get Started staff assessed the employability levels of caseheads and reported that 28 percent of caretakers were considered most ready for employment or already employed, 36 percent were ready to enter employment with minimal help, and 29 percent were facing barriers to employment but employable. Seven percent of the caretakers were found to face severe barriers to employment due to multiple major barriers (e.g. language, culture, family problems), physical health or psychological health.

- Job retention appeared to be a major concern for the population with recent labor market experience, only in part due to interruptions for childrearing. About a third (31 percent) of workers identified pregnancy, birth of a child or caring for their children as the reason they left their job, while 19 percent were laid off or ended a temporary job, 12 percent left due to conflicts on the job, and 7 percent left because of poor hours, pay or working conditions. In many cases, MATC staff recommended helping caretakers deal more effectively with job retention and pressures of combining employment and family.
- Most full-time job openings in the Milwaukee area require technical training, postsecondary education or occupation-specific experience. However, half of the population had less than a twelfth grade education and 7-8 percent had less than a 9th grade education. The majority of caretakers (83 percent) expressed interest in further education -- usually to gain training for a specific job or to acquire a GED.
- Many caretakers were identified as lacking the basic reading and math skills expected in the labor market. Of participants tested, 35 percent required fundamental reading skills and 72 percent required fundamental skills in math. Further, 5 percent of the population (speaking Hmong or Spanish) had limited English proficiency.
- Most mothers had one or more additional pre-school or school-age children who would require child care during their employed hours in addition to the need for infant/toddler care for their youngest child. Help with child care was requested by two-thirds of the caretakers interviewed. About a fifth (19 percent) reported that their mother or a friend could watch their children and 11 percent identified another care provider available.
- Child care is complicated for employed parents of young children due to childhood illnesses which require parents to stay home with their child or find a child care provider who can accommodate one or more sick children. Additionally, 23 percent of the caretakers had children with ongoing health problems (e.g. severe asthma, epilepsy, sickle-cell anemia, behavioral disorders) which may limit child care options and contribute to job absences.
- In 8 percent of the cases, MATC staff identified permanent health problems of caretakers that could limit their private sector employment options. Another 5 percent of the caretakers were pregnant and 6.4 percent had a temporary health problem that might keep them out of the labor force.
- MATC staff also identified caretakers with serious family problems which needed immediate attention. Notably, 196 caretakers (12.6 percent of the total) requested help dealing with abusive relationships or the aftermath of prior physical or sexual abuse and 148 caretakers (8.8 percent of the total) had reported or apparent alcohol and drug abuse (AODA) problems, with most needing continuing work on this problem.
- Lack of private transportation limits caretakers' access to available jobs outside the county and makes child care arrangements more difficult. Only 14 percent of the caretakers reported having regular access to a car. While many workers acquire cars after securing regular employment, 72 percent of the caretakers lacked driver's licenses.

III. Educational Skills and Needs of the Population

During the assessment process clients were asked to provide information on their years of school completed, interest in returning or remaining in school, reasons for seeking more education, and competence in reading and basic mathematics. Again, the population showed a wide range of experience -- from persons who had not advanced to high school to persons completing four or more years of college.

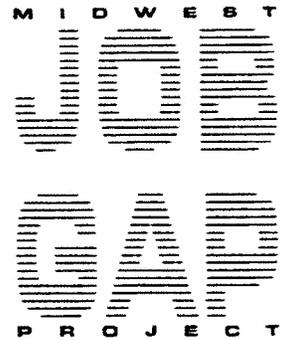
Highest Grade of Schooling Completed

Failure to complete high school is a limitation for over half of the caretakers with young children. In a labor market which increasingly demands high school completion and technical training or occupation-specific experience for most job openings, mothers lacking these educational skills may find access to family-supporting jobs quite difficult. Half of the assessed population had less than a twelfth grade education, and 7-8 percent had less than a 9th grade education. However, in May 1997, less than a fifth of full-time job openings in the Milwaukee area were available to high school non-completers who lacked specific occupational skills or technical training.²

Highest Grade of Schooling Completed	
	<u>Percent of Total</u>
No schooling reported or missing data	3.5%
2nd-5th grade	0.5
6th-8th grade	4.0
9th grade	7.8
10th grade	15.4
11th grade	22.8
12th grade	22.0
GED	5.4
Some college	17.0
Associate degree	1.2
Bachelors degree	0.4
TOTAL	100.0%

² John Pawasarat and Lois M. Quinn, *Job Openings in the Milwaukee Metropolitan Area: Week of May 19, 1997* (University of Wisconsin-Milwaukee Employment and Training Institute, 1997).





Work after Welfare
Is Wisconsin's Booming Economy
Creating Enough Jobs?



Paul Kleppner
Northern Illinois University

Nikolas Theodore
Chicago Urban League

M I D W E S T
J O B

G A P
P R O J E C T



Work after Welfare

Is Wisconsin's Booming Economy
Creating Enough Jobs?

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1997

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The views expressed in this report are those of the project and do not necessarily represent the views of the members of the advisory committee.

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During the 1980s, a consensus emerged that the welfare system was in need of fundamental reform. This consensus rested on the belief that welfare undermines the work ethic of recipients and fosters dependence. Recent welfare reform measures reflecting this belief have limited the time that families receive cash aid and have mandated that adults work in return for benefits. At their core, these measures assume that jobs are available and that those who are willing to work will be able to find them.

But are there enough jobs? Can the labor market actually absorb the less-skilled workers who now receive welfare? Or, does the "welfare problem" actually reveal a problem in the labor market? These are the questions this report addresses. It does so to show the size of the problem that advocates and policymakers must confront to move welfare recipients into the labor market and to make this effort at welfare reform successful.

This report compares the number of low-skilled job openings in Wisconsin with the number of persons seeking them. The findings presented here indicate that, despite recent economic growth, the Wisconsin economy is not generating enough jobs to provide work opportunities for welfare recipients and low-skilled unemployed workers. In other words, recent policies that impose time limits on welfare and require work are not grounded in the realities of the labor market. *There are simply not enough jobs available to employ the majority of welfare recipients.*

Although overall unemployment rates are at their lowest levels in more than 20 years, there is a shortage of jobs for welfare recipients. *There are between two and three workers in need of low-skilled jobs for every low-skilled job opening in Wisconsin* (Figure 1).

In Milwaukee the gap between job seekers and job openings is even larger (Figure 2). There are as many as seven job seekers for

FIGURE 1
 WISCONSIN JOB GAP AND WORKER-TO-JOB RATIO — 1997



FIGURE 2
THE WORKER-TO-JOB RATIO IN THE REGIONS OF WISCONSIN — 1997

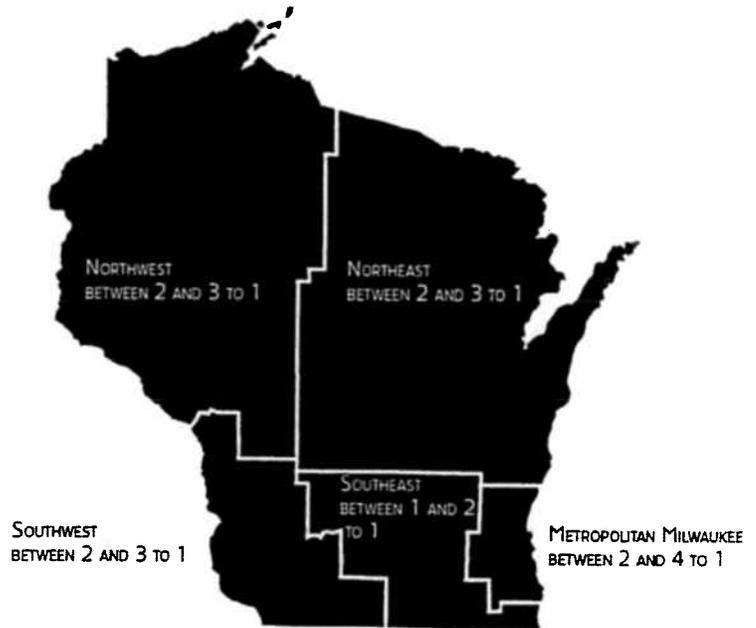
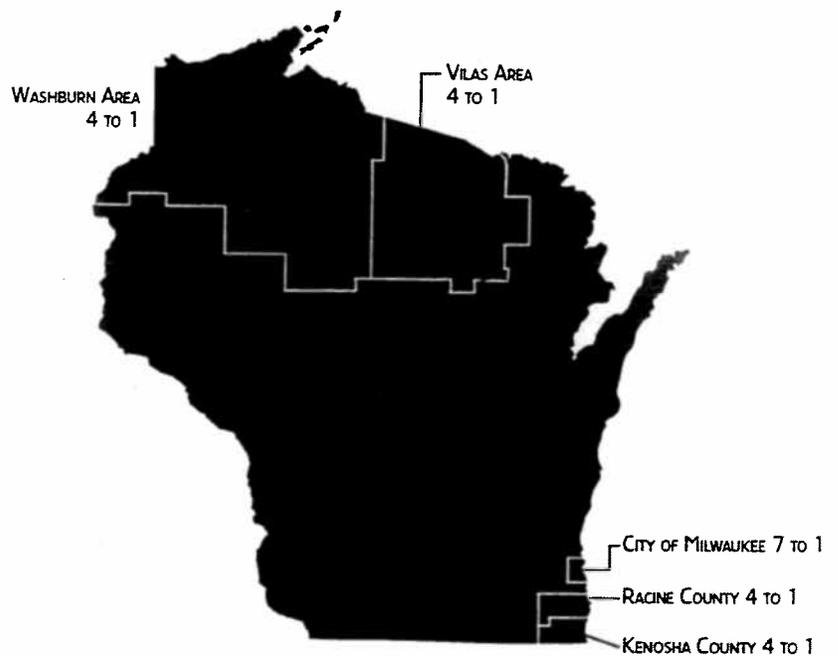


FIGURE 3
THE WORKER-TO-JOB RATIO IN SELECTED SUBREGIONS OF WISCONSIN — 1997



every low-skilled job opening. Residents in areas outside the central city also face inadequate employment opportunities. In Kenosha County, in the southeastern part of the state, and in Washburn County, in the southwest, there are more than four workers for every low-skilled job opening, and in the northwest section of the state as a whole there are as many as three job seekers for every low-skilled job opening (Figure 3).

If welfare reform is to promote self-sufficiency, workers must be able to secure jobs that pay enough to allow families to cover household necessities and work-related expenses. However, job like these, jobs that pay a livable wage, are in extremely short supply, especially at lower skill levels where the fastest growing occupations tend to pay the lowest wages. As a result, there are between 44 and 73 job seekers for every low-skilled job opening in Wisconsin (Figure 4).

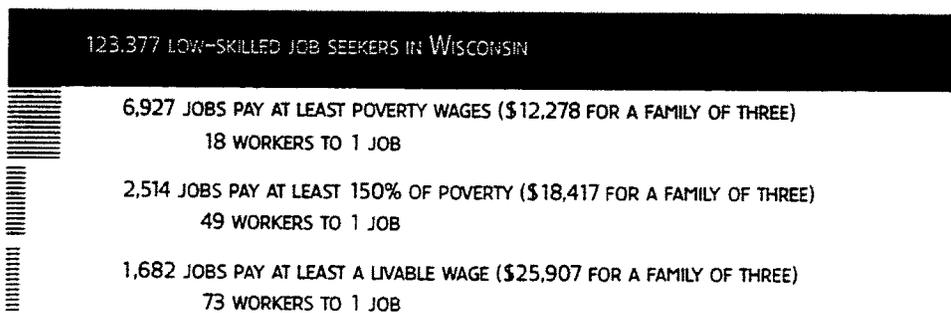
These statistics highlight the key obstacle that must be overcome to make welfare reform a success: *the severe shortage of appropriate jobs for welfare recipients, especially those paying a livable wage.* These findings are

a challenge to policymakers who believe that the welfare system can be reformed simply by requiring public aid recipients to work. Policymakers currently emphasize instilling a work ethic in welfare recipients and breaking them of behaviors presumed to cause and reinforce welfare dependence. But, to successfully implement welfare-to-work initiatives, policymakers will have to face the harsh realities of the labor market and pursue strategies that create an adequate supply of jobs that pay a livable wage.

This report measures the gap between the number of low-skilled job openings and the number of welfare recipients and less-skilled unemployed workers who need them. Section One presents a profile of welfare recipients in Wisconsin. Section Two examines the number of low-skilled job openings and compares this to the number of persons seeking jobs. Section Three looks at the availability of low-skilled jobs that pay a livable wage and the gap between the number of such jobs and the number of job seekers. Section Four outlines the policy implications of these findings.

FIGURE 4

GAP BETWEEN LIVABLE-WAGE JOB OPENINGS AND JOB SEEKERS IN WISCONSIN — 1997



SOURCE: U.S. BUREAU OF THE CENSUS, "POVERTY THRESHOLDS IN 1995."
[HTTP://WWW.CENSUS.GOV/HHES/POVERTY/THRESHLD/THRESH95.HTML/](http://www.census.gov/hhes/poverty/threshld/thresh95.html/)

INTRODUCTION

By signing the Personal Responsibility and Work Opportunity Reconciliation Act into law in 1996, President Clinton ended the entitlement to cash support for needy families. The legislation replaces Aid to Families with Dependent Children with Temporary Assistance to Needy Families (TANF) block grants to states. The Personal Responsibility Act gives states almost complete control over the design of welfare programs, but it prohibits them from using TANF monies to assist families in which an adult has received cash aid for more than five years. The states can set lifetime limits shorter than five years, and they can exempt up to 20 percent of their caseloads from the time limit for "hardship" reasons. In addition to a lifetime limit, the act mandates that any parent who has received 24 months

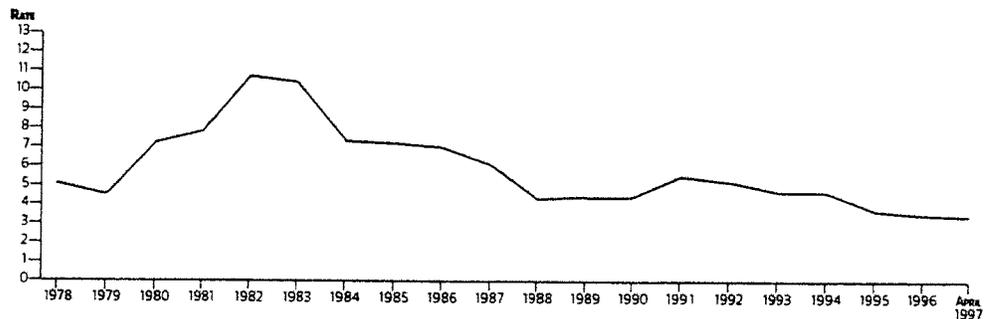
of TANF assistance must work or be in a work program to continue receiving aid.

Underlying this change in public policy is the perception that an adequate number of jobs exists and that welfare recipients could move into employment in large numbers if they were required to do so. Falling unemployment rates reinforce the view that jobs are available for welfare recipients. In Wisconsin, the unemployment rate fell from 6.9 percent in 1987 to 3.4 percent in April 1997, its lowest level in more than 20 years (Figure 5).

Such encouraging economic indicators suggest that now may be the best time for large numbers of welfare recipients to make the transition into the labor market. Prompted by that likelihood, Wisconsin lawmakers are putting in place the state's plan for imple-

FIGURE 5

WISCONSIN UNEMPLOYMENT RATE, 1978 THROUGH APRIL 1997



menting welfare reform. New welfare-to-work initiatives, backed by sanctions for noncompliance, await welfare recipients next year.

However, falling unemployment rates do not tell the full story. Despite an economy that has been growing at a record pace, large numbers of low-skilled job seekers in Wisconsin remain unemployed. In 1995, after four years of solid growth, 105,476 workers in Wisconsin were still out of work and looking for jobs, and 56,369 of these job seekers — or 53 percent of the total number of unemployed — were qualified only for low-skilled occupations. As welfare recipients test the labor market, they will be competing with currently unemployed workers for new low-skilled job openings. The success of welfare-to-work initiatives will depend critical-

ly on an adequate number of low-skilled job openings in what appears to be a tight job market.

This report presents a systematic evaluation of whether enough jobs are available for welfare recipients in Wisconsin. The number of low-skilled jobs openings are compared to the number of adult welfare recipients and other low-skilled job seekers. Section One presents a profile of welfare recipients in Wisconsin. Section Two examines the number of low-skilled job openings and compares this to the number of persons seeking jobs. Section Three looks at the availability of low-skilled jobs that pay a livable wage and the gap between the number of such jobs and the number of job seekers. Section Four explores the policy implications of these findings.

ONE PROFILE OF WELFARE RECIPIENTS IN WISCONSIN

As elsewhere in the Midwest and the nation, welfare recipients in Wisconsin must surmount multiple barriers that impede their entry into the labor force. Chief among these are low levels of education and limited work experience, which combine to restrict most of these job seekers to low-skilled, low-wage jobs that provide little chance for self-sufficiency either now or in the future.

In 1995 there were 214,404 persons in families receiving welfare in Wisconsin (all headcount data were obtained from the Wisconsin Department of Workforce Development, which has responsibility for administering the state's welfare program). Since 148,792 of these were children, the average size of a family receiving welfare was 3.2 persons, slightly above the Midwest's average of 3.1 persons per welfare family. Adults made up only 30.6 percent of persons in welfare families, and women were 94.1 percent of the adult recipients (U.S. Bureau of the Census, 1995). In Wisconsin less than 2 percent of the children in families receiving welfare lived in a household where both the mother and father were present, while the remaining 98 percent lived with only one parent or another family member. This means that child care responsibilities will play a role both in limiting

the range of employment opportunities for adults in families receiving welfare and in making it more difficult for them to hold on to whatever job they do obtain.

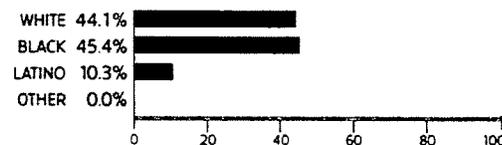
Slightly under half (45.4 percent) of the adults receiving welfare in Wisconsin are African Americans (Figure 6). Whites were the second-largest group, and Latinos comprised another 10.3 percent of the welfare caseload.

Adults who are heads of household and receiving welfare in Wisconsin are slightly younger than their counterparts in the other midwestern states. Nine out of every ten (90.2 percent) are under 35 years of age, although none are under 18 years old (Figure 7).

The welfare population in Wisconsin, like those in the nation and the Midwest, is characterized by limited levels of education and work experience (Figure 8). Over a quarter (29.8 percent) of the adult heads of household on welfare in Wisconsin failed to complete high school, and another 33 percent had only a high school diploma. On the other end of the educational scale, none reported having obtained a bachelor's degree.

Because of child care responsibilities and limited levels of education, it is not surprising that 50.7 percent of the adults on welfare in

FIGURE 6
RACE/ETHNICITY OF WELFARE RECIPIENTS IN WISCONSIN, MARCH 1995



U.S. BUREAU OF THE CENSUS, CURRENT POPULATION SURVEY, MARCH 1995

FIGURE 7
AGE OF WELFARE RECIPIENTS IN WISCONSIN, MARCH 1995

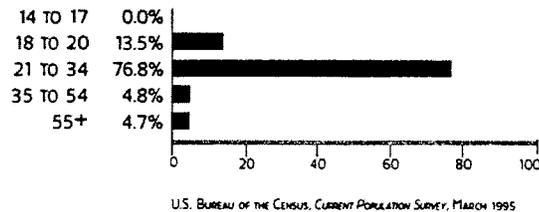
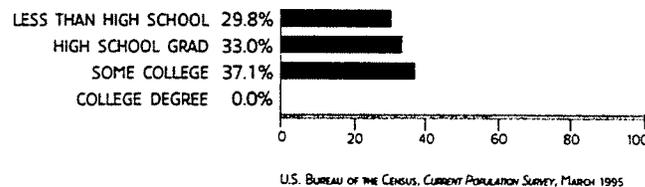


FIGURE 8
EDUCATION OF WELFARE RECIPIENTS IN WISCONSIN, MARCH 1995

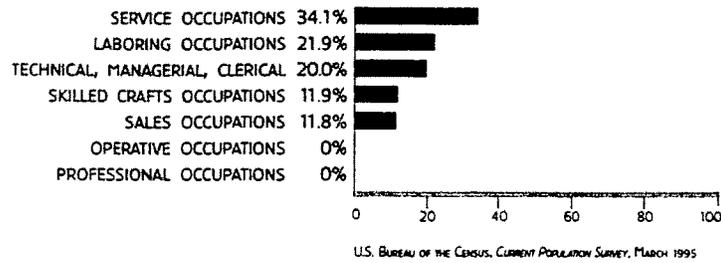


Wisconsin are not currently in the labor force, although 4.7 percent of this group represents persons whose health or disability status prevents them from working.

Somewhat more surprising is the fact that 35.5 percent of the adult welfare recipients in Wisconsin were working. Contrary to the belief that welfare undermines the work ethic, for these adults it operated to supplement low-wage employment. Of those who were working, 34.1 percent were in service occupations; 21.9 percent were in laboring occupations; 11.9 percent were in the skilled crafts; 11.8 percent were in sales jobs; and the remaining 20.3 percent were in other occupations (Figure 9).

The characteristics of Wisconsin's welfare recipients has bearing on the likelihood of their being able to move into the labor market successfully. Given their comparatively low levels of educational attainment and limited work experience, most welfare recipients in Wisconsin will qualify only for low-skilled jobs. But if the labor market in Wisconsin reflects the national pattern, there is a surplus of persons seeking low-skilled jobs. This has translated nationally into a high unemployment rate in that segment of the labor market to which most welfare recipients have to turn. The unemployment rate for workers with less than a high school diploma is five times that for

FIGURE 9
OCCUPATIONS OF CURRENTLY EMPLOYED WELFARE RECIPIENTS IN WISCONSIN, MARCH 1995



workers with a college degree (Blank, 1996). Among women aged 24 to 34 without a high school diploma, one of the more common categories of welfare recipients in Wisconsin, the unemployment rate in March 1996 was 15.4 percent, nearly triple the overall unemployment rate, and for African-American women it was a staggering 27.2 percent (U.S.

Department of Labor, 1996). Clearly, even in these boom times, when the economies of the Midwest and Wisconsin are reputedly at full employment, the low-skilled end of the labor market poses a daunting challenge to policymakers determined to move welfare recipients into the workforce.

Despite falling unemployment rates during the 1990s, the Wisconsin economy has not generated a sufficient number of jobs to accommodate all of the job seekers — unemployed workers and adult welfare recipients — who are in need of low-skilled employment. As a result, a significant job gap exists in the state.

The term “job gap” (or “numerical job gap”) refers to the absolute difference between the number of low-skilled job seekers and the number of low-skilled job openings. Another way of measuring this difference is to calculate the ratio of low-skilled job seekers to low-skilled job openings, an indicator that has been labeled the “worker-to-job ratio.”

In 1997 there are only 40,790 low-skilled job openings available in Wisconsin for the 123,377 unemployed workers and adult welfare recipients who are seeking jobs and who are qualified only for low-skilled work (Figure 10). If all of these job seekers were moved

into the labor market, there would be a numerical job gap of 82,587 jobs. This translates into a worker-to-job ratio of three job seekers competing for every low-skilled job opening.

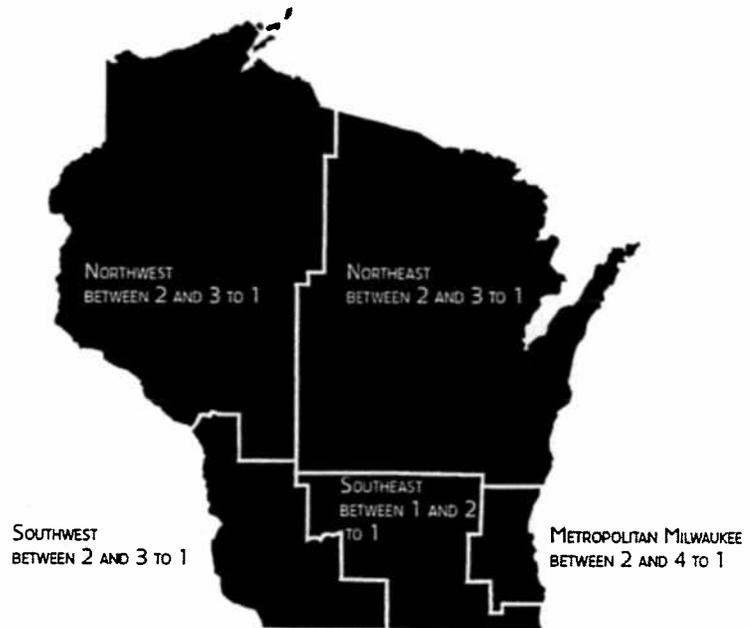
By 2000 the numerical job gap is projected to narrow slightly to 81,477, still leaving the worker-to-job ratio at three low-skilled job seekers competing for every low-skilled job opening. Job gaps and worker-to-job ratios of this magnitude, or anything close to them, mean that state welfare-to-work initiatives will face very tough challenges from low-skilled labor markets that, in many areas, will simply not provide enough jobs for those who must find work.

Of course, not all welfare recipients must be moved into the labor market at the same time. Federal legislation requires states to place only 25 percent of their caseloads into work activities in 1997, and the requirement increases by 5 percent in each subsequent year. Under this scenario for 1997, there are

FIGURE 10
WISCONSIN JOB GAP AND WORKER-TO-JOB RATIO — 1997



FIGURE 11
 THE WORKER-TO-JOB RATIO IN THE REGIONS OF WISCONSIN — 1997



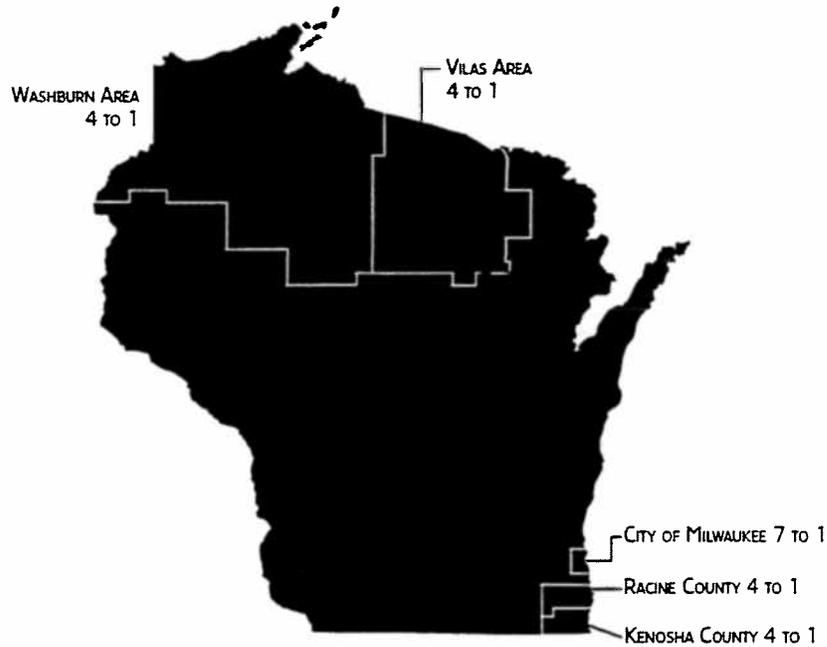
73,121 job seekers in Wisconsin, which means that the numerical job gap is 32,331. This translates into a worker-to-job ratio of two job seekers for every low-skilled job opening. By 2000, when 40 percent of the welfare recipients must be in work activities, the numerical job gap in Wisconsin will increase to 83,172, which maintains a worker-to-job ratio of two job seekers for every low-skilled opening.

Neither the job gap nor the worker-to-job ratio is the same in all parts of Wisconsin (Figure 11). The size of these measures varies from one region of the state to the other, and

there is even variation within each of the regions. Of course, for all practical purposes, it is these geographically smaller labor markets within which low-skilled job seekers must compete for appropriate employment. That competition will be strongest in metropolitan Milwaukee, which has the largest worker-to-job ratio in the state, with the northwest region coming in second.

The competition for low-skilled jobs will be especially severe in several areas of Wisconsin (Figure 12). In the city of Milwaukee the worker-to-job ratio is as high as seven workers for every low-skilled job opening. In Racine and

FIGURE 12
 THE WORKER-TO-JOB RATIO IN SELECTED SUBREGIONS OF WISCONSIN — 1997



Kenosha Counties it is close to four workers for every low-skilled job opening. In the census areas around Washburn County, in northwestern Wisconsin, and in Vilas County, in the northeast, the ratio is also as high as four low-skilled job seekers for every available opening.

These job gap numbers and worker-to-job ratios for Wisconsin (Table 1 and Figure 13) show that the state economy, even though it is experiencing robust growth, will not be able to absorb the welfare recipients whom reform legislation requires to find work. These find-

ings challenge the basic underlying assumption of welfare reform — that individuals choose welfare as an alternative to work. It is more likely that individuals are forced onto welfare rolls because jobs are not available, or for other reasons that may be beyond their control. In the current context of time-limited welfare, these job-gap figures and worker-to-job ratios cast doubt on the wisdom and efficacy of limiting the receipt of benefits for those unable to find work.

TABLE 1
 NUMERICAL JOB GAP AND WORKER-TO-JOB RATIOS BY REGION, 1997

	LOW SKILLED	JOB SEEKERS		JOB GAP		WORKER-TO-JOB RATIO	
	JOB OPENINGS	LOW	HIGH	LOW	HIGH	LOW	HIGH
NORTHWEST	4768	10637	15687	5869	10919	2.2	3.3
ASHLAND, BAYFIELD, BURNETT, DOUGLAS, IRON, PRICE, RUSK, SAWYER, TAYLOR, WASHBURN	1189	3530	5344	2341	4155	3.0	4.5
BARRON, CLARK, DUNN, POLK, ST. CROIX	1474	3027	4114	1552	2640	2.1	2.8
BUFFALO, JACKSON, MONROE, PEPIN, PIERCE, TREMPAULEAU	958	2200	3024	1242	2066	2.3	3.2
CHIPPEWA, EAU CLAIRE	1147	1881	3205	734	2058	1.6	2.8
SOUTHWEST	2361	4420	6005	2059	3644	1.9	2.5
CRAWFORD, LA CROSSE, VERNON	1286	2428	3560	1142	2274	1.9	2.8
GRANT, GREEN, IOWA, LAFAYETTE, RICHLAND	1075	1993	2445	917	1370	1.9	2.3
NORTHEAST	12166	22671	31375	10504	19209	1.9	2.6
ADAMS, JUNEAU, PORTAGE, WOOD	1410	3138	4596	1728	3186	2.2	3.3
BROWN, DOOR, FLORENCE, KEWAUNEE, MANITOWOC, MARINETTE, OCONTO, SHEBOYGAN	4303	7191	9974	2888	5671	1.7	2.3
CALUMET, OUTGAMIE	1610	2355	3073	745	1463	1.5	1.9
FOND DU LAC, GREEN LAKE	898	1512	1949	613	1051	1.7	2.2
FOREST, LANGLADE, LINCOLN, VILAS, ONEIDA	816	2340	3360	1524	2544	2.9	4.1
MARATHON	1004	2159	3023	1155	2019	2.2	3.0
MARQUETTE, MENOMINEE, SHAWANO, WAUPACA, WAUSHARA	799	2334	3001	1534	2202	2.9	3.8
WINNEBAGO	1325	1642	2399	317	1074	1.2	1.8
SOUTHEAST	8247	11216	17154	2969	8907	1.4	2.1
COLUMBIA, DODGE, SAUK	1396	2532	3248	1136	1852	1.8	2.3
DANE	3798	2795	4655	-1003	857	0.7	1.2
JEFFERSON, WALWORTH	1222	1596	2125	374	903	1.3	1.7
KENOSHA	774	2042	3466	1268	2692	2.6	4.5
ROCK	1057	2251	3660	1194	2603	2.13	3.5
METRO MILWAUKEE	13249	24178	53156	10930	39908	1.8	4.0
MILWAUKEE CITY	5573	15243	38591	9670	33018	2.7	6.9
MILWAUKEE	2176	2339	5070	163	2894	1.1	2.3
RACINE	1248	2716	4532	1468	3284	2.2	3.6
WASHINGTON	1288	1459	1831	171	543	1.1	1.4
WAUKESHA	2965	2423	3132	-542	167	0.8	1.1
STATE TOTALS	40790	73121	123377	32331	82587	1.8	3.0

LIVABLE WAGES IN WISCONSIN

Although the official poverty line is commonly used to determine minimally acceptable income levels, it has long been recognized to be an inadequate measure of economic well-being. The poverty-line calculation fails to account for regional variations in the standard of living; it has not been adjusted to reflect changes in consumption patterns and rising costs over time; and it does not include certain expenses such as child care. Critics of the poverty line have called for an approach to measuring economic well-being that more completely and accurately reflects the costs of supporting a family.

To create a more accurate estimate of the income level needed to support a family in the Midwest, a basic budget was constructed for a working mother and two preschool children, the most common type of family receiving welfare (Shankman, 1995). The budget is based on the average costs of household necessities and work-related expenses (see the budget appendix in Kleppner and Theodore, 1997 for the detailed budget). To cover the

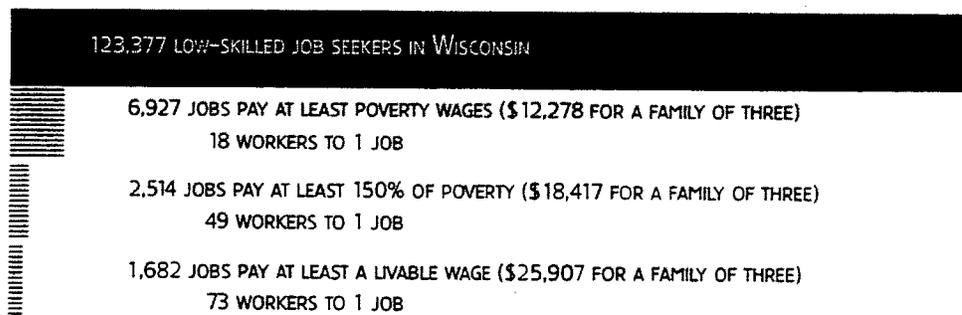
expenses included in this basic budget, a three-person family would require a pre-tax annual income of \$25,907.

Few low-skilled job openings in Wisconsin pay an income that meets this livable wage standard for a three-person family. Of all the low-skilled job openings in Wisconsin in 1997, only 1,682 — or 4.1 percent — paid enough to reach the livable wage threshold. However, depending on the number of welfare recipients being moved into the labor market, there are between 73,121 and 123,377 workers who are seeking this type of work. This amounts to a worker-to-job ratio of between 44 and 73 job seekers for every livable wage low-skilled job opening in the state (Figure 14). And by 2000 the worker-to-job ratio is projected to be between 48 and 71 job seekers for every livable wage low-skill job opening.

The worker-to-job ratio drops if we use other definitions of minimum income adequacy, although a sizable gap remains regardless of which definition is used. For example, in

FIGURE 14

GAP BETWEEN LIVABLE-WAGE JOB OPENINGS AND JOB SEEKERS IN WISCONSIN — 1997



SOURCE U.S. BUREAU OF THE CENSUS, "POVERTY THRESHOLDS IN 1995."
[HTTP://WWW.CENSUS.GOV/HHES/POVERTY/THRESHLD/THRESH95.HTML](http://www.census.gov/hhes/poverty/threshld/thresh95.html)

1997 only 6.1 percent of the low-skilled job openings in Wisconsin paid enough for a family of three to earn an income equal to 150 percent of the poverty level, and only an additional 16.9 percent paid enough for a similarly sized family to earn an income enabling it to rise above the poverty level (Figure 15).

Thus, even when the official poverty level is used as the measure of income sufficiency, in 1997 there are between 11 and 18 job seekers for every low-skilled job opening in Wisconsin. And by 2000 the worker-to-job ratio is projected to be between 12 and 17 job seekers for every low-skilled job opening that pays enough to lift its holder above the poverty line.

The ratio between job seekers and jobs that pay a livable wage also varies considerably within Wisconsin, although there is no region and no census area in which there is even a rough balance between the two (Figure 16).

The largest ratio of low-skilled job seekers to livable wage jobs is in the northwestern part of the state, where it is between 59 and 86 to 1 in 1997. Metropolitan Milwaukee and the southwestern region of the state are in second place. The situation is not projected to improve by the year 2000 (Figure 17).

The small percentage of job openings paying a wage that is sufficient to lift a family out of poverty reflects the low-wage nature of low-skilled job openings in Wisconsin. The economy has not generated enough of the sort of jobs necessary to support a successful move from welfare to work for the thousands of welfare recipients needing to make this transition. Not only are the numbers of job openings insufficient, but the wages that will be paid to many of the workers who are able to find employment will be too low to lift families out of poverty.

FIGURE 15
LOW-SKILLED JOBS PAYING ABOVE AND BELOW VARIOUS INCOME LEVELS

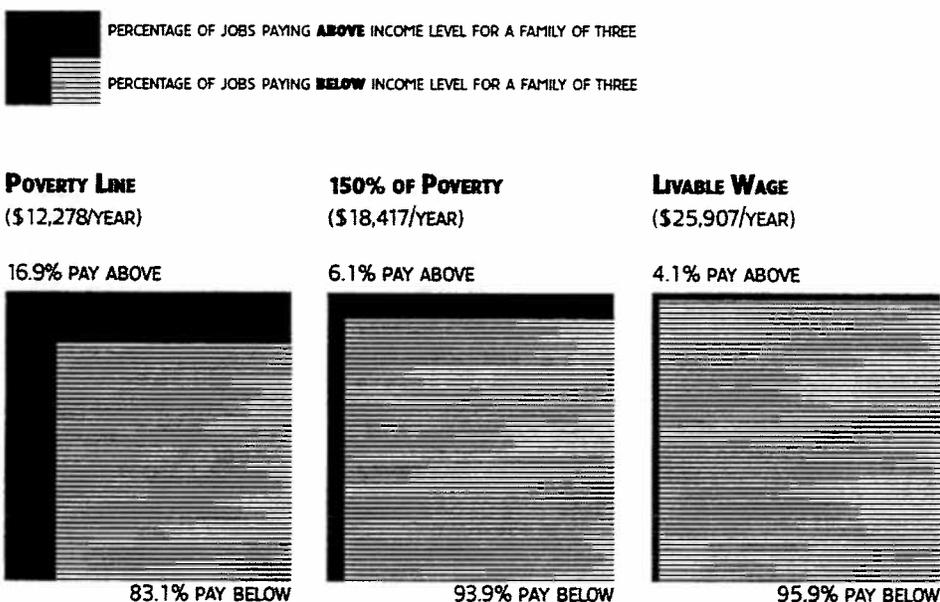


FIGURE 16
LIVABLE WAGE WORKER-TO-JOB RATIOS IN THE REGIONS OF WISCONSIN — 1997

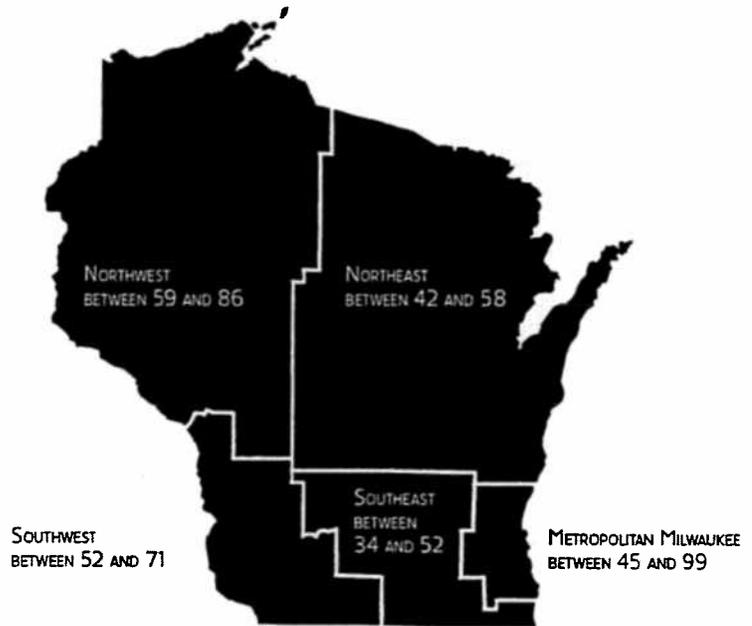
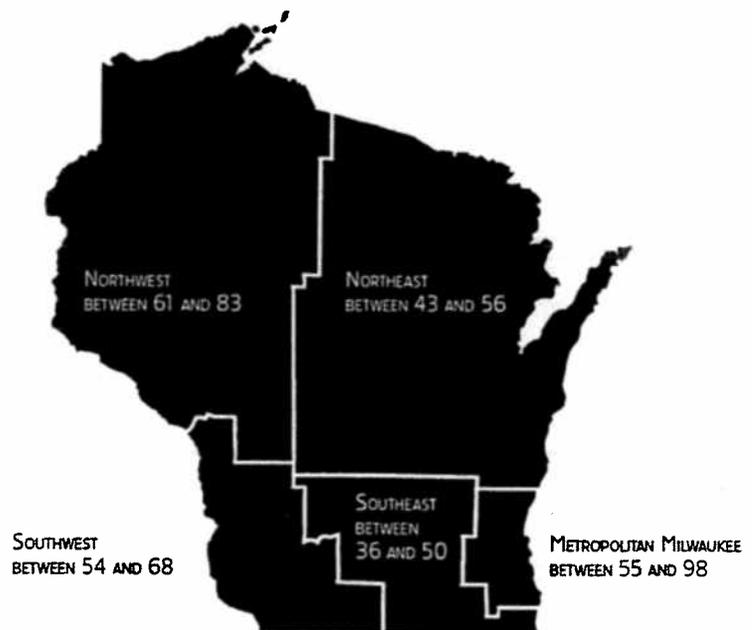


FIGURE 17
LIVABLE WAGE WORKER-TO-JOB RATIOS IN THE REGIONS OF WISCONSIN — 2000



Policies that mandate work by welfare recipients and limit the length of welfare eligibility should be predicated on two conditions. First, that there are enough jobs for which welfare recipients can qualify. Second, that these jobs pay enough to lift families out of poverty. Clearly, the Wisconsin economy meets neither of these conditions. As this report shows, there are between two and three job seekers for every low-skilled job opening in the state.

Low-skilled job seekers face a labor market that offers few opportunities to earn a livable wage. Less than 4 percent of low-skilled job openings in Wisconsin pay workers at a level that would allow them to earn a livable wage for a family of three. This staggering figure reflects the low-wage nature of the labor market for welfare recipients, and is a prelude to the daunting task that confronts them in their quest for self-sufficiency.

The figures presented in this report stand in stark contrast to assertions that large numbers of jobs go unfilled and that welfare recipients could secure jobs if they only tried. Unfortunately, debate over welfare reform has been dominated by mistaken notions of job availability. As a result, welfare policy has focused on the development of sanctions as a way to remedy the supposed individual deficiencies of welfare recipients. This approach has led to policies that may be unnecessarily punitive and counterproductive. Merely imposing work requirements and time limits for welfare recipients will not overcome the severe labor market barriers or the severe shortage of low-skilled jobs faced by these job seekers.

This report reveals an often neglected fact that the economy, even in boom times, generates too few jobs for less-skilled workers. The numbers in this report show the magni-

tude of the task that lies ahead. They stand as a challenge to policymakers to move beyond the rhetoric of welfare reform and direct attention where it is needed most — to the development of public policies that encourage job creation, enhance the labor market preparation of welfare recipients, and foster an environment that assists families in escaping poverty and achieving self-sufficiency.

In responding to this challenge, policymakers will need to pursue innovative approaches grounded in common sense. In light of these job gap findings, in what directions might Wisconsin move to make its welfare reform successful?

First, policies that reward work have been shown to increase the proportion of welfare recipients who move into the workforce. Income disregards that allow welfare recipients to work and earn paychecks without proportionately reducing their cash benefits encourage and ease their transition into the workforce.

Second, policies that remove barriers to work encourage welfare recipients to move into the workforce. Paying for child care and for medical costs when their children become ill are two of the major barriers that discourage some recipients from moving off welfare. Providing a year or more of transitional child care and Medicaid assistance will remove these impediments to successful welfare-to-work transitions.

Third, policies that encourage job training for welfare recipients greatly expand the range and number of jobs that are open to them. An earlier Illinois study (Carlson and Theodore, 1995) showed that as little as three months of job training increased the number of jobs open to welfare recipients in the state by over 60 percent and cut the size of the job gap by

about 19 percent. The impact was even greater in the city of Chicago, where three months of training increased the number of jobs for which welfare recipients qualified by 158 percent, cutting the city's job gap by about 30 percent.

Fourth, given the geographic variation in the size of Wisconsin's job gap problem, a "cookie-cutter" solution isn't likely to be successful. Some parts of the state are likely to require different approaches and perhaps even more resources than others to make their welfare reform efforts succeed. This may take the form of transportation planning and support both to link urban welfare recipients with suburban job openings and to enable job seekers in rural area to commute to where the jobs are. It may also take the form of adopting a variable proportionate exemption from the work requirement. Some areas with comparatively low worker-to-job ratios may not need to exempt 20 percent of their welfare recipients from the work requirement, as federal law allows. Other areas may need a higher exemption rate.

Fifth, case workers will likely have to take on new and different functions. They must continue to be concerned with linking welfare recipients to jobs, but they will also have to become involved with follow-up after the initial placement — perhaps in helping the new workers to locate dependable child care or to

resolve transportation problems. And should the first placement not prove permanent, case workers must be prepared quickly to link the former welfare recipient to a new job. Intensive follow-up over an extended period of time makes a major difference in helping former welfare recipients make successful transitions to the workforce.

Sixth, states should develop policies to encourage private-sector employers to hire welfare recipients. Unless the private sector is mobilized to become an active player in helping to surmount the job gap problem, the prospects for successful welfare reform will remain bleak.

These suggestions by no means exhaust the possibilities. But they underscore a point of major importance: successfully moving welfare recipients into the workforce will not be accomplished by a single piece of legislation. State policymakers should expect to be revisiting this issue with some regularity in future years. And that is how it should be — because that will allow policymakers to assess what has occurred, to discard what isn't working, and to expand and even improve upon what shows itself to be successful. It is only by monitoring and evaluating what really happens, and by maintaining sufficient flexibility to make changes when they prove to be needed, that policymakers will be able to make this effort at welfare reform a successful one.

LOW-SKILLED CENSUS OCCUPATIONS

administrative support*	garage and service station	mail preparing machine operators	printing press operators
animal care	garbage collectors	material records clerks*	private servants
assemblers	glue machine operators	mechanical repairers*	production testers
auctioneers	grader, dozer, and scraper operators	messengers	production samplers
bartenders	graders and sorters, not agricultural	metal plating machine operators	production helpers
billing machine operators	graders agricultural products	meter readers	production inspectors
bridge tenders	grinding machine operators	milling machine operators	punching machine operators
bus drivers	groundskeepers	mining occupations* mining machine operators	rail vehicle operators*
butchers	guards and police, except public service	miscellaneous food preparers	rail brake operators
cashiers	guides	miscellaneous hand work	recreation attendants
childcare private household	hand cutters	miscellaneous textile machine operators	records clerks
classified advertising clerks	hand painters	miscellaneous moving operators	roasting machine operators
compression machine operators	hand engravers	miscellaneous metal plating machine operators	rolling machine operators
construction trades*	hand molders	miscellaneous machine operators*	sailors
construction laborers	hand packers	miscellaneous wood machine operators	sales counter clerks
cooks, private household	heat treatment equipment operators	miscellaneous metal machine operators	separating machine operators
correctional institution officers	helpers, construction	mixing machine operators	sewing machine operators
crane operators	helpers, surveying	molding machine operators	shaping machine operators
crossing guards	helpers, repairers	nailing machine operators	shoe machine operators
crushing machine operators	helpers, extractive	news vendors	slice machine operators
data entry keyers	hoist winch	nursery workers	solderers
drillers, oil well	hotel clerks	nursing aides	statistical clerks
drillers, earth	industrial truck tractor operators	office machine operators*	stevedores
drilling machine operators	inspectors agricultural products	operating engineers	stock handlers
driver-sales workers	interviewers	order clerks	stock clerks
drywall installers	janitors	packaging machine operators	street sales workers
duplicating machine operators	kitchen workers, food preparation	paint machine operators	taxi drivers
elevator operators	knitting machine operators	parking lot attendants	teacher aides
excavating operators	laborers except construction	paving equipment operators	telephone operators
expeditors	lathe operators	peripheral equipment operators	textile sewing machine operators
fabricating machine operators	laundry machine operators	personal service*	textile cutting machine operators
family childcare providers	launders	pest control	timber cutting
farm workers	library clerks	press machine operators	traffic clerks
file clerks	longshore equipment operators		truck drivers
fishers	machine maintenance occupations		typists
folding machine operators	machine feeders		ushers
food counter	maids		vehicle and equipment washers
forestry work not logging	mail carriers		waiters
forging machine operators	mail clerks nonpostal		waiters' assistants
forming machine operators			washing machine operators
freight handlers*			weighers
furnace operators			winding machine operators
			wood lathe operators

*not elsewhere classified.

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