

Welfare to Work: A Job Skills Assessment of Adult TANF Recipients and the Labor Market of Merced County, CA

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ABSTRACT

The implications of Welfare to Work legislation is assessed for Merced County, CA. A job skills assessment of the Merced County adult TANF recipient population is conducted and compared to the current and future labor market needs of Merced County. Results of the study indicate a significant “gap” with respect to the job skills needs of Merced County employers and the characteristics of adult Merced County TANF recipients. Further, even if TANF recipients were to possess the skills needed by Merced County employers, there would not be enough jobs provided by the local economy to adequately employ these public assistance recipients. Implications of this result are discussed.

INTRODUCTION

The rules have changed dramatically with regard to the administration of public assistance. With the passage of HR 3734, The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, AFDC and JOBS federal programs have been eliminated (U.S. Dept. of HHS, 1996). The Temporary Assistance for Needy Families (TANF) federal block grant has replaced AFDC and JOBS. With TANF, however, has come new and stricter federal guidelines, particularly with regard to recipient employment.

In 1997, following a lengthy and sometimes heated debated, the California legislature passed CALWORKS, the California Work Opportunity and Responsibility to Kids Program, in order to comply with federal guidelines (California Assembly Bill Number 1542, 1997). These new regulations went into effect as of January 1, 1998. There are two critical elements to this new program: (1) the establishment of time limits to public assistance, and (2) the establishment of a work expectation.

The underlying rationale for the both the TANF and CALWORKS legislation is the elimination of long-term dependency on public assistance and the expectation that all able bodied public assistance recipients will attempt to join or re-join the work force. With this new work expectation has come the formidable task of attempting to move welfare recipients from public assistance rolls to the workforce.

We were driven by a central question in this study: How prepared are Merced County welfare recipients to move into the workforce? The corollary to this question is whether or not jobs will be available for these recipients as they enter the workforce. More generally, we were interested in what the future holds for CALWORKS participants in Merced County. The implications raised by federal and state requirements to move former welfare recipients to the workforce are numerous (The Economist, 1997). The lingering, unstudied question is what the impact will be for local communities as the Welfare to Work legislation begins to be enforced.

RESEARCH METHODS

We collected three main data sets: one data set from MAGIC (Merced County Eligibility Services) regarding basic demographic characteristics of adult, active Merced County TANF recipients. These demographic characteristics included gender, age, ethnicity and primary language. The second data set was collected from GEMS. In the GEMS (Merced County Employment & Training) database, we were particularly interested in information relating to educational attainment, job skills and employment history. The third data set we collected regarded the current and future Merced County job market. This information was harvested from the Merced County Private Industry Training Department and U.S. Bureau of the Census data sources. From this data set, we were interested in both current and future job prospects in Merced County, as well as the minimal knowledge, skills and abilities (KSAs) that these positions will require.

We then analyzed and compared these three data sets. The analysis of these three data sets was conducted with SPSS (Statistical Program for the Social Sciences, Release 6) (SPSS, Inc., 1993) using generally accepted statistical procedures.

Magic Database

Our screening design for MAGIC was as follows: we requested a list of and demographic information for every active status, adult TANF recipient in Merced County. This group constituted the persons affected by the CALWORKS work requirements.

Our audit of the Magic database yielded 7,452 active status adults receiving TANF. We believe this number constitutes the total number of CALWORKS affected persons as of the Summer of 1998. In addition, we obtained key demographic data which is summarized below. The MAGIC database had missing data for less than 1% of our audited information.

Gender and Age. Out of 7452 adult TANF recipients, there were 5426 females and 2026 males. In other words, 72% of adult TANF recipients were female. This is in contrast to a nearly gender balanced Merced county population (US Bureau of the Census, 1990). The average age of an adult Merced County TANF recipient was 32 to 33 years old (Mean 32.5 years; standard deviation of 9.50 years). Approximately 90% of the recipients were born between the years 1950 and 1980, for an age range of 18 to 48.

Language and Ethnicity. The three primary languages spoken by TANF adults are English (66.9%), Hmong (14.8%) and Spanish (14.6%). Surprisingly, there are slightly more primary Hmong speakers than Spanish. The open question that is posed by this statistic is the degree of integration that the Hmong community has been able to achieve in the United States and particularly in Merced County. Hispanics represent 41.8% of the Adult TANF population. This is followed by White (29.9%), Misc. Asian (10.3%), Laotian (8.7%) and Black (8.2%) groups. In proportion to the general Merced County population (US Bureau of the Census, 1990), Hispanics and Asians are over-represented in the TANF population.

GEMS Database

We next audited the GEMS database. Our audit of the GEMS database yielded 5,392 active CALWORKS individuals. This represented a difference between MAGIC (7,452 cases) and GEMS (5,392 cases) of 2,060 individuals. We are unable to account for these 2,060 missing cases. In addition, while there are 5,392 active individuals registered with CALWORKS, we have activity information for only 3,896 individuals, or 72.26% of the GEMS database. With regard to employment, there is information regarding only 1,448 individuals, or 26.85% of the GEMS database. We believe that this later statistic is due to the absence of an employment history for most participants in the newly created CALWORKS program.

Number of Dependents and Parental Status. The average number of children that a CALWORKS participant has equals just over two (Mean = 2.16, Standard Deviation = 2.09). Numbers of children that a CALWORKS participant has ranges from 0 to 13. It is interesting to note there that 78.8% of CALWORKS participants have three children or less. More than half of all Merced CALWORKS participants are single parents. Based on the MAGIC data, with 72.8% of all TANF adults female, we assume that the vast majority of single parents are women. The remainder are members of two-parent households.

Time on AFDC. The largest proportion of CALWORKS recipients reporting that they have previously received aid have been receiving it for 3 years or more. Long-term recipients appear to comprise at least 14% of those in CALWORKS. Two hundred and ninety-two CALWORKS participants report having received public assistance for ten years or more.

Educational Attainment. In the reported sample, 35.1% of CALWORKS participants have no High School diploma. Because there is so much missing data, we believe that this figure represents a lower bound with regard to the number that lack a basic education. Roughly speaking, the average CALWORKS participant has just under a ninth-grade education. In the reported sample, 26.1% have attempted the twelfth grade. Fully 8.4% (or 452 individuals) report never having been to school.

Employment History Out of the CALWORKS database, only 24.9%, or roughly a quarter of the population, have any sort of employment history from the previous 12 months. The number regarding 12 and 24 month employment histories are almost identical. Roughly 30% have some employment history over the past 24 months, with no information on almost 32% of participants.

Current Employment by Job Classification. The most common types of jobs in which CALWORKS participants are currently working are low-skilled occupations. Food & Beverage preparation is the most common type of job (12.0%), followed closely by Sales & Cashier positions (10%), plant farming and gardening (9%), domestic services (7%) and food processing (6.5%). In all, 1,448 (26.85% of CALWORKS participants) participants report some type of employment activity.

MERCED COUNTY LABOR & EMPLOYMENT MARKET

The civilian labor force in Merced County as of September 1998 consists of approximately 83,700 persons (California Employment Development Department, 1998). Out of

this labor force, approximately 74,400 adult individuals were employed and 9,300 were unemployed, for an unemployment rate of 11.1%. This rate of unemployment is almost twice the California unemployment rate of 5.7% and nearly triple the US unemployment rate of 4.4%. The September rate of 11.1% is also the lowest unemployment rate of the year. The unemployment rate in Merced County is cyclical, and dependent upon the agricultural economy.

The prospects for jobs and economic development in Merced County are excellent. Total non-farm and salary employment is projected to add 8,300 jobs between 1995 and 2002 (California EDD, 1998). This represents a 17.5% increase during this time period. As of September 1998, these projections are in fact accurate. From 1995 to September of 1998, Merced County added 4,200 jobs. This represents an 8.88% annual change.

Where is the largest growth in jobs expected to occur? Growth is expected to be largest in two sectors - government and manufacturing. Growth in government is projected to come predominately from increases in education hiring, particularly elementary school teachers (reduced class sizes) and education support staff.

Initiatives to cut the student/teacher ratio below 30:1 are expected to add at least 2,900 jobs to the Merced County economy between 1995-2002 (California EDD, 1998). This growth in educational hiring is also offset by a virtual freeze in other areas of government. No growth is anticipated in state government jobs and there is a projected decline of 300 Federal jobs in the County (California EDD, 1998). In spite of this decline in "traditional" government jobs, the government sector is still projected to be the largest employer in Merced County by 2002.

Manufacturing, predominately food processing, is expected to add at least 1,600 jobs between 1995 and 2002. Both durable and non-durable goods manufacturing is expected to grow (California EDD, 1998). This growth is anticipated to come largely from shifts in manufacturing from large metropolitan areas (e.g. the Bay Area) into the central valley. Combined with aggressive economic development efforts, Merced County is projected to represent an increasingly sought after environment for manufacturing job growth. Manufacturing should add 1,600 jobs between 1995 and 2002 (California EDD, 1998).

All other sectors of the Merced County economy are projecting reasonable growth rates. Services, for example, are projecting the addition of 700 jobs, mainly in health services. Expansion of opportunities at Castle Air Force Base is also expected to add to employment in communications, publications and transportation. Castle Air Force Base's economic impact is anticipated to add 1,000 jobs by 2002 (California EDD, 1998). Growth in other sectors is projected to be modest: 300 jobs in construction and mining, 100 jobs in wholesale trade and 200 jobs in finance, insurance & real estate.

ASSESSMENT OF TANF ADULT JOB ENTRY

With two exceptions, the types of jobs that Merced TANF recipients are currently taking are generally from lower skill and education level occupations. However, even in these occupations employers prefer applicants with a High School diploma. This would imply that individuals with a minimal High School degree have been the most successful in seeking and retaining employment.

This is not to imply that TANF job applicants without High School diplomas cannot find jobs. As our analysis from the combined GEMS and MAGIC databases revealed, employers are hiring these persons with roughly a ninth to tenth grade education. This may be due to a generally lower level of educational attainment in Merced county, or perhaps because employers

are hiring under qualified workers for these positions due to the lack of a more suitably qualified labor pool.

The next pressing question concerns the global job market of Merced County. The California EDD estimates that an additional 4,100 jobs will be added to Merced County between the years 1999 and 2002. Given that there are 7,452 TANF Adults registered in Merced County (MAGIC) and that there are currently 5,392 active CALWORKS participants, even if every new job were given to CALWORKS adults, there would not be enough jobs to fill the CALWORKS agenda of full adult employment.

This point of course ignores the educational attainment of the CALWORKS population. Even if job creation, which by the way outpaces the rest of the state, did in fact create enough jobs for every CALWORKS recipient, the skills of the CALWORKS population are not adequate to fill the jobs that would be created. With only 23.7% of CALWORKS participants reporting a High School diploma, the prospects for employment in the majority of the fastest growing occupations is increasingly unlikely.

With minimal training and skills preparation, however, it may be possible to shift one to two thousand individuals from CALWORKS into the workforce. Based on the average skills of CALWORKS participants (9th to 10th grade education) and the prospects of an additional one to two thousand low-skill jobs, this appears to be a reasonable goal.

The job growth of Merced County has shifted increasingly to health, education and services, all of which are requiring increasing levels of educational attainment and skills. Without a dramatic shift in overall levels of educational attainment and skills preparation, the CALWORKS population is set to fall increasingly farther behind in a modern knowledge and skills based economy. Because traditional agriculture jobs no longer appear to fill this “gap” in Merced, the outlook for full employment of CALWORKS recipients is bleak.

CONCLUSIONS & RECOMMENDATIONS

There are three main conclusions to be drawn from this research study; namely, that :

- (1) The Merced County job market is expanding,
- (2) many adult TANF recipients will be entering this job market in the next 12 to 24 months, and
- (3) that the skills base of this group does not match the future needs of the job market.

How does Merced County go about addressing this skills gap and the mandated work requirements? We recommend both short-term and long-term strategies to address this pressing issue. Short-Term, we recommend setting the goal of moving 2000 adults into the work force by the end of the year 2002. This represents the entry of 500 individuals into full-time employment each year for the next four years. The way that this could be achieved could be through targeting employment in lower education and skill positions, such as retail clerks, food & beverage preparation, and cashiers.

Long-term, a number of issues will have to be addressed. It should be immediately apparent that many individuals will not be so readily transitioned in a short 24-month period. In particular, TANF recipients with extremely low levels of education and training, accompanied by a lack of work experience, pose unique challenges. In many cases, these individuals may also

have other problems that inhibit work-entry, such as language skills, high number of dependents, a single parent household, and so forth.

Merced County faces a tremendous challenge in preparing their workforce to meet the needs of the future. The Human Services Agency, in particular, faces an even greater challenge. With CALWORKS, the mission of the agency has fundamentally shifted. How will Human Services respond to the shift in their mission away from diagnosis and aid to their new role of providing job assistance and training? This is the task of the future, and the opportunity for brighter prospects to come.

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