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Who gets ahead?

Work profiles of former welfare recipients
in Illinois

Summary

Results from four years of the Illinois Families Study show that close to one half of those leaving welfare do not regularly participate in the labor market. Of those that are employed, the results are sobering. While few would dispute that working is better than receiving welfare, work is not providing the vehicle to independence that was touted by welfare reform advocates. Seventy percent of working respondents are not receiving employer-sponsored health insurance and wages remain low. Few respondents remain in the same job over time, resulting in high rates of “job churning.” This world of work needs serious reform if it is to provide poor mothers and their children the basics of a decent life.

Introduction

Illinois has passed the seven-year mark on the major welfare reforms that were signed into law in 1996 and implemented in 1997. The law’s “work first” philosophy emphasized labor-force participation as a panacea for welfare dependency, although previous Illinois Families Study (IFS) reports have shown that close to half of IFS respondents who left welfare do not regularly participate in the labor force. Now that the welfare reform celebrations have died down, how have individuals and families been affected by the new policy?

This policy brief closely examines working respondents, their job types, and what sectors of the economy provide a spring board to independence by drawing upon results from four years (1999-00

to 2003) of the Illinois Families Study (IFS). The results are sobering. Under the most optimistic interpretation, the data show a great deal of “churning,” that is, movement in and out of different sectors of occupations and industries. While there were modest improvements in earnings, it is hard to make a case for work providing a vehicle to independence. Wages remained very low, and the data suggest that of those working consistently, 13% stayed in the same occupation over several years. This movement translates into very few respondents maintaining the same job over time and suggests little job advancement. While few would dispute that working is better than receiving welfare, this world of work needs serious reform if it is to provide poor mothers and their children the basics of a decent life.

Employment Status

Employment was seen as the alternative to welfare in the 1996 reforms, but the IFS sample suggests the illusiveness of this goal in Illinois. The employed constituted around 50% of the sample across all four years, with only 24% working consistently across the entire survey period from 1999-00 to 2003.

Responses from 1999-00 to 2003 show steady proportions of working respondents and sharp declines in TANF use (see Table 1). The percentage of respondents working across all four survey years held steady at approximately 50% while the proportion receiving TANF dropped 42 percentage points. In 2003, only 11% of the sample was receiving TANF, down from 53% in 1999-00.

Approximately one-fourth (24%) of the sample was working at the time of all four interviews (see Figure 1). Almost the same proportion (23%) was not working at any of the four interviews, and 31% was working at the time of the last three interviews.

Occupation and Industry

The majority of working respondents clustered in four occupations — personal care¹, administrative support², sales³, and healthcare support and in four industries — healthcare and social assistance, educational services, accommodations and food service, and retail trade. Wages rose modestly across all occupations and industries from 1999-00 to 2003, although the average wage for the top four most common occupations was only \$8.78. The average wage for the top four most common industries was only \$9.04.

In 1999-00, the majority of respondents worked in one of four occupations — personal care (19.8%), administrative support (17.2%), sales (14.3%), and production (8.2%) (see Table 2). From 1999-00 to 2003, respondents moved out of production (4.4 percentage point loss), sales (3.1 percentage point

Table 1: Work Status and TANF Use

	1999-00 (n=966)	2001 (n=966)	2002 (n=966)	2003 (n=966)
Working	50%	51%	49%	48%
Receiving TANF	53%	31%	19%	11%

Figure 1: Work Status (1999-00 to 2003)

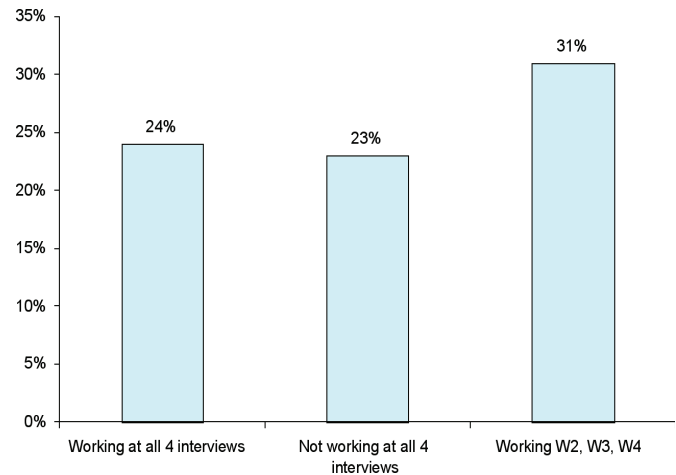


Table 2: Occupation of Current Employment

	1999-00 (n=485)	2003 (n=462)
Personal care and service	19.8%	23.2%
Office and administrative support	17.2%	17.4%
Sales and related occupations	14.3%	11.2%
Production	8.2%	3.8%
Building and grounds cleaning and maintenance	6.9%	4.8%
Food preparation, and serving related	6.5%	4.4%
Healthcare support	6.1%	10.8%
Education, training and library	4.3%	5.7%
Protective service	4.3%	4.0%
Management	3.6%	4.5%
Other	8.5%	10.0%

¹ From this point forward, personal care and service will be referred to as personal care

² From this point forward, office and administrative support will be referred to as administrative support

³ From this point forward, sales and related occupations will be referred to as sales

⁴ From this point forward, education, training and library will be referred to as education.

loss), food preparation and service (2.1 percentage point loss), and building, grounds cleaning, and maintenance (2.1 percentage point loss), and into healthcare support (4.7 percentage point gain), personal care (3.4 percentage point gain), and education⁴ (1.4 percentage point gain).

The majority of respondents worked in one of four industries in 1999-00 — health care and social assistance (31.8%), accommodations and food service (11.7%), retail trade (10.8%), and transportation and warehousing (9.2%)

The greatest and most consistent differences between Cook County and Downstate counties in 2003 were in the occupations of personal care and administrative support, with greater numbers of Cook County respondents working in these occupations (see Table 3). Greater numbers of Downstate respondents worked in healthcare support in 2003.

The majority of respondents worked in one of four industries in 1999-00 — health care and social assistance (31.8%), accommodations and food service (11.7%), retail trade (10.8%), and transportation and warehousing (9.2%) (see Table 4). From 1999-00 to 2003, the largest movements between industries occurred with respondents moving out of transportation and warehousing (3.8 percentage point loss), management and administrative⁵ (3.0 percentage point loss), accommodations and food service (2.2 percentage point loss), and manufacturing (2.3 percentage point loss) and into healthcare and social assistance (6.2 percentage point gain) and educational services (6.0 percentage point gain).

Downstate respondents were employed in greater numbers in accommodations and food service in 2003, while greater numbers of Cook County respondents were employed in transportation and warehousing (see Table 5).

⁵ From this point forward, management, administrative and support, and waste management will be referred to as management and administrative.

Table 3: Occupation by Region of State

	1999-00		2003	
	Cook (n=423)	Down-state (n=62)	Cook (n=403)	Down-state (n=58)
Personal care and service	20.1%	17.8%	23.6%	20.7%
Office and administrative support	17.7%	14.1%	18.3%	11.5%
Sales and related occupations	14.0%	16.4%	11.5%	9.0%
Healthcare support	5.6%	9.3%	10.5%	13.1%

Table 4: Industry of Current Employment

	1999-00 (n=483)	2003 (n=462)
Healthcare and social assistance	31.8%	38.0%
Accommodations and food service	11.7%	9.5%
Retail trade	10.8%	9.1%
Transportation and warehousing	9.2%	5.4%
Management, administrative and support, and waste management	8.3%	5.3%
Educational services	6.5%	12.5%
Manufacturing	5.8%	3.5%
Finance and insurance	4.3%	2.5%
Other	11.6%	14.3%

Table 5: Industry by Region of State

	1999-00		2003	
	Cook (n=422)	Down-state (n=61)	Cook (n=403)	Down-state (n=58)
Healthcare and social assistance	31.8%	31.5%	38.4%	35.2%
Accommodations and food service	10.6%	19.5%	8.2%	18.1%
Retail trade	10.5%	13.2%	9.0%	9.8%
Transportation and warehousing	10.1%	2.8%	5.9%	2.2%

Employed respondents made modest gains in hourly wages across all occupations from 1999-00 to 2003, although mean wages remained low (see Table 6). Management, food preparation and serving, and personal care saw the greatest increases. The highest paid occupations in 2003 were management (\$11.29 per hour) and education (\$11.19 per hour), although only 4.5% and 5.7% of IFS respondents reported working in these occupations (see Table 2). The top two most populated occupations in 2003 of personal care and administrative support earned, on average, \$8.12 and \$9.96 per hour.

Across industries, average hourly wages also increased modestly (see Table 7). Respondents employed in management, transportation and warehousing, and educational services saw the largest gains in hourly wages. The highest paid industry was transportation and warehousing, with employees earning \$11.45 per hour, although only 4.5% of respondents reported working in this industry. The top two most populated industries of healthcare and social assistance and accommodations and food service earned, on average, \$8.85 and \$7.38 in 2003.

Employer-Sponsored Benefits

Employers offered work-related benefits to a third or less of employed respondents. Respondents working in the most popular occupation of personal care received benefits at lower rates than respondents employed in any other occupation.

Although the proportion of working respondents receiving benefits grew steadily from 1999-00 to 2003, the majority did not receive any type of employer-sponsored benefit (see Table 8). Overall, only one-third of working respondents received employer benefits in 2003. The availability of health insurance (14 percentage point increase) and retirement programs (10 percentage point increase) saw the greatest increases from 1999-00 to 2003.

Table 6: Wage of Current Job by Occupation

	1999-00 (n=18-94)	2003 (n=17-107)
Personal care and service	\$6.17	\$8.12
Office and administrative support	\$8.47	\$9.96
Sales and related occupations	\$6.71	\$7.36
Production	\$7.71	\$8.88
Building and grounds cleaning and maintenance	\$7.02	\$8.02
Food preparation and serving related	\$5.56	\$7.84
Healthcare support	\$9.07	\$9.71
Education, training and library	\$9.53	\$11.19
Protective service	\$7.18	\$9.07
Management	\$7.71	\$11.29

Table 7: Wage of Current Job by Industry

	1999-00 (n=20-151)	2003 (n=11-170)
Healthcare and social assistance	\$7.09	\$8.85
Accommodations and food service	\$6.11	\$7.38
Retail trade	\$6.52	\$8.46
Transportation and warehousing	\$9.21	\$11.45
Management, administrative and support, and waste management	\$7.77	\$10.08
Educational services	\$8.51	\$10.54
Manufacturing	\$7.44	\$9.17
Finance and insurance	\$8.73	\$10.20

Table 8: Employer Benefits Received at Current Job (among workers)

	1999-00 (n=466-478)	2003 (n=455-459)
Health insurance for self	16%	30%
Dental insurance for self	23%	29%
Retirement program	14%	24%
Paid sick days	28%	31%
Unpaid sick days or personal leave days	22%	30%

Examining the four most common occupations, respondents in administrative support were more likely to receive employer health benefits than other occupations in 2003 (see Table 9). For example, 50% of employees in administrative support received health insurance compared to 23.9% of those working in personal care, 28.1% of those in sales, and 41.1% of those in healthcare support. Respondents working in the most popular occupation – personal care – were the least likely to receive any type of employer-sponsored benefit.

Job Retention within Industry and Occupation

For respondents who worked consistently during the IFS study, movement between different occupations and different industries was common, suggesting high rates of job “churning.”

For respondents working all four years of the IFS, less than 10% remained in the same occupation (see Table 10). For respondents working three consecutive years of the study, from 2001-2003, 12.5% remained in the occupation of personal care, which saw the highest rates of occupation retention. As such, very few working respondents remained employed with the same job over time.

For the top four most popular industries in 2003, low numbers of working respondents remained in the same industry over time (see Table 11). Compared to other industries, healthcare and social assistance had the highest rates of industry retention. Of those working consistently from 1999-00 to 2003, approximately 20% remained in the industry, and of those working consistently from 2001 to 2003, approximately 25% remained in the industry. No other industry saw more than 5% of respondents remaining in the respective industry for the specified time period.

Table 9: Employer Benefits Received at Current Employment by Occupation (2003)

	Health insurance for self	Paid sick time	Retirement	Dental for self
Personal care and service (n=78-107)	23.9%	17.4%	11.4%	16.3%
Office and admin support (n=67-78)	50.0%	45.3%	37.7%	33.7%
Sales (n=50-52)	28.1%	29.5%	21.7%	30.3%
Healthcare support (n=32-50)	41.4%	38.6%	24.2%	36.2%

Table 10: Occupation Retention for Respondents Employed Consecutively from 1999-00 to 2003 and 2001 to 2003

	Working 2001-2003 (n=297)	Working 1999-00 to 2003 (n=234)
Personal care	12.5%	9.4%
Office and administrative support	10.4%	6.0%
Sales	5.7%	5.6%
Healthcare support	8.1%	5.1%

Table 11: Industry Retention for Respondents Employed Consecutively from 1999-00 to 2003 and 2001 to 2003

	Working 2001-2003	Working 1999-00 to 2003
Healthcare and social assistance	24.6%	20.1%
Accommodations and food service	4.7%	4.3%
Retail trade	5.1%	4.3%
Transportation and warehousing	4.7%	4.3%

This policy brief was prepared by Dan A. Lewis, Emily Collins, and Laura B. Amsden, Institute for Policy Research, Northwestern University.

Conclusions

The 1996 welfare reform policies of “work first” emphasized labor force participation as a panacea to welfare dependency. While great numbers of recipients have left welfare, results from the IFS survey show that that close to half of those leaving welfare do not regularly participate in the labor market.

Of the 50% of IFS respondents who were employed at any given year during the study, the majority worked in the occupations of personal care, administrative support, sales, and healthcare support in 2003. Within industries, the majority of respondents worked in healthcare and social assistance, educational services, accommodations and food service, and retail trade in 2003.

While employed respondents made gains in hourly wages across all occupations and industries, the average amount earned per hour remained very low. Across the top four occupations, the average hourly wage was \$9.44 in 2003, up from \$7.61 in 1999-00. Across the top four industries, the average hourly wage was \$8.94 in 2003, up from \$7.06 in 1999-00. Although the proportion of respondents receiving employer-sponsored benefits increased

over the years of the study, approximately 70% of respondents received no type of employer benefit, with only 30% of working respondents receiving employer-sponsored health insurance in 2003. Those most likely to receive benefits in 2003 were employed

in the occupation of administrative support.

Overall, movement between occupations and between industries was very common. For respondents working from 1999-00 to 2003, less than 13% remained in the same occupation and approximately 5% remained in the same

industry. The one exception was for those working in the healthcare and social assistance industry, which saw approximately 20% of workers remaining in this industry from 1999-00 to 2003. Under the most optimistic interpretation, these data show a great deal of “churning,” that is, movement in and out of different sectors with few respondents remaining in the same job over time, and, therefore, low rates of job advancement. While few would dispute that working is better than receiving welfare, this world of work needs serious reform if it is to provide poor mothers and their children the basics of a decent life.

Under the most optimistic interpretation, these data show a great deal of “churning,” that is, movement in and out of different sectors with few respondents remaining in the same job over time, and, therefore, low rates of job advancement.

Employment Categories by Occupation and Industry

The IFS asks respondents who are working about their current occupation and industry. Occupation responses were coded according to the 2000 Standard Occupational Classification System and industry responses according to the 1997 North American Industry Classification System from the U.S. Census Bureau.⁵ Tables A and B show the most populated occupations and industries from the IFS sample along with corresponding examples from IFS respondents.

Table A: Occupation Categories

Occupation Category	Example
Personal care & service	Daycare, hairdresser, flight attendant, homemaker, casino
Office & administrative support	Customer service, mail processor, clerk, secretary, bank teller
Sales & related occupations	Cashier, sales associate, telemarketing
Healthcare support	CNA, unspecified nurse, medical field unspecified
Production	Packer, assembler, line worker, machine operator, laundry press
Food preparation & serving	Waitress, cafeteria worker, server, cook, bartender
Building & ground cleaning	Housekeeping, janitorial, maintenance, landscaping
Education, training, & library	Teacher's assistant, tutor, teacher
Protective service	Security guard, baggage screener, stand attendant
Management	Manager, assistant manager, own business
Other	Less than 3% in each category: includes business, legal, science

Table B: Industry Categories

Industry Category	Example
Healthcare & social assistance	Healthcare, nursing homes, baby sitting, rehabilitation services, social services
Accommodations & food service	Restaurants, hotels
Retail trade	Grocery store, gas station, retail unspecified, clothing stores
Transportation & warehousing	UPS/postal, airlines, moving companies, bus companies, moving
Management, administrative support, and waste management	Business, cleaning companies, temp agencies, security companies
Educational services	Colleges, schools, school districts
Manufacturing	Factories, such as Caterpillar, Maytag, etc.
Finance & insurance	Mortgage firms, collection agencies, HMOs, banking, insurance
Other	Less than 2.5% in each category: includes information, real estate, agriculture
Management	Manager, assistant manager, own business
Other	Less than 3% in each category: includes business, legal, science

⁵ <http://www.census.gov/hhes/www/ioindex/view.html>

About this study

The goal of the Illinois Families Study (IFS) is to inform policymakers about how Illinois families have been faring since welfare reform was implemented. The study is conducted by a consortium of researchers from five Illinois universities: Northwestern University, Roosevelt University, Northern Illinois University, University of Illinois at Chicago, and the University of Chicago. Metropolitan Chicago Information Center (MCIC) conducted the interviews.

A total of 1,363 current and former welfare recipients from nine Illinois counties were interviewed at Wave 1 of the study (November 1999 – September 2000). Of those respondents, 1,183 were interviewed again at Wave 2 (February 2001 – September 2001), 1,072 at Wave 3 (February 2002 – September 2002), and 967 at Wave 4 (February 2003 – September 2003). Response rates were 72% at Wave 1, 87% at Wave 2, 91% at Wave 3, and 90% at Wave 4. All analyses were weighted to adjust for regional stratification and non-response.

For more information about the study:

www.northwestern.edu/ipr/research/IFS.html

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