

**AN ASSESSMENT OF WELFARE RECIPIENTS'
ABILITIES TO MEET EMPLOYERS' DEMANDS:
CAN SELF-SUFFICIENCY BE ACHIEVED
UNDER TANF?***

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ABSTRACT

The purpose of this study is to examine the potential effectiveness of Temporary Aid to Needy Families (TANF) in achieving the goals of self-sufficiency through "work first" initiatives. A sample of 252 female TANF recipients was interviewed every 4 months for 1 year. Cluster analysis was used to group recipients by critical labor market variables including education, knowledge, skills, abilities (KSAs), and substance abuse. Results revealed 2 groups of recipients, 1 with significantly higher levels of education and KSAs and lower levels of substance use. The cluster with less desirable employment qualifications exhibited significantly lower employment levels. "Work first" is a successful strategy for some recipients, but for many it is an unrealistic goal. Other strategies must be developed to address the many problems that a significant portion of recipients experience.

Throughout history, society has continuously struggled with the daunting task of designing social programs that provide sufficient assistance for the socio-economically disadvantaged. In retrospect, the U.S. welfare system began with the

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passage of the Social Security Act in 1935, which established the Aid to Families with Dependent Children (AFDC) program as an effort to ease hardships suffered during the depression. Although this program was initially intended to provide aid for widowed mothers, its coverage expanded over time to unwed mothers and in some cases to 2-parent households. Because the AFDC program provided open-ended entitlement as long as the recipient met program means tests, the unintended consequence of multi-generational dependence on welfare occurred. As a result, the perception of many was that welfare in its current form was defeating incentives to work and tearing down economic self-sufficiency and self-worth.

Although providing assistance for disadvantaged groups in our society is still of immediate concern, the focus has shifted away from the entitlement strategy embedded in AFDC toward a strategy that favors self-sufficiency and placing limits on the resources that are committed to helping the disadvantaged. This new strategy is reflected in the Temporary Aid to Needy Families (TANF) program, which was created in 1996 by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) to replace AFDC. One of the most significant differences between the two programs is that, unlike AFDC, TANF places a 5-year lifetime limit on benefits and requires employment or participation in work-related activities such as education, on-job-training, or volunteer work.

The new focus on self-sufficiency of welfare recipients reflected in TANF has led many states to adopt a “work first” initiative as part of the program to emphasize rapid placement into the labor force. This initiative is based on the premise that self-sufficiency is best accomplished through their immediate employment (Holcomb, Pavetti, Ratcliffe, & Riedinger, 1998; Pavetti, 1997). “Work first” assumes that by accepting the first available job, welfare recipients will gain valuable work experience, develop appropriate workplace behaviors, and enhance basic skills that will lead to job advancement (Brown, 1997; Kalil, Corcoran, Danziger, Tolman, Seefeldt, Rosen, et al., 1998). However, barriers to employment such as level of education, lack of basic skills, transportation, childcare, impaired physical and mental health, and substance abuse often impede welfare recipients’ efforts to become and remain employed (Danziger, Corcoran, Danziger, Heflin, Kalil, Levine, et al., 1999; Olson & Pavetti, 1996).

The purpose of this study is to examine the potential effectiveness of TANF in achieving the goals of self-sufficiency through “work first” initiatives. Specifically, the article will focus on whether a labor market supply and demand gap exists. In investigating this potential gap, we will compare employers’ needs for employees who are drug-free and meet minimum job requirements with welfare recipients’ abilities to meet these needs.

Employers’ Needs

Although a great deal of research has centered on the supply side of the labor market in terms of welfare recipients’ characteristics, the demand side has

received much less attention (Regenstein, Meyer, & Hicks, 1998). An examination of employers' requirements for lower-level, lower-wage jobs is important not only in light of the TANF program, but also because as the demand for the number of entry-level employees has grown, employers have begun looking to the welfare population for employees (Mills & Kazis, 1999). Thus, our first objective in assessing the effectiveness of TANF is to identify specific employer needs. Overall, the literature indicates that subject to prevailing economic conditions employers have a high demand for employees with a high school education and basic knowledge, skills, and abilities. Tests for the presence of illegal drugs are also prevalent in organizations' selection processes and as part of the ongoing employment relationship.

Education, Knowledge, Skills, and Abilities

Human resources professionals typically refer to the education and basic skills needed to perform a job as knowledge, skills, and abilities (KSAs). Knowledge is defined as information that is needed for successful task performance (i.e., basic math, reading, or writing), while skill is the proficiency level of the individual in performing a specific task (e.g., computer data entry, operating a telephone system, or driving a delivery truck) (Gatewood & Feild, 1994). Abilities are considered to be stable traits or behaviors that an individual brings to a job that result in discernible outcomes (i.e., the ability to communicate with customers and co-workers or to apply arithmetic calculations on the job) (Gatewood & Feild, 1994). Prior to beginning the hiring process, organizations identify the level of knowledge, skills, and abilities needed by potential employees to successfully perform a specific job through a process known as a job analysis. In this process, varying degrees of importance are assigned to the knowledge, skills, and abilities needed to perform the job. The weight given to each factor during the hiring process is determined by how vital that factor is to successful job performance.

In a study of "non-college" entry-level jobs filled in the central city areas of Atlanta, Boston, Detroit, and Los Angeles, Holzer (1996) examined employers' utilization of certain KSAs representing cognitive and interpersonal skills necessary for success in the current labor market. Specifically, the research focused on the frequency with which the following activities were performed: interaction with customers on the telephone or in person, reading and writing paragraphs, performing arithmetic calculations, and the use of computers. Results indicated that these activities were practiced on a daily basis in 30% to 65% of the jobs studied. Additionally, 76% of the employers screened job applicants on the basis of whether they possessed a high school education, 72% screened applicants in terms of prior work experience, and 73% asked potential employees for references.

Substance Abuse

Organizations test job candidates and employees for the presence of illegal drugs for a number of reasons. Some employers are required by federal or state law to conduct drug testing, while others do so voluntarily. The motivation to screen for substance abuse voluntarily despite the cost of testing lies in the costs associated with not testing. It has been reported that drug abusers are 10 times more likely to be absent from work, are involved in 3.6 times more on-the-job accidents, are 5 times more likely to file workers' compensation claims, and are 33% less productive than non-abusers (Cadrain, 2003). According to a recent survey conducted by the American Management Association (2000), pre-employment and employee drug testing programs are prevalent in organizations. Sixty-one percent of the 2,133 companies surveyed indicated that they tested job applicants for the presence of illegal substances, and 60% used the test results to make selection decisions. Employee drug testing was conducted by 47% of the companies; test results were used to make termination decisions by 43% of those surveyed. The survey included companies that varied in size, annual sales, industry, and geographical region of the United States.

Welfare Recipients' Job Qualifications

Most welfare recipients find employment in low-wage entry-level jobs (Kalil et al., 1998; Regenstein et al., 1998; Mills & Kazis, 1999). In light of employers' needs, welfare recipients who are deficient in education and basic KSAs and those who are substance abusers may have difficulty meeting the requirements for entry-level employment. Thus, our second objective in examining the effectiveness of the TANF program is to identify the levels of education, KSAs, and substance abuse among welfare recipients.

The level of education among welfare recipients is typically reported as percentages in terms of high school completion. While the education level of welfare recipients seems to vary based on the study population, results clearly indicate educational deficiencies. Findings from the National Longitudinal Survey of Youth (NLSY) in 1997, indicated that 45% of welfare recipients under the age of 27 had not completed high school (Pavetti, 1997). Zedlewski (1999) reported that 41% of welfare recipients who responded to the 1997 National Survey of America's Families (NSAF) had not completed high school, while Jayakody, Danziger, and Pollack (2000) found that of 21% of welfare recipients responding to the 1994-1995 National Household Survey of Drug Abuse (NHSDA) lacked a high school education.

The lack of basic skills is also widespread in the welfare population. One assessment tool that has been cited as an estimation of welfare recipients' basic skill level is the Armed Forces Qualifying Test (AFQT) (Reagan & Olsen, 2000). The AFQT is an achievement test that has been closely related to levels of employment and earnings. Research has indicated that nearly 33% of welfare

recipients' scores on the AFQT fall in the bottom 10% of the distribution and one-half of all welfare recipients' scores fall in the bottom 25% (Olson & Pavetti, 1996). As with level of education, this data indicates that many welfare recipients have low levels of basic skills, which may impede their entry into the workforce.

Research also indicates that drug use is a problem among welfare recipients and may interfere with their ability to enter the labor force and maintain a job once employed. Surveys have shown that substance abuse occurs two times more in samples of welfare recipients than in the general population (Olson & Pavetti, 1996; Zedlewski, 1999) and in populations of non-recipients (Delva, Neumark, Furr, & Anthony, 2000). Moreover, substance-abusing women are significantly less likely than non-abusing women to hold a job (Danziger & Seefeldt, 2000).

The Supply/Demand Gap

The gap between labor market demands and welfare recipients' levels of education and basic skills appears wide and appears to be growing. As the labor market undergoes a transition from manufacturing industries to service-related businesses, the number of jobs requiring low-levels of proficiency is shrinking and an increasing number of entry-level jobs will demand an even higher degree of education and basic skills (Holzer, 1996). The effects of the changing labor market on welfare recipients who are entering the workforce, some for the first time, are clear. Lower levels of education and lack of basic skills will make finding suitable employment difficult. Other barriers to employment, including substance abuse, will exacerbate this difficulty.

The first step in closing the supply/demand gap is not only to assess the needs of the labor market, but also to determine the portion of the welfare population that is least likely to quickly find employment through participation in TANF. In examining the effectiveness of TANF's self-sufficiency strategy, this study will examine the similarities and differences of a sample of welfare recipients who are mandated to work. This will be done through the use of cluster analysis that classifies employment readiness on the basis of participants' knowledge, skills, and abilities and substance abuse. Cluster analysis is utilized to classify an apparently homogenous sample of welfare recipients into distinctly different sub-groups based on similarities within the sub-groups and differences between the sub-groups. The process of identifying welfare recipients' level of employment readiness as they attempt to meet the changing demands in the labor market is important to the welfare system as a whole.

METHODS

Study Sample and Procedures

The sample for this study consisted of women participating in a longitudinal study of TANF recipients in Houston, Texas, funded by the National Institute on Drug Abuse. This natural history study is designed to examine how welfare reform

impacts the lives of drug using and non-drug using welfare recipients participating in the TANF program. Participants were required to be 18 years or older, sign an informed consent, and provide proof of address. All participants were also current TANF recipients or had received TANF benefits within the last 2 years. Sample characteristics are shown in Table 1.

Trained research assistants recruited participants for this study from local TANF “Career Centers” and from the field. Participants were interviewed every 4 months (each 4-month interval is considered a wave). The results are made up of data collected at intake and three successive follow-up waves. Interviews were conducted in private rooms at a field/outreach center and participants were paid \$20 for their time. An Institutional Review Board approved the study protocol, consent form, and all study instruments.

Classification Variables

Education

Study participants self-reported their educational level, coded as a dichotomous variable of either completed high school (graduation or GED) or less than a high school education.

Table 1. Sample Characteristics

	<i>N</i>	%
Race		
African-American	200	79
Hispanic	40	16
Anglo	12	5
Marital Status		
Never married	159	64
Divorced/separated	64	25
Married/living as married	24	10
Widowed	1	<1
Education		
Less than high school	168	67
High school	84	33
Age		
30 or older	130	52
Less than 30	122	48
Drug Use		
Non-users	190	75
Chronic users	62	25

Knowledge, Skills, and Abilities

Participants' knowledge, skills, and abilities were assessed using three instruments: the Attitudes, Behaviors, and Skills Assessment (ABSA) developed for this study; the Test of Adult Basic Education (TABE) developed by McGraw-Hill (1994); and the Multidimensional Addictions and Personality Profile (MAPP) developed by Craig and Craig (1988). The ABSA recorded participants' demographic characteristics and experiences with welfare and work. The TABE was administered to measure participants' level of reading, computational math, and applied math, and the MAPP measured participants' ability to deal with everyday problems related to self, interpersonal relations, and external factors.

Knowledge is defined as the information needed for successful task performance, such as reading, writing, or basic (computational) mathematics. Three different measures of participants' knowledge were used for this study: the scores from the reading and computational math sections of the TABE and the number of years that the participant reported having completed in school. Measures of participants' knowledge were considered to be a body of information widely required by employers in most employment settings. The reading section of the TABE consisted of 25 multiple-choice questions, whereas the computational math section contained 15 questions. Participants' scores were computed as the number of correct answers for each section.

Skills refer to the level of proficiency that an individual has in performing a specific (psychomotor) task, such as computer data entry, operating a telephone system, or driving an 18-wheeler. The ABSA contains a section in which participants were asked to rate their skills in a variety of work-related areas. The items referred directly to performing tasks that would be required by employers in the workplace. Three different measures of perceived skills were used: office skills, skilled labor skills, and unskilled labor skills.

The office skills scale consisted of nine items: working a phone system, typing, filing, operating a calculator, operating a computerized checkout register, performing word processing, performing data entry, bookkeeping, and speaking to other people. The skilled labor scale consisted of six items: carpentry, electrical work, mechanical work, plumbing, operating heavy equipment, or driving an 18-wheeler. The unskilled labor scale consisted of six items: driving a delivery truck, providing home health care, construction work, assembly line work, cooking, and manual labor. Responses could range from 1 "poor" to 5 "excellent." Respondents could also indicate if they did not know how well they could perform a certain task or had never tried. Such responses were treated as missing in analyses. The self-perceived office skills scale had a coefficient alpha reliability of .88; the skilled labor scale had an alpha of .88; and the unskilled labor scale had an alpha of .67.

Abilities are considered to be stable traits or behaviors that an individual brings to a job that result in a discernable outcome. Interpersonal communication

and applied math abilities are examples of such traits. Two different measures of ability were used in the present study: the TABE applied mathematics section and the MAPP personal adjustment scale. The TABE applied math section consisted of 25 multiple-choice questions and participants' scores were computed as the number of correct answers. Three subscales from the MAPP developed by Craig and Craig (1988) were also used to assess participants' abilities. Each scale consisted of 14 items measuring the frequency of personal adjustment problems over the last 6 months. Responses to each item are recorded on a 5-point scale ranging from "never" to "always." The Personal Adjustment scales of the MAPP are:

- *Frustration Problems.* Items in this scale measure the extent to which an individual experiences frustration with common everyday problems;
- *Interpersonal Problems.* This scale measures the extent to which an individual experiences problems in relationships with family members, friends, and others; and
- *Self-Image Problems.* This scale measures problems with how the individuals view themselves, their capabilities, and their self-perceived weaknesses.

The test-retest reliability of the MAPP exceeds .77 for the primary subscales and total scales (Craig & Craig, 1988).

Substance Abuse

For purposes of this study, chronic drug use was defined as the use of powder cocaine, crack cocaine, heroin, or non-prescription methamphetamines an average of at least one time or per week during the last 6 months. A urine drug screen was used to assess drug use status.

Employment History

Asking how many total hours they had worked during the past 3 months assessed an individual's employment history. Employment included any job for which the subject received monetary compensation. This included payment for babysitting, "doing hair," or compensation for a more traditional job. Hours were recorded as reported and not grouped into categories.

Analysis

In order to assess differences among study participants, a cluster analysis was conducted. Cluster analysis is a technique for combining cases into groupings or clusters so that cases within a given cluster are as similar as possible while cases in different clusters are as different as possible. Clusters were developed using drug use status, education level, and the following variables which assessed knowledge, skills, and abilities: TABE scores for reading, computational, and

applied math; self-perceived office, skilled, and unskilled labor proficiency scales; and MAPP frustration, interpersonal, and self-image problems. Age was also used as a variable in the cluster analysis as there is some evidence that employees over the age of 30 are more reliable and make better employees (Ala-Mursula, Vahtera, Pentti, & Kivimaki, 2004). Employment history was converted to a dichotomous variable (employed or not employed). In order to account for differential scoring methods, variables were converted into Z-scores prior to analyses (Z-scores for each variable have a mean of 0 and a standard deviation of 1).

RESULTS

The final model consisted of two clusters, each containing 126 study participants. Mean Z-scores within each cluster are presented in Table 2. Members of the first cluster were younger, more educated, and were less likely to be substance abusers than those in the second cluster. Participants in the first cluster also exhibited higher TABE scores for reading, computational math, and applied math, had higher levels of self-perceived office skills, skilled, and unskilled labor proficiency, and indicated lower levels of personal adjustment problems. All differences were significant at the .05 level or better. Thus, Cluster 1 members appear to better meet the demands of the labor force.

Table 2. Mean Z-Scores by Cluster

	Cluster 1	Cluster 2	<i>p</i>
Age	-.19	.19	< .01
Highest grade completed	.31	-.31	< .01
Chronic substance use	-.15	.15	< .05
ABSA self-perceived skills			
Unskilled	.44	-.44	< .01
Office	.63	-.63	< .01
Skilled	.46	-.35	< .01
TABE			
Reading	.56	-.52	< .01
Computational math	.62	-.58	< .01
Applied math	.49	-.45	< .01
MAPP			
Total personal adjustment	-.33	.33	< .01

Further analysis indicates that participants in Cluster 1 were indeed more successful in the job market during the course of this study. The employment history of women in each cluster is graphically depicted in Figure 1. At the time of intake into the study, 11% of the women in Cluster 1 reported that they were currently employed compared to 6% of the women in Cluster 2. At the 4-month interview, 45% of the women in Cluster 1 reported they had worked in the previous 4 months, whereas this was the case for only 29% of the women in Cluster 2. Employment in the previous 4 months was reported by 61% of women in Cluster 1 at the time of their 8-month interview and by 29% of women in Cluster 2. At the 1-year follow-up, 60% of participants in Cluster 1 had worked in the last 4 months compared to 33% of those in the second cluster.

Overall, the results of this study indicate that welfare recipients in the TANF program are not a homogeneous group. One cluster is comprised of women who possess the qualifications desired by employers and are likely to do well in work first programs. Unfortunately, women in the second group do not appear to be as able to meet employers' demands.

DISCUSSION

With the introduction of welfare reform and the requirements established by TANF, a great deal has changed for recipients of welfare benefits. The burden has been placed squarely on the welfare recipient to use the benefits of the system wisely or suffer the consequences. Looking at the recipients' abilities to do so introduces questions about how realistic this approach is. If recipients do not have the cognitive skills or face insurmountable barriers, the welfare system is ill-equipped to meet the needs of those individuals and it becomes a system that is set up to fail both the individual and society.

Results of this study indicate that, like the rest of society, welfare recipients form a diverse group with different needs and abilities. Consequently, for some welfare recipients, welfare reform may be a positive experience and may in fact serve as a springboard to self-sufficiency. Individuals with higher employment skills and fewer barriers are the ones most likely to succeed. On the other hand, recipients with lower employment skills and numerous barriers will not achieve the same degree of success as those better equipped to enter the labor market.

"Work first" is a successful strategy for some recipients, but for many it is an unrealistic goal. Other strategies must be developed to address the many problems that a significant portion of the recipients experience. That is, a "one size fits all" method of pursuing the self-sufficiency strategy may not work. Instead, welfare programs that provide recipients with an opportunity to increase their level of education and to develop and acquire valuable KSAs are needed. Further, assistance in overcoming barriers to employment such as substance abuse is also important. Although other barriers such as the lack of transportation or childcare were not assessed in the present study, there are also issues that should be

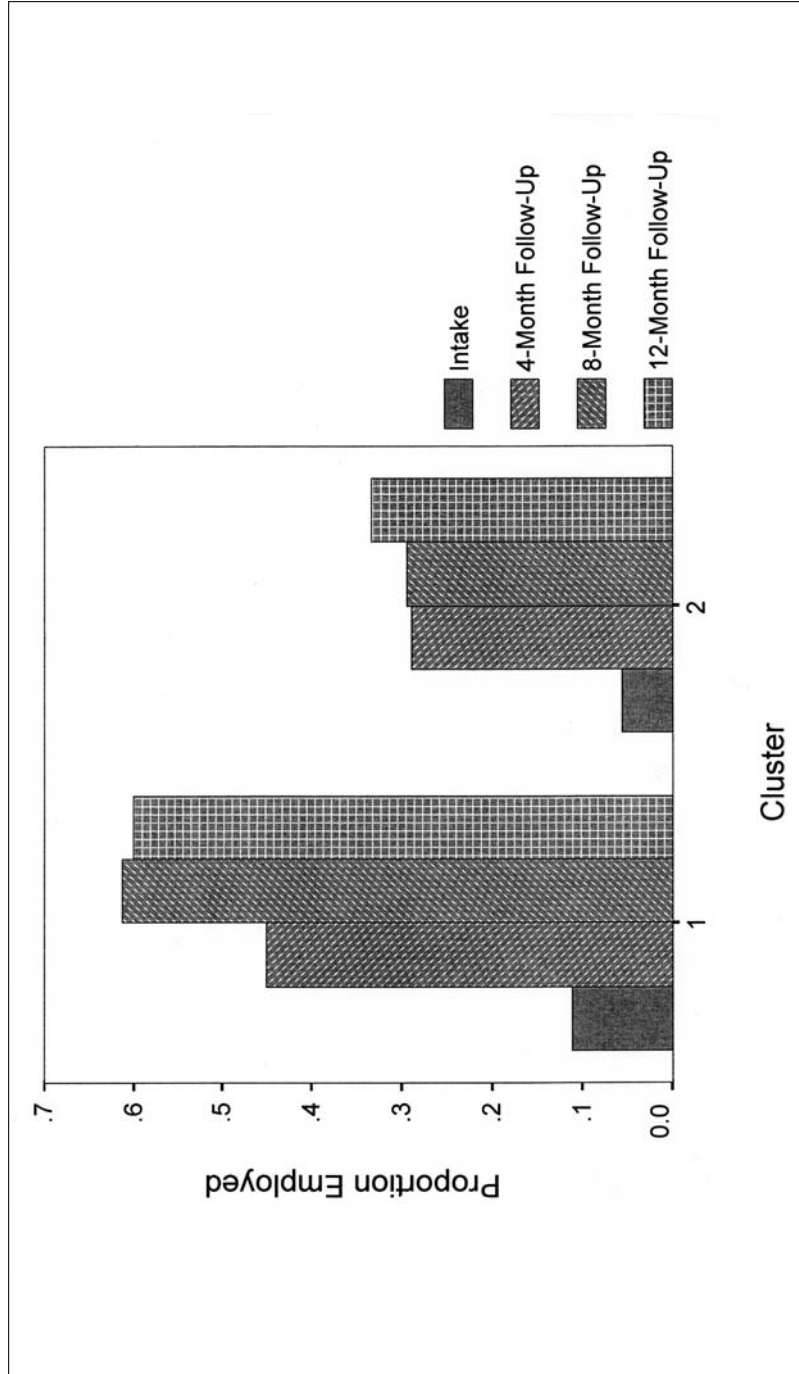


Figure 1. Employment by cluster.

examined and addressed if recipients are expected to successfully compete in today's labor market.

Policy makers must be concerned with members of society who may not be able to meet their own needs, yet they also have a responsibility to society to use tax dollars wisely. Based on the findings of this study, welfare programs containing multiple methods of accommodating recipients' varying characteristics and competencies are needed. Additionally, program effectiveness indicators such as "average wage at placement," "entered employment rate," and "participation rate" should be modified to encourage program administrators to serve those in need and not force programs into "creaming" in order to achieve performance criteria. While existing evaluation criteria allow comparisons between one program and another, they serve as a measure of "one size fits all" performance. Consequently, the critical issue that seems to be overlooked is whether welfare recipients most in need are having their needs met and are progressing toward self-sufficiency.

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