

**A CURL Working Paper**

Factors Influencing A Successful Transition

From Welfare to Work<sup>1</sup>

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### Abstract

This report explores the transition to work of a 130 Illinois TANF mothers who live on the South-side of Chicago as they participate in a welfare-to-work employment orientation and placement program. The study finds that all participants benefit from completing the STRIVE training program, but that women who have problems in meeting the program's requirements are less likely to be successful in finding and maintaining employment. In addition, among these women educational skills, past job experiences or the ages of their youngest child are not reliable indicators of program or job success. Finally, the study finds that higher educational and skills level do not lead to better paying first jobs. The majority of first jobs are at the minimum wage, although one-third of the individuals earn \$7.50 an hour or greater.

The study concludes that an individual's difficulty in job preparation or training is an indicator of the need for additional services and support during the welfare to work transition. Such behavior should signal increased emphasis on counseling and support services. The "less than job ready" criteria that the Illinois Department of Human Services use to refer clients to contractor such as STRIVE is not adequate in ensuring that all the referred clients employment needs can be met by the services delineated in the DHS contract. In addition, immediate job placement will not provide a livable wage. A higher minimum wage and improved low income tax credits are critical components of any welfare to work strategy.

## Introduction

This report explores the transition to work of 130 Illinois TANF mothers who live on the South-side of Chicago as they participated in a welfare-to-work employment orientation and placement program. The research was done as part of a larger collaborative research project between STRIVE, a community employment agency, and the Center for Urban Research and Learning at Loyola University Chicago. In particular, we were interested in identifying the determinants of employment success or failure as these women transitioned from welfare to work. We have found a strong positive relationship between successful participation in the training program and job placement and retention. However, we did not find an expected relationship between the educational skills of these women and successful job placement and retention. In this paper we will first examine these findings and then discuss policy and programmatic considerations.

## The Program

From March 1998 to August 1999, 323 women were referred to STRIVE by Illinois Department of Human Services (IDHS) to fulfill their mandated welfare to work requirements. All these women were referred from one IDHS district office that served primarily African-American community areas on Chicago's south side. In these community areas the number of individuals below the poverty line ranged as high as 29%, with the average for the whole area being 17%. Many of the TANF clients have had difficulties finding employment, with this office being in the bottom

quarter of all welfare offices located in Chicago and Cook County for having recipients who report earning income<sup>3</sup>.

IDHS under the Illinois Job Advantage Program (IJA) contracted with STRIVE to provide pre-employment job preparation training and job placement services. The women had been identified by IDHS as "less than job ready," and were expected to find employment after participating in STRIVE's program.

STRIVE, a non-profit employment services agency for low income individuals with three offices in Chicago, is part of a network of 15 other similarly named and designed agencies in the United States and Great Britain. Each individual who accesses STRIVE's services participates in a 4 week intensive job preparedness course and receives a certificate for successful completion of the course. Participants cannot be tardy or absent to the sessions. If they are tardy or absent, they cannot continue with the course. They are, however, allowed to re-enroll in the next workshop cycle. In addition, a participant must pass a drug test in order to receive their completion certificate<sup>4</sup>. Again, if the individual does not pass the drug test, they may re-test until they pass.

STRIVE has developed strong referral relationships with a number of employers. Since individuals are referred only after successful completion of the

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<sup>3</sup> All data in this paragraph is from extrapolations by the authors from Chicago community area census data provided by Chicago Area Geographic Study (CAGIS) laboratory at University of Illinois Chicago and information on caseload data provided by the Auburn District Office of the Illinois Department of Public Aid office. The census data can be accessed from CAGIS at <<http://www.gis2.cagis.uic.edu>>.

<sup>4</sup> Drug testing was a new feature of STRIVE and had been inaugurated soon after the start in participation of the first cycle by women in this welfare to work project. STRIVE found that most employers now screened their new hires for drugs. STRIVE decided that in order to both continue to have a reliable relationship with employers, and to adequately prepare their clients for the work world, drug prevention education, testing, and referral to accessible treatment had to be a necessary component of their job preparation program.

course, employers are assured of the soundness of these referrals. STRIVE has a continuous commitment to all its participants, and many return for advice or additional referral after their first successful job placement.

The local IDHS district office identified and referred women to STRIVE each month. The STRIVE IJA case manager conducted an orientation for the women at the local office. The women were placed in the next STRIVE course along with other STRIVE clients. The case-manager met with clients, following their participation in the course and assisted in procuring daycare reimbursement, access to GED and other training opportunities offered by STRIVE, and drug prevention education and treatment as needed. In addition, she and STRIVE job counselors initiated job contacts and interviews, as well as mentoring clients in self-search activities. The case-manager maintained contact for at least 90 days after placement into employment (as required in the contract with IDHS).

#### Methods

The data used in this study came from the case records of 130 women.<sup>5</sup> All were mothers, and with the exception of two women, all were African-American. The case records obtained from STRIVE provided information received at intake including: each woman's age, the ages of her children, previous work experience, highest level of education, reading and math levels, access to a car, and the amount of time they had spent unemployed previous to entering the STRIVE program. In

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<sup>5</sup> While 323 women were referred to STRIVE by IDHS, only 130 attended orientation and remained in the program a sufficient amount of time for information to be obtained. We have little to no information on the reasons that the women did not attend the orientation in the local public aid office or never made it to one day of STRIVE training. According to STRIVE staff some these women were erroneously referred by the IDHS office and did not have the sufficient qualifications to enter the program. Regrettably, we do not have little information on these women other than their names and cannot therefore include them in the analysis.

addition, the case records provided us with information about the experiences of women while they were a part of STRIVE. This information included when women started the job counseling program; how many contacts they had with the case manager and STRIVE job counselors; whether or not they sought a job on their own; the results of drug tests; and the pattern of their matriculation through the STRIVE job preparation course. Also, STRIVE maintained data on each individual's employment history since entering the program: current job status, name of employer(s), employment start and ending dates, wages, etc. While we gathered at least some information for all of the 130 women, we did not have all of the information for all of the women (See Appendix 1).

As mentioned above, the referred women entered the program in waves. Each wave is referred to by STRIVE as a cycle. The first cycle of women we have data for entered the STRIVE program in March 1998. About every month or so, a new cycle entered the STRIVE program. The last cycle of women we have data for entered the program in August 1999. All in all, we examined 14 cycles, whose number of participants ranged from 1 to 17.

A qualitative analysis of the case-records and interviews with the case-manager led us to identify three types of clients. As will be discussed in the following Results section, these types were extremely powerful indicators of employment outcomes:

- (1) **Straight arrows**--the 84 women who completed the training course cycle without interruption or those who left training early for employment;

- (2) **Stumblers**--the 18 women who were unable to complete the first cycle and who were then “reconciled<sup>6</sup>” by IDHS and STRIVE and completed training or who left training early for employment after being reconciled.
- (3) **No- goes**--the 28 women who dropped out of the program (half after at least one attempt at reconciliation) and for which there is no record of employment.

As can be seen in chart 2, the Straight Arrows, the Stumblers, and the No Goes each took varied paths.

Chart 2:DIFFERING PATHS

Type	Path	Description
1	1	Orientation--> Training--> Job
1	2	Orientation--> Training--> Job--> Job
1	3	Orientation-->Training--> Job-->Severed, No New Job
1	4	Orientation--> Training--> No Job
2	5	Orientation--> Reconcile--> Training--> Job
2	6	Orientation--> Reconcile--> Training--> Job--> Job
2	7	Orientation--> Reconcile--> Training--> No Job
2	8	Orientation--> Reconcile--> Training--> No Graduation--> No Job
2	9	Orientation--> Reconcile--> Dropped During Training--> Job
3	10	Orientation--> Reconcile--> Dropped During Training--> No Job
1	11	Orientation--> Dropped Training for Job
1	12	Orientation--> Dropped Training for Job--> Lost Job
3	13	Orientation--> Dropped or No Training--> No Job

<sup>6</sup> Given a second chance to enter training and not be terminated from TANF benefits due to non-cooperation with welfare to work program requirements.

## Results

In analyzing the data from this study, we sought to answer the following questions:

- As a group, were the women successful--that is, did they find and maintain employment?
- Which women were most successful?
- Why were these women more successful than others—that is, to what can we attribute success?

### The Women and the STRIVE Program

We found that the majority of the women in this study were successful in their participation in the STRIVE program. Two-thirds (65%) were Straight Arrows who went straight through training without any interruption or found employment on their own before completing the training. Among the remainder, women who did drop out of training, 1/3 went back into the program and eventually completed training. One in five of the individuals who participated in an orientation and attended at least one day of STRIVE training were unsuccessful in engaging in the programs at all. Just less than one-half of them expressed a desire to try again, were reconciled, and again dropped out. The remainder did not even attempt reconciliation.

### The Women and Employment

We also found that half of the women were successful in gaining and maintaining employment (Chart 3). We measured “successful employment” having ever found work, being currently employed, and/or having worked for more than 90 days at one job. Sixty-one (79 individuals) found employment. Close to three-quarter of those maintained employment for at least 90 days. At the end of the period under study, 65

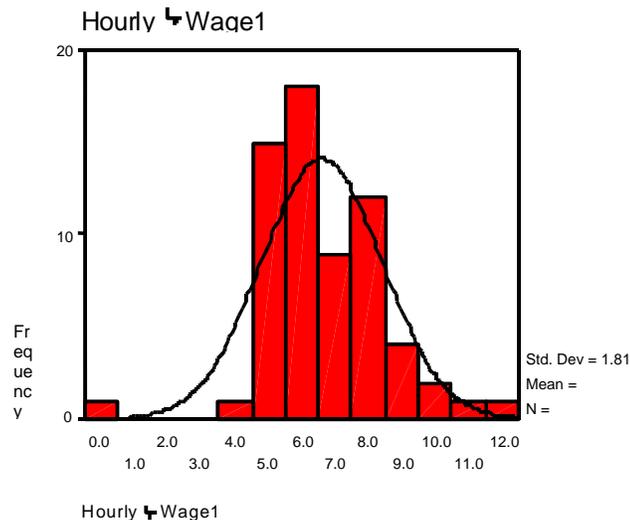
individuals were still currently employed. Three-quarters of the women were still working for their same employer. Others had moved on to a second, or in one case, even a third employer. In the majority of the cases, the move seems to have been for increased wages, but there were three jobs in which individuals actually lost wages.

CHART 3: Employment Data

	N	Age	Age of Youngest Child	Reading Level
Employed at least once	82	31.59	2.86	7.77
Employed for at Least 90 Days	58	31.43	2.79	6.967
Not employed for 90 days	28	31.54	2.93	8.06
Currently employed	65	30.15	2.68	7.06
Found no employment	51	31.65	2.46	8.28

Considering only their current jobs, the wages that the women earned ranged from minimum wage<sup>7</sup> to \$13 dollars per hour, with the average wage being \$6.60 per hour. While, close to one-third (31%) made \$7.50 an hour or better as can be seen in Graph 1, most wages clustered just above minimum wage.

GRAPH 1



<sup>7</sup> Currently the minimum wage is \$7.25 per hour.

Some women were employed at lower wages than the minimum wage. In

Women's Characteristics and Success

After examining the group as a whole, we were interested in looking at the characteristics of the women to determine whether or not we could relate success to certain characteristics. We compared the demographic and other characteristics that of the women that we had available with different outcomes in employment and training (see Chart 4a and b).

CHART 4a: Degrees of Success  
(n=130)

<b>Employment Track Record</b>	<b>N</b>	<b>Percent</b>
0=Found no employment	46	35.9
1=Employed, but not currently	17	13.3
2=Currently employed but not for 90 days	12	9.4
3=Currently employed for 90 days or more	53	41.4
Missing data	2	

Chart 4b  
Correlation<sup>8</sup> of Employment Success to Age, Age of Child, Work Experience, Reading Level, Passed Drug Test, Training Path

		<b>Age</b>	<b>Age of Child</b>	<b>Work Experience</b>	<b>Reading Level</b>	<b>Passed Drug Test</b>	<b>Training Path</b>
Success		-.122	-.077	-.014	-.235	.335	-.481

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our computation of average wages, we used the lower amounts, so we can assume that with updated figures the average wage would be slightly higher than reported here.

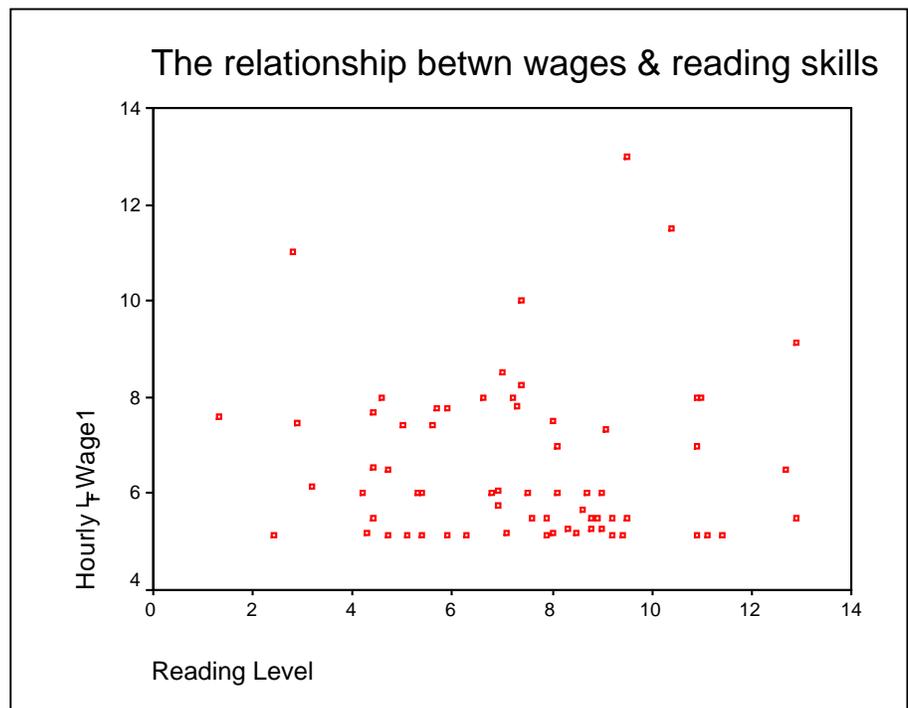
<sup>8</sup> Pearson Correlation

Significant at the .05 level

Significant at the .001 level

The relationships we found are in some cases perplexing and contrary to current views as to what predicts success in the welfare to work transition. The age of a woman, the age of her youngest child and her previous work experience seem to have no strong or significant relationship to the woman's employment success. Surprisingly, the relationship that we find is negative. Our findings indicate an inverse relationship between reading levels and success—that is, we found that reading levels were actually higher for those women who were least successful in terms of obtaining and keeping employment (Chart 3). Also, we did not find a consistent relationship between wages and education (Graph 2).

GRAPH 2



We did find that the women who passed the drug test were more likely to be employed. Since most employers now require drug test as part of their hiring process,

it is not surprising that an inability to pass the STRIVE drug test predicts lack of employment success.

#### Relationship Of STRIVE's Training Program And Employment Success

We did find that success in the STRIVE program was related to success in employment. There was a significant relationship between the manner ("training path") in which a woman went through the training program and whether or not she was currently employed and had been for at least ninety days (see Chart 4b). Women who went straight through training without interruption were more likely to be currently employed (and employed for at least 90 days) than those who were either reconciled back into the program or who dropped training and never came back to the program.

We found that when we compared individuals with 9<sup>th</sup> grade reading scores or higher with those with lower scores, those in both groups that completed STRIVE's program were equally likely to be successful in employment. While both groups benefited from completion, the highly scored individuals were likely to do much worse than the lower-scored if they did not complete the course (no chart).

#### Discussion

What strike us the most in examining our study findings are the limitations of the Department of Human Service (DHS)'s categorization, "less than job ready." These women are distinct individuals for which this categorization, based on demographic information, misses the mark. Less than one-third of the women that DHS categorized even made it to the STRIVE orientation. Twenty-five percent of those that did attend the orientation did not begin the training program. Of those who

did engage in training, twenty percent had not found employment and an additional 13% had lost their employment. A more individualized approach must be taken by IDHS to ascertain the issues that will and do affect the ability of individuals to find and maintain employment.

Our findings also suggest that the same problems that hold people back from fully completing a program are likely to follow them into employment. If this is the case, we suggest that additional attention should be paid to individuals who are having trouble participating in training or complying with programmatic requirements. Perhaps there are family circumstances, ranging from lack of support with child care<sup>9</sup> to domestic violence to caring for an ill family member, or individual circumstances such as poor mental or physical health that is impacting the woman's ability to successfully hold down a job.

The most perplexing result of this analysis is the inverse relationship between reading scores and successful participation in training and in obtaining employment. Even controlling for drug use or program completion, those with higher education do not do as well as those with lower educational skills. While the differences in average readings scores among groups of participants with different employment outcomes is at the most one grade level (see Chart 3) we feel that this deserves further study. One possible explanation for this educational discrepancy might be found in the types of employment that individuals are finding. For example, there is more employment opportunity in the Hospitality industry, a sector of employment that

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<sup>9</sup> As was noted in findings above, the age of the child does not have a relationship to employment success among these women. This might mean that although we know it is more difficult to find childcare for younger children the problem that these women are facing is something else. These

might be less appealing to those with higher educational skills. In the analysis for this paper, we did not attempt to code the types of employment that individuals found, although that information is available. It behooves us to return to the data and do this additional analysis.

Finally, education also does not have a strong or significant relationship to the wages that the women received when they were first employed. Most start near or just above minimum wage. These results probably reflect a number of different factors. Some of the best paying jobs in the service sector are those that have the least prestige and have the least educational requirements, but are unionized in Chicago. Office and hotel cleaning staff come to mind. Also, the gains for education are likely to come from much greater skill differences than one or two reading levels. A much greater investment in post-secondary education is necessary before education will affect entry-level wages of an individual. For the majority of women who are transitioning to work from welfare in the next few years, policies that increase entry level wages are likely to be the most effective. These include minimum wage legislation, liberalized unionization laws, and expansion of the Earned Income Tax Credit.

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might include the availability of other family members to assist with childcare, or the ability of the mother to negotiate the childcare system.

Appendix 1  
Variable List

<u>Variable</u>	<u># Cases for which we have data</u>	<u>Average</u>	<u>Percentages (for those for which we have data)</u>
Age	125	31.62 yrs	n.a.
Age of Youngest Child	79	5.11	n.a.
Has car	94	n.a.	6.2%
Reading Level	89	7.473	n.a.
Graduated High School or passed GED	122	n.a.	38.5 %
Length of Work Experience	123	n.a.	<ul style="list-style-type: none"> <li>• None =17.9%</li> <li>• &lt;6 mo=13%</li> <li>• 6mo-1yr =8.9%</li> <li>• 1yr –18mo=7.3%</li> <li>• 18mo-2yrs=9.8%</li> <li>• 2-3yrs = 14.6%</li> <li>• 3+ years=28.5%</li> </ul>
Time Unemployed	123	n.a.	<ul style="list-style-type: none"> <li>• &lt;6 mo =24.4%</li> <li>• 6 mo-1yr =16.3%</li> <li>• 1-2 years = 8.9%</li> <li>• 2+ years = 50.4%</li> </ul>
Passed Drug Test	117	n.a.	59%
Contacts with STRIVE job placement counselors	110	7.5	n.a.
Reported conducting self-search for employment	98	n.a.	60%
Currently Employed	90	n.a.	75%
Employed at least 90 days	86	n.a.	67%
Hourly Wage	84	\$6.63	n.a.

