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Lois M. Quinn

*University of Wisconsin - Milwaukee*, [lquinn@uwm.edu](mailto:lquinn@uwm.edu)

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# **Replacing Rhetoric with Data: Employment and Earnings of Single Mothers Leaving Welfare in Wisconsin**

by

Lois M. Quinn<sup>1</sup>

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## **Introduction**

"From welfare to work" has served as a mantra for public officials from Wisconsin to Washington as they describe the cataclysmic changes in public assistance policies during the 1980s and 1990s. This paper, part of a larger study of employment myths and realities surrounding welfare reform initiatives, explores job availability and the experience of single mothers in Milwaukee County who have received Aid to Families with Dependent Children (AFDC). The analysis is informed by several unique data sources available to researchers at the Employment and Training Institute of the University of Wisconsin-Milwaukee as part of their applied research and technical assistance work aimed at identifying employment and education needs of low-income and unemployed workers. Since 1993, the Institute has collaborated with major local governments (the City of Milwaukee, Milwaukee Public Schools, Milwaukee Area Technical College and Private Industry Council of Milwaukee County) in semi-annual surveys of thousands of employers in the four-county area in order to identify what jobs are available, what they paid, where they are located and their prerequisite education and training

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<sup>1</sup> Lois Quinn, Senior Research Scientist, Employment and Training Institute, University of Wisconsin-Milwaukee.

requirements. Annually, the Institute surveys five hundred central city Milwaukee families regarding their search for employment, barriers faced, interests in job training, and assessment of available support services. To aid Milwaukee County and the Private Industry Council in administering welfare employment and child care programs, the Institute has matched institutional files of AFDC, food stamp and medical assistance family data with quarterly reports of wages paid Wisconsin workers, Milwaukee County child care subsidies, and Department of Transportation vehicle registration and driver's license files.<sup>1</sup> Additionally, in 1997 the Institute partnered with the Milwaukee Area Technical College and local community JOBS agencies in a "Project Get Started," which assessed the employment readiness, skills and child care needs of 1,550 mothers with children under age one who received AFDC in Milwaukee County and would be expected to find employment under "W-2," Wisconsin's new welfare initiative. The pictures which emerge from these various research projects are far more complex than the welfare sound-bites presented on the evening news. They appear to challenge the two common perceptions of the "welfare to work" proposition: first, that parents on welfare are not employed and in many cases (i.e., "intergenerational welfare families") have never been employed, and secondly, that most parents leaving welfare have moved from unemployment to "a job" which provides them a better standard of living.

The first section below explores data on numbers of employed parents in the AFDC population. The second section explores data on the numbers of parents who are employed after they leave AFDC. A third section explores the types of jobs typically held by single mothers in the AFDC population and the availability of these and other jobs in the local economy.

## I. "Welfare to Work": What is the Starting Point?

Contrary to popular belief, many caseheads in the AFDC population are already employed in private sector jobs. Matches of state quarterly wage data and 1989 AFDC files for Milwaukee County found that over half (53 percent) of the 46,335 annual Milwaukee County AFDC caseheads had labor market experience during the same year, as measured by the state employee wage data matches. About a third (31 percent) of those cases on AFDC during all three months of Fourth Quarter 1989 showed earnings during the same quarter. These data challenge a common misperception that AFDC recipients are for the most part unwilling to seek employment and are disengaged from the labor market. In fact, the high annual AFDC employment rate suggested that most of the population on AFDC has recently worked or is currently employed, while a smaller but significant portion (one-third) of the caseload was not employed and had no recent employment experience.

While state employee wage files do not capture wages derived from the informal economy, they do provide a fairly comprehensive assessment of traditional wages for the portion of the caseload employed while on AFDC.<sup>2</sup> Typically, 12 percent of single parent cases and 18 percent of two parent cases reported earnings to their caseworkers during a given month. When three months of earnings data were examined from the state employee wage file, the percentage of cases with earnings rose to 25 percent for two-parent cases and 32 percent for single parent cases.<sup>3</sup>

A subsequent analysis prepared on Milwaukee County AFDC cases in December 1995 showed a total of 4,135 single parent families (16 percent of those expected to work) showed wage earnings recorded that month. Since AFDC was used to supplement their wage earnings

(which averaged \$459 per month), their reliance upon AFDC was much reduced compared to non-employed cases. For most employed families monthly AFDC benefits averaged only \$222, far less than the standard AFDC benefit of \$440 for one parent and one child and or \$512 monthly grant for one parent and two children. Indeed, it was expected that these "working poor" families, largely ignored in the public "welfare to work" debate, would disappear quickly from the AFDC rolls as counties began implementing Wisconsin's "Pay for Performance" policy, put into effect in 1996, to require caseheads to engage in up to 40 per week of mandatory activities.

## **II. "Welfare to Work" How Many Found the "Work"?**

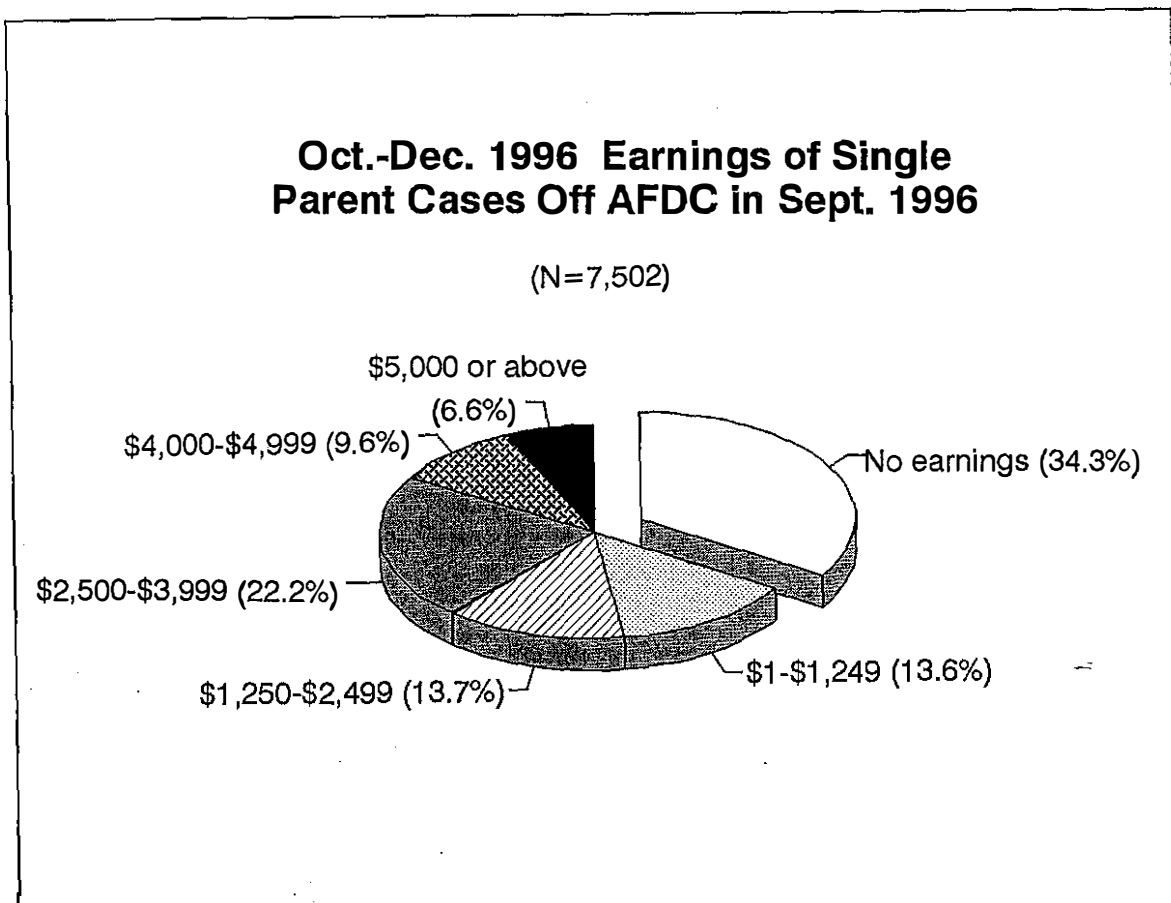
With the imposition of Wisconsin's "Pay for Performance" work requirements, a continuing strong economy for the Milwaukee area (the October 1996 unemployment rate for the Milwaukee area was 3.0 percent), and imposition of mandatory job search activities before families could join the welfare rolls (or return to public assistance after leaving), state mandates that Milwaukee County reduce its AFDC caseload by at least 20 percent by September 1996 were achieved. By September 1996, 7,502 of the 25,125 single parent females receiving AFDC in Milwaukee County in December 1995 and expected to find employment under the "W-2"<sup>4</sup> had left AFDC. Sixty percent of the single parent mothers leaving AFDC during the "Pay for Performance" implementation period were already employed before "Pay for Performance" was imposed. Most of these families had only school age children, their AFDC grant amounts were relatively low, and required PFP activities offered no pay or \$3.20 an hour compensation, half the prevailing wage in the local economy.<sup>5</sup>

As part of its analysis of the employment experience of the total single mother population, the Employment and Training Institute analyzed the post-AFDC experience of mothers no longer receiving aid. The data was supplied by the Wisconsin Department of Workforce Development (DWD) which maintains files on quarterly wages paid all Wisconsin workers covered by unemployment compensation insurance (UI).<sup>6</sup> The Department of Workforce Development matched AFDC client records with quarterly wages in the UI file paid by Wisconsin employers from January 1996 through March 1997.<sup>7</sup> The Employment and Training Institute then analyzed employment patterns, jobs held and earnings for each single parent in the study population. Additionally, the AFDC and public assistance status of each AFDC case was examined for December 1995, September 1996 and December 1996.<sup>8</sup>

State DWD employer records showed employment and earnings for 18,126 of the 25,125 parents at some time during the fifteen month period. In all 42,120 jobs were held by employed mothers during the five quarters examined. The employment outcomes were intended to offer a look at the employment experience of AFDC recipients, to provide baseline data on the characteristics of the AFDC population leaving public assistance prior to implementation of "W-2," and to introduce a methodology for providing timely data on "W-2" outcomes using measures of employment and earnings.

Of particular interest were the 7,502 single parent cases which had received AFDC in December 1995 but were no longer receiving AFDC in September 1996. In order to measure the status of single parents leaving AFDC, the earnings of these parents were related to five levels of employment related outcomes. Single parents off AFDC in September 1996 showed the following employment earnings in Fourth Quarter (October-December) 1996:

- Level 1: 6.6 percent (493 parents) had quarterly earnings at or above \$5,000 in Fourth Quarter 1996. Most of these parents continued to earn wages above the poverty level for a family of four (\$4,000 or above) in First Quarter 1997.
- Level 2: 9.6 percent (721 parents) had total earnings of \$4,000-4,999 in Fourth Quarter 1996. Less than half of these parents continued to have earnings above the poverty level (at least \$4,000) in First Quarter 1997.
- Level 3: 22.2 percent (1,664 parents) had Fourth Quarter 1996 earnings from \$2,500 (at least full-time employment at minimum wage) to \$3,999. Two-thirds of these parents continued to work at the full-time minimum wage level or above in First Quarter 1997 but few (186) showed earnings above the poverty level.
- Level 4: 27.3 percent (2,050 single parents) had total earnings between \$1 - \$2,499 in Fourth Quarter 1996. A fourth of these cases returned to AFDC by December 1996 and only 308 of these parents worked at the full-time minimum wage level or above in First Quarter 1997.
- Level 5: 34.3 percent (2,574 parents) had no earnings in Fourth Quarter 1996. Although most of these cases remained off AFDC in December 1996, only 322 of these parents had any earnings in First Quarter 1997.



Measures were developed to determine continuing economic well-being of single parent families, using sustained employment and case status off AFDC. Six subsequent months of employment data (October 1996 through March 1997) were examined again for the 7,502 cases off AFDC in September 1996. While 16 percent of the cases off AFDC in September 1996 showed Fourth Quarter 1996 earnings above the poverty level (\$4,000), only 10 percent of cases remained off AFDC in December 1996 and had sustained earnings above poverty (\$4,000 or above) in both Fourth Quarter 1996 and First Quarter 1997. Another 38 percent of the cases off AFDC in September 1996 showed full-time employment (i.e., at least \$2,500 earnings) in Fourth Quarter 1996, but only 28 percent of these cases remained off AFDC in December 1996 and showed earnings of at least \$2,500 in both Fourth Quarter 1996 and First Quarter 1997.

Of particular concern were the 2,574 single parent cases who left AFDC in September 1996 and had no employment earnings during Fourth Quarter 1996. Most remained off AFDC in December 1996 -- only 18 percent had returned to AFDC in December and an additional 11 percent received food stamps but no AFDC that month. About a fourth (28 percent) of the 1,834 cases showing no earnings in Fourth Quarter 1996 and no AFDC or food stamp payments in December 1996 appeared to have other sources of income (e.g., SSI for one or more children in the family or child support). Another third were fairly recent in-migrants to Milwaukee and some may have moved to another state (where they may or may not have had earnings). However, at least half of the families showed no apparent means of other support and are likely still residing in Milwaukee County.



In short, these data raise troubling questions about the numbers of families leaving AFDC without visible means of support as well as the large numbers of employed families with sporadic earnings or employment in jobs paying wages below their need levels.

### III. "Welfare to Work" What is the Work?

Much of the rhetoric surrounding welfare reform suggests that AFDC parents need to "find a job" and that once a parent finds her "job" her family's need for public assistance (except perhaps for child care support) has ended. An examination of the 42,120 jobs held (from January 1996 through March 1997) by single parents in the December 1995 Milwaukee County AFDC population suggests a far more complex picture.<sup>9</sup>

Most jobs held by AFDC single parents were concentrated in temp agencies, retail trade, and hotel, auto, business and personal service agencies -- those sectors most likely to have entry level job openings but least likely to provide sustained full-time employment. Temporary help agencies were used by nearly 7,600 caseheads, or 42 percent of the AFDC population employed sometime during the five quarters studied. For many single parents, temp agencies provided an entry point into the labor market, but often on a part-time or short-term basis. Job turnover was a problem even for employment with temp agencies, where 45 to 55 percent of new hires failed to post \$500 in wages. A small number of single parents (465 women) moved from temp jobs into what could be considered a permanent position (two-thirds had 12 years or more of schooling and over half were already employed at the start of the study period).

Non-temp jobs were heavily concentrated in a few types of businesses -- restaurants, bars, nursing homes, department stores, grocery stores and building maintenance. The in-depth

interviews conducted with mothers of young children in the Project Get Started evaluation offer helpful insights into problems with these types of employers. Most mothers' employment history was characterized by limited employment, short-term employment and concentration in entry-level jobs in the service and retail trade sectors. The most common job titles held by AFDC mothers were: cashiers (at fast food restaurants and grocery stores), assembly and packing workers, nursing aides, clerical workers (including data entry and typists), waitresses, cooks, retail sales clerks, child care workers, mail sorters and telemarketers. Most of these jobs are in the lower pay ranges among Milwaukee area job openings and are often available to workers with limited training or experience. These jobs frequently show high turnover, and many of the jobs involve constantly changing part-time, weekend or evening hours -- schedules particularly ill-suited to mothers with children. The descriptions of jobs held by mothers juggling employment with the demands of infant children are instructive:

- *Mother of 2 (6-year-old, 2-month-old) working Monday, Wednesday, Thursday and Friday 7 a.m.-1 p.m. at fast food restaurant for \$5 an hour.*
- *Mother working 40 hours a week in cafeteria of nursing home. She would like additional training but can't give up job to take it.*
- *Mother (age 26) had been working 2 jobs (fast food and department store); now working for telemarketing firm 50 hours a week.*
- *Mother (Hmong) was employed for six months in prior year. She has 10 children and speaks little English.*
- *Mother (32) has worked as a cashier and doing laundry jobs for a temp service. She is anxious to be in the job market but doesn't have skills needed to support four children; interested in short-term training.*
- *Mother was employed as a waitress for 15 years, needs confidence to reenter labor force.*

*- Mother advanced to position of shift supervisor of fast food restaurant before birth of child.*

*- Mother (age 33) is in drug program. Needs to gain confidence through part-time entry-level job or community service work.*

*- Mother could not complete assessment forms, attended special education classes when in school. She knows she can clean because she keeps her house in order.<sup>10</sup>*

Milwaukee area companies are reporting labor shortages at all levels, including for entry-level jobs. However, the greatest shortages are located in suburban and exurban areas outside the central city neighborhoods where most low-income families reside. Not surprisingly, most employed AFDC recipients worked close to their residence, even though their wage rates improved as they traveled further to work.<sup>11</sup> Part-time openings for workers without a high school diploma or occupation-specific experience are almost entirely in food service and preparation and sales jobs, again those fields with constantly changing schedules and lower pay.<sup>12</sup>

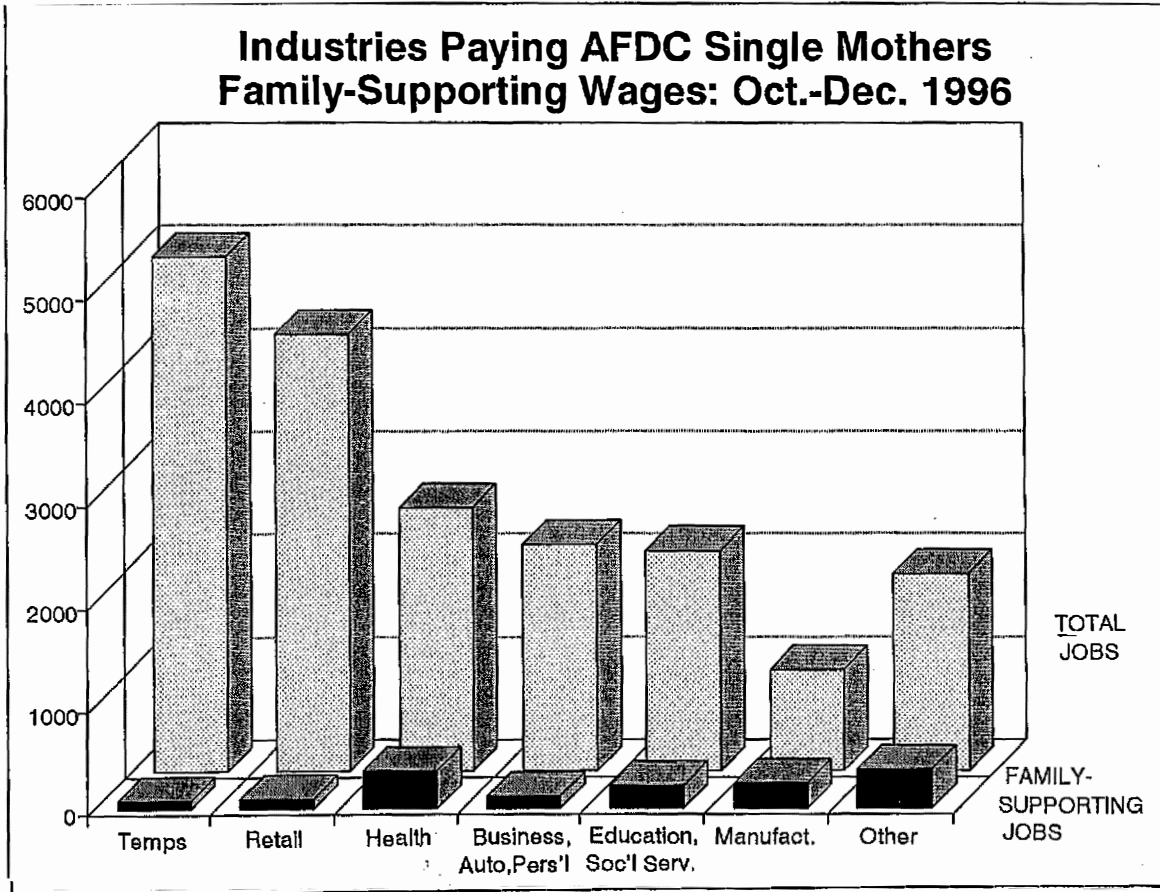
Child care needs often go beyond problems of finding a responsible caregiver (who is available for whatever hours the parent is scheduled to work), transporting children to and from the child care site, and meeting the costs of care. Among the Project Get Started population, 23 percent of mothers (358 families out of 1,551) reported one or more children with on-going health problems. These included many children with severe asthma problems as well as children with epilepsy, low-birthweight babies, sickle-cell anemia, heart defects, Down syndrome, and serious emotional problems. In 224 cases (14 percent of the assessed population), technical college and JOBS staff concurred that the child's health problems would seriously complicate the caretaker working or finding child care.

### Examples of Ongoing Health Problems Among Children

- *4-year-old has asthma. When it gets bad, he goes into seizures.*
- *Employed mother has concerns about deaf child (age 9); provider must know sign language.*
- *8-year-old has attention-deficit hyperkineses disorder. His mother is frequently called by the school to calm him.*
- *Child born prematurely has lung problems. She is on an apnea monitor and oxygen. Doctor doesn't want mother to leave child for long periods.*
- *8-year-old is epileptic and may need emergency care at any time. Mother does not speak English.*

Job retention was a serious problem -- both among the Project Get Started population and the total AFDC population of single mothers. Among single mothers with very young children (the Project Get Started population), almost a third identified pregnancy, birth or a child or care of their children as the reason they left their job. About a fifth (19 percent) were laid off or ended a temporary or seasonal job (*company was relocated, business closed, business was too slow, owner passed on, lack of work, company had financial problems*). Workers also identified conflicts at their place of employment (*was fired, had misunderstanding, was treated unfairly, didn't get along with clients, company abuses*), poor hours or working conditions (*didn't like the work, couldn't handle third shift, not enough hours or pay, job didn't pay for experience, job was too stressful*), and health or family problems (*mother was ill, child was hospitalized, accident at work, hurt my back, asthma attack*) as reasons for leaving or losing their jobs (29 percent). In several cases personal safety or health was a concern (*was mugged, couldn't deal with robberies, sick from fumes, too many drunks*) and other workers had transportation problems getting to and from work (*car broke down, too far to travel in winter, lack of reliable transportation*).

The study of the 42,120 jobs held by single mothers (January 1996 through March 1997) also showed job retention as a serious problem for many mothers. Seventy-five percent of single parents who entered the labor force in Second Quarter (April-June) 1996 were no longer employed by First Quarter (January-March) 1997. New entrants to the labor force showed poorer retention rates than workers already employed in the first quarter of the study. Few single mothers from the December 1995 AFDC population were able to tap into family-supporting jobs. In Fourth Quarter 1996, only 818 jobs (4 percent of the total 19,074 jobs held that quarter) resulted in employment that paid family-supporting wages for two consecutive quarters. These jobs were concentrated in health (particularly hospitals and nursing homes), manufacturing, education and social services, and more likely to be held by women with more high school completion or postsecondary education.



## **Conclusion**

The data uncovered on employment and earnings patterns of single parent mothers in Milwaukee County raise important questions regarding the structure of current welfare policies. Replacing rhetoric with data would be a critical first step in aiding public officials and community advocates in assessing appropriate public policy toward aiding families into self-sufficiency. Currently, government statistics are readily available on the declines in numbers of families receiving public assistance, but state governments and the federal Department of Health and Human Services have been reluctant to share data on the fate of families leaving the public assistance rolls or the earnings of families finding employment as a result of AFDC mandates or TANF (Temporary Assistance to Needy Families) services. Long-term evaluations have been promised, but previous evaluations have typically reported program impacts six to eight years after programs were initiated, focused on small number of sites volunteering to use experimental and control groups, provided sample rather than full population data, and reported statistical averages rather than ranges of data useful in determining numbers of families in or out of poverty.<sup>13</sup> Absent data on program outcomes, politicians will continue to capture headlines with claims of "welfare to work" success while ignoring many of the critical labor market issues that are faced by single parents attempting to successfully navigate the low-wage portion of the labor market while meeting the economic and emotional needs of their children.<sup>14</sup>

## Endnotes

1. In the past the Employment and Training Institute has also conducted data analysis for the State of Wisconsin. See John Pawasarat and Lois M. Quinn, "Wisconsin Welfare Employment Experiments: An Evaluation of the WEJT and CWEP Programs" (University of Wisconsin-Milwaukee Employment and Training Institute, September 1993); John Pawasarat, Lois M. Quinn and Frank Stetzer, "Evaluation of the Impact of Wisconsin's Learnfare Experiment on the School Attendance of Teenagers Receiving Aid to Families with Dependent Children" (University of Wisconsin-Milwaukee Employment and Training Institute, February 1992). All Institute contracts with the state were terminated after the Institute reported in February 1992 that the state's Learnfare program showed no positive impact on teenage school attendance or completion rates. See, Lois M. Quinn and Robert S. Magill, "Politics versus Research in Social Policy," Social Science Review (December 1994): 503-520.
2. For a discussion of the non-wage resources single mothers utilize to survive, see Kathryn Edin and Laura Lein, Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work (New York: Russell Sage Foundation, 1997).
3. John Pawasarat and Lois M. Quinn, "Demographics of Milwaukee County Populations Expected to Work Under Proposed Welfare Initiatives" (University of Wisconsin-Milwaukee Employment and Training Institute, November 1995). Summaries of Institute reports are available on the Internet at <https://dc.uwm.edu/eti>.
4. This population excluded disabled parents receiving SSI and "non-legally responsible relatives" caring for children.
5. John Pawasarat, "Financial Impact of W-2 and Related Welfare Reform Initiatives on Milwaukee County AFDC Cases" (University of Wisconsin-Milwaukee Employment and Training Institute, April 1996).
6. Employers not covered by the unemployment compensation law include church workers, railroads, entrepreneurs who have no covered employees, farmers and agricultural enterprises with less than 10 employees, domestics, and those working for family corporations with pay. While the UI database does not capture all income, it represents a sizeable portion of traditional earned income sources. For example, a study for the Private Industry Council of Milwaukee County showed that 99 percent of income reported by Job Training Partnership Act clients at the time of job placement were also included in the UI data file. John Pawasarat, "Analysis of Milwaukee County JTPA Title IIA Participants: 1988-1994" (University of Wisconsin-Milwaukee Employment and Training Institute, 1994).
7. Since 1984, at the initiative of the Reagan Administration, each state has been required to establish an Income and Eligibility System (IEVS) which allows for computerized data matches of public assistance program participants and applicants (for AFDC, Medicaid, Food Stamps, and SSI) and Internal Revenue Service earned and unearned income data and employer quarterly

reports of income and unemployment insurance benefit payments. When Congress adopted "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" provisions of the Temporary Assistance for Needy Families (TANF) program required states to use their IEVS files to conduct regularly matches of individuals as a check against welfare fraud. In many states, including Wisconsin, welfare workers have on-line computer access to data files listing quarterly earnings for all persons in the state covered by unemployment compensation. However, few states issue public reports on earnings of families served by their various welfare programs. An exception is New York State which issues quarterly reports on percentages of closed AFDC and TANF cases with earnings by county. Office of Temporary and Disability Assistance, "Local District and State Performance Measures, Quarterly Report, Volume 6" (Albany: New York State, January 1998).

8. John Pawasarat, "Employment and Earnings of Milwaukee County Single Parent AFDC Families: Establishing Benchmarks for Measuring Employment Outcomes Under 'W-2'" (University of Wisconsin-Milwaukee Employment and Training Institute, 1997).

9. John Pawasarat, "The Employer Perspective: Jobs Held by the Milwaukee County AFDC Single Parent Population (January 1996-March 1997)" (University of Wisconsin-Milwaukee Employment and Training Institute, 1997).

10. Francine Triplett and Lois M. Quinn, "Project Get Started: Phase II Report" (Milwaukee Area Technical College, September 1997).

11. John Pawasarat, "Initial Findings on Mobility and Employment of Public Assistance Recipients in Milwaukee County and Factors Relating to Changes in W-2 Regions Over Time" (University of Wisconsin-Milwaukee Employment and Training Institute, April 1997).

12. John Pawasarat and Lois M. Quinn, "Survey of Job Openings in the Milwaukee Metropolitan Area: Week of May 18, 1998" (University of Wisconsin-Milwaukee Employment and Training Institute, 1998).

13. See for example, James Riccio, Daniel Friedlander, and Stephen Freedman, GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program (New York: Manpower Demonstration Research Corporation, September 1994). This study evaluated a welfare employment program initiated in 1986 in 58 California counties. Impacts were collected for six counties. By the end of the third year single parents showed \$3,159 average annual earnings, \$636 more than the control group's average annual earned income of \$2,523; only 28.5 percent of single parents in the GAIN program and 24.1 percent of parents in the control group showed any employment in the last three months of the third year. This study has been widely touted as evidence of the success of welfare programs emphasizing immediate job placement.

14. The New York Times, for example, reported that Governor Tommy G. Thompson dismissed the need for data on earnings of families leaving welfare. The Times reported: "Governor



Thompson said he did not need a study to know the program works. 'We know the vast majority of them have jobs and are working, which is how it ought to be,' he said. 'They're doing better and they like it.' Asked for the basis of his assessment, Mr. Thompson acknowledged it was unscientific. 'It's anecdotal evidence,' he said." Jason DeParle, "Cutting Welfare Rolls but Raising Questions," New York Times, May 17, 1997.