



THE W-2 JOB PATH:

AN ASSESSMENT OF THE EMPLOYMENT
TRAJECTORY OF
W-2 PARTICIPANTS IN MILWAUKEE



THE INSTITUTE FOR
WISCONSIN'S FUTURE

JULY 1998

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THE INSTITUTE FOR
WISCONSIN'S FUTURE

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EXECUTIVE SUMMARY

Wisconsin Works (W-2) is completing its first year of operation. This welfare replacement program has moved over 30,000 Wisconsin households off of Aid to Families with Dependent Children (AFDC) and into a work-based system of public aid. W-2 was designed to provide a transition from economic dependence on AFDC to financial self-sufficiency through employment.

The W-2 operations manual states that low-income participants will become able to compete successfully in the job market. Those participants with skills, training and experience are to be placed in jobs immediately. Those unable to obtain and maintain jobs are to be prepared for employment through work training assignments, education and training similar to that given in vocational school.

Given the massive impact of this change on the lives of low-income families, the Institute for Wisconsin's Future (IWf) conducted a survey of 670 W-2 participants and 270 employers to assess:

1. The self-sufficiency potential of jobs currently held by unsubsidized workers;
2. The quality of job preparation programs for participants unable to enter the employment market;
3. The congruence between the skills and skill development of W-2 participants and the skill and training levels required by area employers; and,
4. The relationship between skill development and access to long-term financial well-being.

Findings

Survey of W-2 Participants

I. Unsubsidized workers are persons selected by W-2 agencies for immediate entry into the work force with the goal of attaining financial self-sufficiency. A review of the data collected indicates that unsubsidized workers responding to the survey are:

- Not highly skilled — 38% have not completed high school and 50% have only a high school diploma.
- Concentrated in low skill jobs paying wages that are at or below the poverty level.
- Not consistently receiving income supports for which they are eligible. Over 40% of the W-2 workers do not receive food stamps and over 75% do not receive help with childcare or transportation costs.
- Not receiving advanced training in higher skill occupations.

II. Subsidized workers comprise over 57% of the W-2 population. These are persons who face substantial barriers to employment. Participants are eligible for this program for only two years, so preparation for the job market is crucial. A review of the data shows that:

- Over 66% are doing work experience only. They receive no training.
- Only 16% are working toward their GED or in specific skill training.
- 40% are in placements involving sorting, packing, cleaning, inspection and minor repairs.
- 32.5% are in job search and/or limited soft skill development programs (how to dress for and prepare for job interviews, etc.).
- 12% are in food service and child care.
- This population receives annual grants for their work ranging between \$7,500 and \$8,000 — income which is far below the federal poverty level of \$13,650 for a family of three.
- 40% are not receiving food stamps, 75% are not receiving childcare assistance and almost 60% are not receiving transportation assistance.

Two out of three persons interviewed in all program categories were not receiving training in any of the high priority areas listed in the W-2 design.

In short, the majority of current W-2 workers are not in jobs that lead to self-sufficiency and are not receiving promised support in the transition period from AFDC. Subsidized workers in need of career preparation are generally not involved in training programs that build basic skills or specific skill development. Many are not receiving support services in spite of their extremely low grant levels.

Survey of Milwaukee Area Employers

Employer skill demands are high. According to the business owners and managers responding, job readiness involves a range of skills and education:

- Even for many unskilled jobs, applicants need reading and math skills, computer skills, the ability to handle machinery and equipment and the ability to read measuring instruments.
- The majority of employers require that applicants have high school diplomas for unskilled jobs.
- To be hired for skilled or technical jobs, applicants must have completed technical training or have an associate degree.

Wage levels jump significantly as the skill level of the job increases:

- Even in this strong job market, wages for unskilled workers are concentrated at the lowest levels — between \$5 and \$8 per hour.
- Skilled workers' wages were clustered in the \$7-\$10 range.
- Technical worker wages are concentrated in the range of \$9 -\$15 per hour.
- Professional wage rates are the highest. Over 50% of entry-level wages are at a rate over \$13 per hour.

Conclusion

The survey reiterates the gap between the education and skill levels required by employers and the skills and training of the W-2 population. The results indicate that the W-2 program does not adequately address that gap. Workers with marginal skills are being placed in low-wage jobs without additional training. Participants with educational barriers to employment are being placed in job search and non-skill work assignments with minimal investment in upgrading even their basic skills or high school graduation requirements.

One year from September, thousands of workers in the subsidized programs will no longer be eligible for this level of support. In four years, the workers currently in unsubsidized jobs will be expected to function without any further aid – for life. The data from this survey does not show a clear path toward increasing individual capacity for financial independence. Without some significant changes in the scope of training and education efforts under W-2, Milwaukee will have thousands of families unable to support themselves in a matter of years with no safety net in place.

I. INTRODUCTION

In September 1997, the state of Wisconsin began formal implementation of Wisconsin Works (W-2) to replace the Aid to Families with Dependent Children (AFDC) system of state public assistance to the poor. Under W-2, families in poverty are no longer entitled to financial assistance administered through county governments. Instead, heads-of-household must apply to W-2 provider agencies for acceptance into the W-2 program where they are assigned to one of four general job placement categories:

- 1) Unsubsidized employment (or “job ready” for such employment).
- 2) Trial Jobs (subsidized employment with firms paid up to \$300 monthly to hire W-2 participants for six months).
- 3) Community Service Jobs in the public, non-profit or private sectors with participants receiving monthly grants.
- 4) W-2 Transitions program of treatment, training and/or introductory work programs with participants receiving monthly grants.

In September 1997, there were 31,300 Wisconsin households receiving AFDC. The program was closed out April 1, 1998. On May 31, 1998, there were 15,979 heads-of-household enrolled in W-2, 13,413 (84%) of which were in Milwaukee County.

Table 1: W-2’s Self-Sufficiency Work Tiers and Milwaukee County Enrollments

Work Tier	Grant Amount	Work Hours	Time Limit	Number of Milwaukee Participants (5/98)
Unsubsidized Employment (Case management only)	Market Wage + Food Stamps and EITC (Earned Income Tax Credit)	40 hours	None	3,706 heads-of-household (27.6% of the total Milwaukee W-2 participants)
Trial Jobs (Employer receives up to \$300 monthly)	Market Wage + Food Stamps and EITC	40 hours	3-6 months per job 24 months max	27 heads-of-household (.2% of Milwaukee W-2 participants)
Community Service Jobs	\$673 + Food Stamps (no EITC)	30 hrs work 10 hrs job training/education	6-9 months per job 24 months max	8,369 heads-of-household (62.4% of Milwaukee W-2 participants)
W-2 Transitions	\$628 + Food Stamps (no EITC)	40 hours of activity (up to 12 hrs for job training/education)	24 months max	1,311 heads-of-household (9.8% of Milwaukee W-2 participants)

Sources: Institute for Research on Poverty, Focus, (1996) Volume 18 Number 1; State of Wisconsin Department of Workforce Development.

W-2 was designed to provide a structure for low-income families to move from dependence on public assistance to financial self-sufficiency through employment.

...Wisconsin developed a program in which applicants... unable to obtain and maintain unsubsidized employment may be placed in appropriate work training assignments to: 1) increase self-sufficiency, 2) prepare for unsubsidized employment and 3) reduce dependency on government assistance.¹

Under W-2, participants are placed into employment or employment preparation programs immediately. Training is generally restricted to a two-month preparation course for the high school equivalency test, soft skill training in job preparedness or on-the-job training. Long-term and higher education are not allowable activities under any of the W-2 program categories. However, the W-2 program guarantees that participants will acquire needed skills.

Before a W-2 applicant can be placed in the Unsubsidized (“job ready”) category and lose financial assistance, the applicant must have:

...an education or training background that allows the individual to be competitive for available jobs in the unsubsidized market.²

For those participants who face barriers to employment, the W-2 program regulations stipulate that work experience placements for Community Service Jobs and W-2 Transition placements must meet several criteria including that:

...training is similar to that given in vocational school.³

Under W-2, short-term job skills training may be a part of the W-2 employability plan. These vocational classes are linked to job openings in the community.

Examples include:

- *Basic welding*
- *Keyboard/data entry*
- *Certified nursing assistants*
- *Utility installation*
- *Office software*
- *Food preparation*
- *Electronic assembly*
- *Child care*
- *Press production*
- *Entrepreneurial/small business, and*
- *Hospitality training⁴*

Previous research on employment opportunities in Wisconsin has demonstrated that the majority of job openings (60%) in the state require substantial post secondary training.⁵ In addition, 80% of the entry level jobs pay wages that are below the poverty level (\$13, 650 for a family of three).

Currently, approximately two out of three previous AFDC recipients statewide have no training beyond high school and one out of three did not finish high school. A recent study revealed that only 17% of the current W-2 population statewide has a high school diploma.⁶ Given these limited skill levels and the nature of the job market, there are significant aspects of the W-2 implementation process to be examined:

- 1) What kinds of work experience, skill development, and training are W-2 participants receiving and is their wage level leading to greater self-sufficiency?
- 2) What skills and educational levels are currently required by area employers?
- 3) How is advanced training related to wage levels?
- 4) Is the W-2 system currently effective in creating a transition for participants to overcome skills and education deficits, meet employer expectations and become more self-sufficient?

To address these questions, the Institute for Wisconsin's Future (IWF) conducted surveys of W-2 participants and area employers to assess the effectiveness of the W-2 program in preparing participants for jobs that can lead to financial self-sufficiency. This report is focused on the Milwaukee area where over 80% of all W-2 participants are located.

II. METHODOLOGY

In order to examine the employment, training and wage issues outlined above, IWF utilized two sets of data collected in June and July of 1998.

IWF conducted 670 interviews at six of Milwaukee's provider agency sites (Maximus, OIC, UMOS, YW Works, Job Center Northwest and Job Center North — both Job Centers are part of Goodwill, Employment Solutions). Participants were asked a short series of questions about the specific work and training opportunities open to them through their W-2 placement. This is a sample of convenience and overrepresentation of certain agencies due to greater cooperation of some agencies with the survey process. (See Appendix 1)

In addition, IWF mailed questionnaires to 1,600 business owners and managers utilizing a list from the Metropolitan Milwaukee Association of Commerce. The survey was completed and returned by approximately 270 Milwaukee area employers. These surveys contain information on the wages offered for unskilled, technical, skilled, professional and management level jobs. The surveys also indicate the skills and educational level required for eligibility for each of these job categories. (See Appendix 2)

III. W-2 PARTICIPANT WORK AND TRAINING EXPERIENCE

FINDINGS

Demographic Overview

A total of 670 surveys were collected during June and July of 1998. The mean age of respondents was 29.6 with ages ranging from 16-64 years. The majority of respondents, 63%, were single. Family size is as follows for those surveyed, with a mean family size of 3.6.

Table 2: Family Size of W-2 Respondents

Family Size	Count	Percentage of Total
1	26	3.9%
2	133	19.9%
3	168	25.1%
4	129	19.3%
5	88	13.1%
6	47	7.0%
7+	26	3.8%
Missing Values	53	7.9%
Total	670	100%

Information was also collected on the W-2 category in which each respondent had been placed. The breakdown is very similar to the overall placement breakdown both statewide and for Milwaukee. The one area of great difference is in the W-2 Transitions category where, statewide, more than 12% of the entire W-2 population has been placed. In this sample, only 4.5% of respondents identified themselves as being part of the W-2 Transitions category.

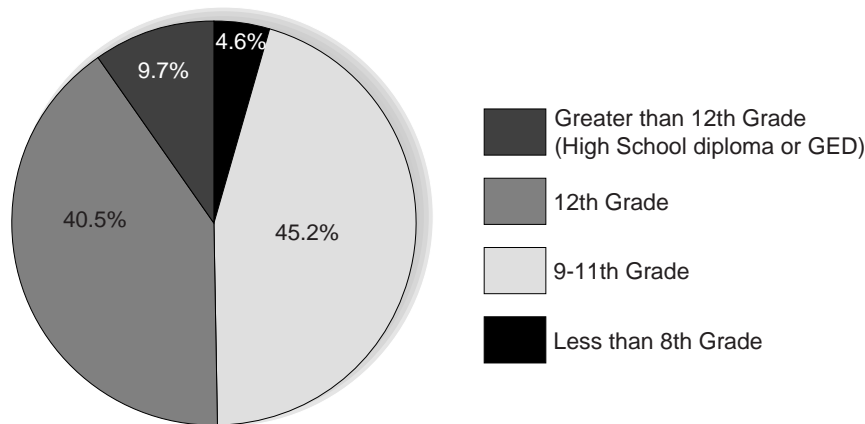
Table 3: W-2 Placement Categories of Respondents

Placement Category	Count	Percentage
Unsubsidized	117	17.5%
Trial Job	11	1.6%
Community Service Job	352	52.5%
W-2 Transitions	30	4.5%
Just receiving food stamps, medical assistance, child care, transportation aid	106	15.8%
Other	25	3.7%
Missing Values	29	4.3%
Total	670	100%

Education Levels

Educational levels among responding W-2 participants are very low. Of the W-2 participants surveyed, nearly half (49.8%) have not completed high school. And 90.3% have only a high school education or less.

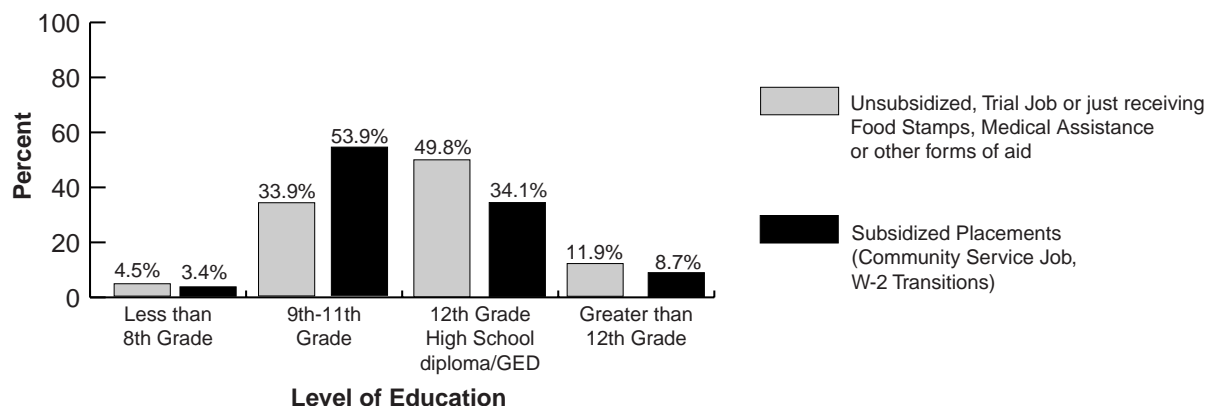
Chart 1: Educational Attainment of Respondents



When examined more closely, the lack of education among W-2 participants becomes more striking.

- Nearly forty percent (38.4%) of those in unsubsidized placement categories (not receiving a monthly benefit check) have not completed high school. These participants were categorized as the group most ready to work with the fewest barriers.
- Over 88% of those in these unsubsidized categories have only a high school education or less.
- In the subsidized placement categories (Community Service Jobs and W-2 Transitions), 57.2% have not completed high school.

Chart 2: Education Level by W-2 Placement Category



Employment Experiences and Training Opportunities

1) Unsubsidized W-2 Participants

In order to gauge the work experience of W-2 participants, respondents were asked if they were currently employed and, if so, to describe their work experience. Information was collected on the type of work done by participants in these categories, hours worked per week and monthly earnings.

The following table displays the responses from participants who indicated they were in the Unsubsidized or Trial Job Categories of W-2 as well as those who were only receiving food stamps, medical assistance or other forms of aid. These respondents indicated that they were employed and that their job was in the following fields:

Table 4: Employment Patterns of Unsubsidized W-2 Participants

Work Category	Count	Percentage
Food Service	31	29.5%
Nursing Assistants	15	14.3%
Light Assembly (Sorting, Packing, Minor Repairs, Inspection of Parts)	12	11.4%
Clerical	9	8.6%
Telemarketing	6	5.7%
Cleaning	6	5.7%
Job Search	3	2.9%
Lab Technician	3	2.9%
Other	20	19%
Total	105	100%

For each of these categories, it becomes crucial to understand how much participants are earning to determine if self-sufficiency through employment is occurring. The following table illustrates the mean monthly hours and earnings for the work categories detailed above. (Some categories are not detailed due to lack of reporting of earnings and hours of work figures by respondents in those categories.)

Table 5: Wage Levels of Employed W-2 Respondents

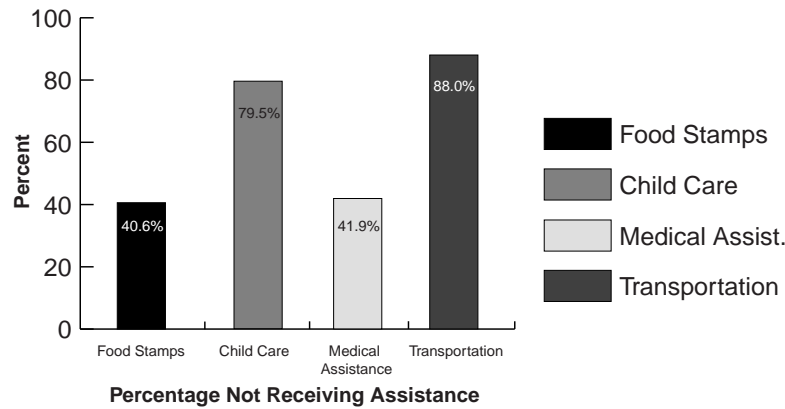
Work Category	Mean Monthly Earnings Reported	Mean Weekly Hours of Work Reported
Food Service	\$ 763.58	32.2
Nursing Assistants	\$ 1,518.35	44.1
Light Assembly (Sorting, Packing, Minor Repairs, Inspection of Parts)	\$ 1,026.38	34.7
Clerical	\$ 1,155.89	32.2
Telemarketing	\$ 840.79	27.8
Cleaning	\$ 1,083.75	39.0

It is apparent that, for all but one of these categories of workers, annual wage levels are below the poverty level for a family of four (\$16,050). Furthermore, the 40% of respondents in the Food Service and Light Assembly categories are earning only between \$9,162 and \$12,316 yearly.

Wages are not the only source of income available to those in the unsubsidized placement categories. The W-2 program received early praise for its intent to provide the working poor (especially those not receiving monthly benefit checks who had found private sector employment) with additional forms of assistance to boost their earnings. Many participants in these categories, while not receiving a monthly cash benefit check, are eligible to receive food stamps, medical assistance, transportation aid and childcare. Yet a close examination of responses reveals that many are not in fact receiving these additional benefits.

The following table shows, for all those in unsubsidized placement categories, the percentages of those not receiving additional forms of assistance. Significantly, more than 75% of respondents are not receiving child care or transportation assistance.

Chart 3: Assistance Provided to Unsubsidized W-2 Respondents



2) W-2 Participants In Community Service Or Transition Placements

Participants who had been placed in the Community Service Job or W-2 Transitions categories were also asked to describe the work activity they participated in. These categories were designed to provide additional skills training and education to participants facing significant barriers to employment. This placement information reveals that:

- One-quarter of participants in these placements are doing primarily sorting and packing as their work experience assignment.
- One in five (20%) are engaged in job skills workshops as their primary weekly activity.
- One-third (33.5%) are working in the low-wage fields of food service, child care, cleaning and clerical work as their primary Community Service Job/Transitions placement.

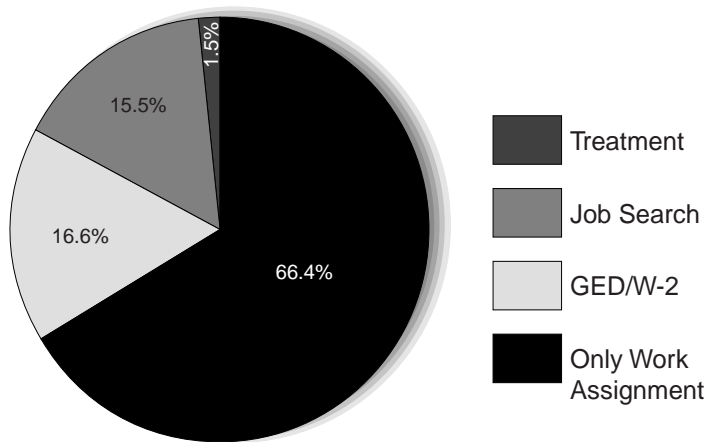
Table 6: W-2 Community Service and Transitions Placements

Work Category	Count	Percentage
Light Assembly (Sorting, Packing, Minor Repairs, Inspection of Parts)	74	25.3%
Job Skills Workshops	60	20.5%
Clerical	39	13.3%
Job Search	36	12.3%
Cleaning	26	8.9%
Child Care	21	7.2%
Food Service	12	4.1%
Training (Keyboarding, C.N.A., Clerical)	10	3.4%
Other (Treatment, Rehabilitation, English as a Second Language)	15	5.1%
TOTAL	293	100%

Those in Community Service Job or Transitions placements often have other hours of activity each week outside of their primary work activity. The question, “What other activities do you do through your W-2 placement?” was asked in order to gauge the full range of activities in which these participants are engaged. If a participant was working only 20-30 hours per week, it was assumed that an additional number of hours per week would be dedicated to skills training or education.

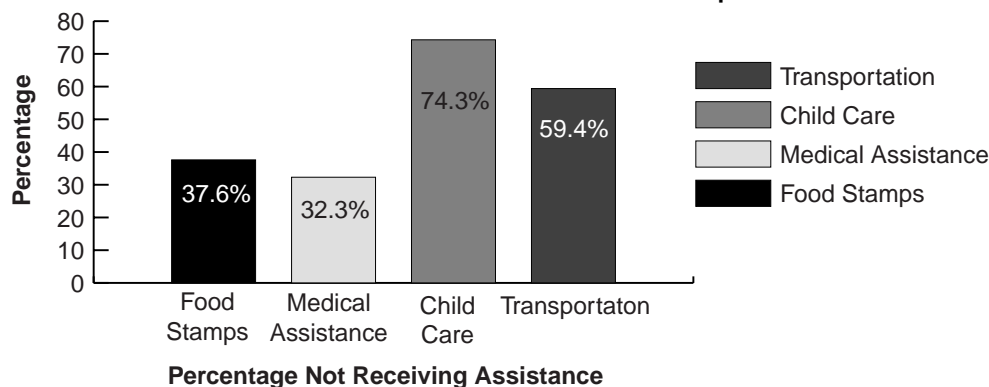
This data reveals, however, that more than 66% of respondents are doing nothing but their work assignment. Only 16% are working towards a GED or enrolled in specific training workshops during the remainder of their work hours each week. Particularly surprising is the lack of respondents indicating that they are receiving treatment or other rehabilitation services through their Transitions or Community Service Job placements. It is estimated that 27% of those in W-2 are abusing or dependent on alcohol or other substances.⁷

Chart 4: Secondary Activities Indicated by Community Service Job and Transitions Participants



Outside of their monthly grant amount (either \$673 or \$628), participants in the Community Service Jobs or W-2 Transitions placements are also eligible to receive other forms of assistance — food stamps, medical assistance, child care subsidies and transportation aid. As was the case with those in the unsubsidized categories, many in these subsidized placements are also not receiving additional assistance. Most striking are the facts that nearly 75% of those surveyed are not receiving child care assistance and that 60% are not receiving any form of transportation aid.

Chart 5: Assistance Provided to Subsidized W-2 Respondents



All respondents were asked, “What training are you receiving on your job or W-2 placement?” The training categories available to respondents on the survey matched precisely with categories of employment as listed in the W-2 policy manual.

- Basic welding
- Certified nursing assistants
- Office software
- Electronic assembly
- Press production
- Hospitality training
- Keyboard/data entry
- Utility installation
- Food preparation
- Child care
- Entrepreneurial/small business; and

Of those responding, 65% stated that they have not received any of the listed types of training through their job or their W-2 placement. Another 24.5% indicated that they are receiving only one type of training listed.

Table 7: Training Provided to W-2 Respondents

Training Received	Count	Percentage
None	435	64.9%
At least one type of training checked	164	24.5%
At least two types of training checked	59	8.8%
Between three and seven types of training checked	12	1.7%

SUMMARY

Data collected from W-2 participants demonstrates eight major patterns:

- The respondents were primarily single women in their late twenties with a mean family size of 3.6.
- The skill and education levels of W-2 participants in subsidized and unsubsidized programs are very low. The majority of participants have a high school diploma or less and 65% indicated that they are receiving no occupational training in specific skills through their job or their W-2 placement.
- The majority of unsubsidized workers (55.2%) who have found employment are low skill workers in food service, nursing aid and light assembly positions paying wages that are at or below the poverty level.
- These low-wage W-2 workers are not receiving supplemental aid in many cases; 40% do not receive food stamps, 80% do not receive childcare support and 88% do not receive transportation assistance.
- Job skill preparation for Community Service or W-2 Transitions participants is minimal with a substantial number engaged only in job search activities. Over one in four is placed in jobs involving sorting, packing and minor repairs.

- A small minority (16.6%) of Community Service or W-2 Transitions participants are involved in educational efforts including high school GED programs and W-2 workshops.
- A substantial number of Community Service or W-2 Transitions participants whose monthly grant is a minimal \$628 or \$673 do not receive additional support. Over one in three do not receive food stamps, 74% do not receive child care assistance and 59% do not receive transportation aid.
- 65% of all respondents are not receiving occupational skills training in key areas as targeted by the state in its W-2 Policy Manual.

IV. SURVEY OF EMPLOYER SKILLS NEEDS

In June 1998, the Institute for Wisconsin's Future mailed surveys to 1,600 employers in the greater Milwaukee area. The survey's primary intent was to assess the education and skill requirements local employers hold for a variety of entry-level positions. The surveys covered a range of issues including:

- Wage levels for unskilled, skilled, technical and professional job positions;
- Skill levels required for these job categories;
- Education levels required for these job categories, and;
- Experience in hiring and retention of W-2 workers.

Findings

Approximately 267 employers responded to the questionnaire mailed in June 1998.

Chart 6: Types of Business of Respondents

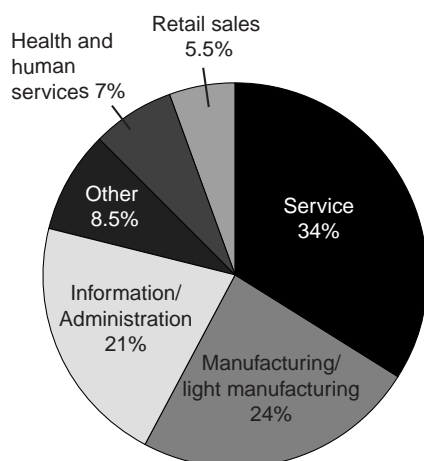
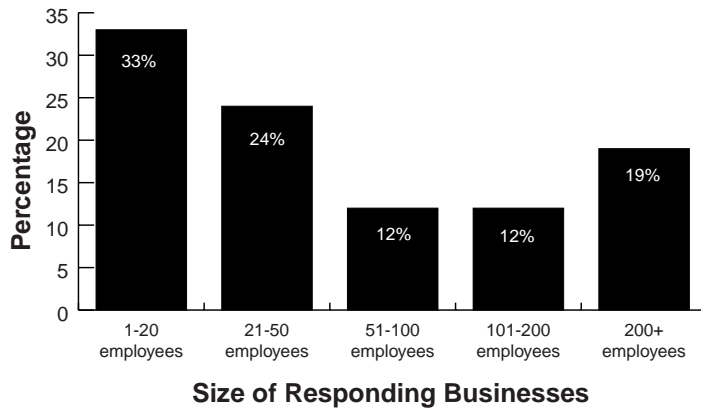


Chart 7: Employee Size of Responding Businesses



Wage Levels

Wage levels for job categories ranged from \$5 to \$30 per hour. The data is presented to show what percentage of employers pay a given entry level wage for each of the job categories: unskilled, skilled, technical and professional.

Table 8: Hourly Wage Levels by Job Category

	\$5-\$6	\$7-\$8	\$9-\$10	\$11-\$12	\$13-\$15	\$16+
Unskilled	28.1%	53.4%	14.8%	2.6%	0.5%	0.5%
Skilled	4.5%	30.4%	39.3%	15.9%	5.0%	5.0%
Technical	0.6%	7.6%	30.7%	25.0%	19.4%	8.2%
Professional	0.6%	2.5%	13.7%	18.0%	29.3%	31.0%

Entry level wages for unskilled workers were clustered at a rate below \$8.00 per hour:

- Over one quarter of employers paid between \$5 and \$6 per hour for unskilled workers.
- Over 53% paid \$7-\$8 per hour and 14.8% paid \$9-\$10 per hour.
- Only 3.6% of employers paid \$11 per hour or more for unskilled work.

Skilled worker wages are clustered in the \$7-\$10 range with almost 40% of employers paying \$9-\$10 per hour and 16% paying \$11-\$12 per hour.

Technical worker wages are concentrated (75%) in the range from \$9 – \$15 per hour.

Professional wage rates are the highest with over 50% of entry-level wages at a rate of over \$13 per hour, 31% over \$16 per hour. Only 16% of professional entry-level workers are hired for less than \$10 per hour.

Clearly, advanced education and training has a direct link to access to jobs with wages that provide the capacity for long-term economic prosperity.

The second component of the employer survey was designed to ascertain the kind of specific skills required for the unskilled, skilled, technical and professional job categories. For each skill listed in the survey, employers were asked to rate the skill as extremely important, important, somewhat important or not important on a grid for each type of job category.

For purposes of this analysis, only those businesses that listed the skill as extremely important or important are counted as requiring the skill.

Skill Requirements

1. Reading and mathematics skills

Table 9: Number & Percentage of Employers Requiring Reading & Math Skills by Job Category

	Number of Employers	% of Employers
Unskilled	180	83.1%
Skilled	229	96.9%
Technical	201	98.0%
Professional	222	98.2%

Reading and math skills are clearly required by employers for all job categories. Even for unskilled jobs, more than four out of five employers consider reading and math necessary abilities.

2. Computer skills

Table 10: Number & Percentage of Employers Requiring Computer Skills by Job Category

	Number of Employers	% of Employers
Unskilled	49	23.0%
Skilled	131	58.8%
Technical	191	89.0%
Professional	206	90.7%

Because so many fields have been altered by technology, computer proficiency has become a prerequisite for employment in a wide range of jobs. Almost one-quarter of employers surveyed require computer skills for unskilled entry-level jobs. Almost 60% of skilled job positions require computer skills and nine out of ten employers require computer skills for professional entry-level jobs.

3. Ability to handle machinery and equipment

Table 11: Number & Percentage of Employers Requiring Machinery & Equipment Handling Skills by Job Category

	Number of Employers	% of Employers
Unskilled	107	50.5%
Skilled	138	59.8%
Technical	108	54.0%
Professional	55	25.3%

The ability to handle machinery and equipment is required by over half of the employers for unskilled, skilled and technical job positions. The importance of this skill drops by half in professional fields.

4. Ability to read measuring instruments

Table 12: Number & Percentage of Employers Requiring Ability to Read Measuring Instruments by Job Category

	Number of Employers	% of Employers
Unskilled	73	35.7%
Skilled	129	56.6%
Technical	124	62.6%
Professional	90	41.5%

The ability to read measuring instruments is required for over 35% of the unskilled jobs. For skilled jobs, over 56% of employers require the ability to read measuring instruments. For technical positions, almost two out of three employers require the ability to read measuring instruments while just over 40% of professionals need this skill to be hired.

Education Levels Required

Table 13: Education Level Required by Employers by Job Category

	Grades 8-12	H.S. Diploma	Technical Training	Associates Degree	College Training
Unskilled	30.0%	64.5%	3.0%	2.0%	0.5%
Skilled	3.5%	40.2%	39.5%	8.1%	8.7%
Technical	1.0%	12.4%	39.2%	18.2%	29.2%
Professional	0.4%	9.2%	3.6%	10.1%	76.7%

Almost two out of three employers require a high school diploma for unskilled job positions. More than half (57%) of employers require technical training, associate degrees or college training for skilled positions. A huge majority (89%) of employers require technical training, associate degree or college training for technical positions. Almost one out of three employers require college training for technical positions. Over 75% of employers require college training for professional positions.

Summary

The data compiled from the employer survey demonstrates that:

- Even in the strong job market, wages for unskilled workers are concentrated at the lowest levels between \$5 and \$8 per hour.
- Wage levels jump significantly as the skill level of the job increases.
- Even for unskilled jobs, several skills are needed by one quarter to one half of employers. These include reading and math skills, computer skills, the ability to handle machinery and equipment and the ability to read measuring instruments. For skilled and technical jobs, between 50% and 90% of employers require the skills listed.
- For unskilled jobs, the majority of employers require that applicants have high school diplomas. In order to be hired for skilled or technical jobs, applicants must have completed technical training or have an associates degree.

V. CONCLUSION

According to the Wisconsin Works (W-2) State Manual, the W-2 program is designed to create a transition for public assistance recipients from economic dependence on the state to financial self-sufficiency through employment. This goal is to be reached in one of two ways. For those already prepared to compete successfully in the job market, W-2 will help to place them in jobs immediately. Participants who are unable to obtain and maintain jobs are to be prepared for employment through work training assignments, education and training similar to vocational school. For many enrolled in the W-2 program, the state is clearly not meeting these goals. In short, many workers are not in jobs that lead toward self-sufficiency. Far too many are not receiving promised support in the transition period from AFDC. Many subsidized workers, or those defined as needing the most preparation, are not in basic skills or specific skill training programs and do not receive badly needed support services.

Unsubsidized Workers Lack Skills and Receive Low Wages

Unsubsidized workers are the “success stories” of W-2. They are persons judged to be ready for the workforce and moving toward financial self-sufficiency. A review of the data compiled on unsubsidized workers indicates that:

- They are, in fact, not highly skilled — 38% have not completed high school and 50% have only a high school diploma.
- The respondents who found jobs were concentrated in low skill jobs paying wages that are at or below the poverty level.
- The support system for this group is not widely effective, despite the poverty level earnings of many participants. Over 40% of these low-wage workers do not receive food stamps and three out of four do not receive help with childcare or transportation costs.
- Training in higher skill areas, a step necessary to obtaining an adequate wage job, is not a part of most people’s W-2 experience.

Subsidized Workers Need Adequate Training and More Interim Support

Subsidized workers in Community Service and Transition Jobs comprise the majority of the W-2 population. These are persons who face substantial barriers to employment. The training experience for these participants is critical since they have a maximum of two years eligibility for this program.

The respondents in this category are assigned to activities that have limited chances of helping them to achieve self-sufficiency in the long-term:

- One third is in job search and job preparation skill training programs only (how to plan time use, dressing appropriately, etc.).
- Nearly half (46%) are in placements that have limited skill development potential — sorting, packing, cleaning, inspection, minor repairs, food service and child care.
- Over two out of three are doing work experience only. Only a small group — 16% — is working towards a GED or in specific skill training.

Many subsidized workers are left in dire poverty and without the supportive services that W-2 is designed to provide:

- They receive a small state grant (\$628-\$673 per month) which leaves the average family of 3.6 with an annual income of \$7,500 to \$8,000.
- Even at this income, which is substantially below poverty, almost 40% do not receive food stamps, three out of four do not receive child care assistance, and almost 60% do not get transportation assistance.

Overall, respondents were asked about whether they're getting training in the specific skills areas targeted in the W-2 manual. 65% of them are not receiving training in any of these areas.

These deficits in skills and training of W-2 workers exist in an environment where employer skill needs are high. Based on data collected from employers in the Milwaukee area, job readiness involves a range of skills and education. **Even for unskilled jobs:**

- One quarter to one half of employers require reading and math skills, computer skills, the ability to handle machinery and equipment and the ability to read measuring instruments.
- The majority (64.5%) of employers requires a high school diploma.

For skilled and technical jobs, between 50% and 90% of employers require the same skills listed above. In order to be hired for one of these positions, applicants must have completed technical training or have an associate degree.

Wage levels are closely linked to skill levels. Even in this strong job market, wages for unskilled workers are concentrated at the lowest levels — between \$5 and \$8 per hour. As expected, wage levels jump significantly as the skill requirements increase. Skilled worker wages were clustered in the \$7-\$10 range. Technical worker wages are concentrated (75%) between \$9 and \$15 per hour. Professional wage rates are the highest — over 50% of entry level wages are at a rate over \$13 per hour.

These analyses indicate that there currently is a significant mismatch between employer requirements and the existing skills and background of most of the W-2 population. It does not appear that the W-2 program is currently effective in bridging that gap for the majority of participants. The basic design of W-2 does not invest adequate resources in training and the implementation process is falling short of meeting even these limited training goals.

At this juncture, almost one year into W-2, the program is not meeting many of its major goals. Family earnings are not sufficient. Employed participants are not in jobs that offer much potential for future earnings growth and training for such growth areas is not available. Most W-2 participants with significant barriers are not in work experience or training programs that will alter this situation. This job experience and limited training model will not provide the groundwork needed to fill employer requirements. Moreover, W-2 participants will not be prepared to leave the subsidized programs when the time limits expire in one year. As of this writing, they will have no where else to go. The potential impact on families and entire communities is likely to be severe.

VI. ENDNOTES

¹ Wisconsin Works Manual, Chapter 1, page 2

² Wisconsin Works Manual, Chapter 5, page 2

³ Wisconsin Works Manual, Chapter 7, page 5

⁴ Wisconsin Works Manual, Chapter 8, page 3

⁵ Kleppner and Theodore, *Work after Welfare*, 1997.

⁶ “Step Up: Building a Workforce for the Future,” the Governor’s Wisconsin Works Education and Training Committee.

⁷ Department of Workforce Development Operations Memo, #97-121, November 13, 1997.

VII. APPENDICES

Appendix 1: W-2 Participant Survey Form

Name: _____	Phone #: _____		
Address: _____	City: _____ State: _____ Zip: _____		
Age: ____	Marital Status: ____	Social Security #: _____	Family size: ____
W-2 Agency: _____	W-2 Worksite: _____		

1. What is the highest grade in school you completed? _____

2. Your W-2 placement level is: (Circle one)

- | | |
|---|------------------------|
| 1) Unsubsidized (no cash benefit check) | 2) Trial Job |
| 3) Community Service Job (CSJ) (working for your check) | 4) Transitions (W-2 T) |
| 5) Turned down or not eligible, I just get Food Stamps/MA/Child Care/Transportation | |
| 6) I used to be in a _____ placement, but now I'm _____
(self-employed, working on my own, out of W-2, etc.) | |

3. Are you receiving any of the following? (Circle the ones you receive)

Food Stamps Medical Assistance Transportation (Bus Tickets, etc.) Child Care

4. If you are in an Unsubsidized or Trial Job placement OR just receiving Food Stamps/ Medical Assistance/Child Care/Transportation, are you employed? Yes or No

If YES,

Did you get your job through a W-2 agency? Yes or No
Where do you work? _____
What is your job position? _____
How many hours per week do you work? _____
How much do you earn on your job? \$ per hour _____ or \$ per month _____

If NO,

Do you still receive case management help from a W-2 agency? Yes or No

5. If you are in a Community Service Job or Transitions placement:

Where do you work? _____
What work activities do you do? _____

How many hours per week do you work? _____
What other activities do you do through your W-2 placement (GED, counseling, workshops, etc.)? _____
How many hours each week do you do these activities? _____

6. What training are you receiving on your job or W-2 placement? (Check all that apply)

- | | |
|---------------------------------|------------------------------------|
| ___ Welding | ___ Keyboard/Data Entry |
| ___ Certified nursing assistant | ___ Utility installation |
| ___ Office software | ___ Food preparation |
| ___ Electronic assembly | ___ Child care |
| ___ Press production | ___ Entrepreneurial/small business |
| ___ Hospitality training | ___ Packing/Light Assembly |
| ___ Other: _____ | ___ None of the above |

Appendix 2: Employer Survey (Employee Skill Needs Assessment)

1. What type of business do you manage?

- Manufacturing _____
- Light manufacturing _____
- Retail (food) _____
- Retail (sales) _____
- Service _____
- Health/human service _____
- Information _____
- Other _____

2. What is the size of your company?

- 1-20 employees _____
- 21-50 _____
- 51-100 _____
- 101 –200 _____
- 201 + _____

3. Please indicate the education level required for new entry-level employees in each of the listed skill level categories – unskilled, skilled, technical and professional – by checking the appropriate box for each category.

<i>Skill Level</i>	<i>0-8th grade</i>	<i>9-12th grade</i>	<i>high school diploma</i>	<i>technical training</i>	<i>associate degree</i>	<i>college training</i>	<i>college degree</i>
<i>Unskilled</i>							
<i>Skilled</i>							
<i>Technical</i>							
<i>Professional</i>							

4. Please indicate how important each of the following skills is for new entry-level employees within each of the four identified skill levels – unskilled, skilled, technical and professional. In rating importance, please use the following scale. (Circle appropriate letter in each box).

E = extremely important I = important
 S = somewhat important N = not very important

<i>Type of Skill</i>	<i>Unskilled</i>	<i>Skilled</i>	<i>Technical</i>	<i>Professional</i>
<i>Ability to arrive on time</i>	E I S N	E I S N	E I S N	E I S N
<i>Communication skills</i>	E I S N	E I S N	E I S N	E I S N
<i>Good attendance</i>	E I S N	E I S N	E I S N	E I S N
<i>Basic reading/math skills</i>	E I S N	E I S N	E I S N	E I S N
<i>Problem-solving skills</i>	E I S N	E I S N	E I S N	E I S N
<i>Ability to learn</i>	E I S N	E I S N	E I S N	E I S N
<i>Computer skills</i>	E I S N	E I S N	E I S N	E I S N
<i>Ability to read blueprints</i>	E I S N	E I S N	E I S N	E I S N
<i>Ability to handle machinery and equipment</i>	E I S N	E I S N	E I S N	E I S N
<i>Ability to read measuring instruments</i>	E I S N	E I S N	E I S N	E I S N
<i>Resource management</i>	E I S N	E I S N	E I S N	E I S N
<i>Teamwork and interpersonal skills</i>	E I S N	E I S N	E I S N	E I S N
<i>Organizational skills</i>	E I S N	E I S N	E I S N	E I S N

5. Have W-2 participants applied for jobs in your firm?

Yes _____ No _____

If yes, how many _____

6. Of the W-2 persons who have applied:

How many were skilled enough to secure the job? _____

How many were skilled enough to keep the job? _____

7. What is the hourly wage for *unskilled* entry-level jobs in your firm? \$_____/hour

What is the hourly wage for *skilled* entry-level jobs in your firm? \$_____/hour

What is the hourly wage for *technical* entry-level jobs in your firm? \$_____/hour

What is the hourly wage for *professional* entry-level jobs in your firm? \$_____/hour