

Employer Needs & W-2 Job Paths

An Executive Summary of *The W-2 Job Path: An Assessment of the Employment Trajectory of W-2 Participants in Milwaukee*, a study prepared by the Institute for Wisconsin's Future with technical assistance from the Center for Urban Initiatives and Research, University of Wisconsin–Milwaukee

T H E I N S T I T U T E F O R W I S C O N S I N ' S F U T U R E

INTRODUCTION

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.



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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% of those interviewed 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.
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- This population receives annual grants for their work of 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 and skill:

- 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 the current strong labor 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 wages rates are the highest. Over 50% of entry-level wages are at a rate over \$13 per hour.
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CONCLUSION

The data from this survey illustrates 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 demonstrate 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.

The Institute for Wisconsin's Future

The Institute for Wisconsin's Future (IWF) is a state policy research and information center established in 1994 to increase community awareness of and involvement in public policy decision-making. Over the past four years, IWF has completed twelve research reports on a wide range of issues including corporate tax policy, wage levels, welfare reform, child welfare, housing discrimination, education policy and tax fairness. In addition, IWF has coordinated state conferences and local workshops on these issue areas, managed a monthly policy debate series and produced a wide range of informational materials including a statewide newsletter. Since 1996, IWF has focused on school finance and education policy. This effort has encompassed two major research reports, a video and workshops with over 2,000 state residents.

IWF is non-profit and non-partisan. Funding for IWF efforts comes primarily from foundations and organizational contributions.