

Choices: 2008-2009 Exit Cohort Study

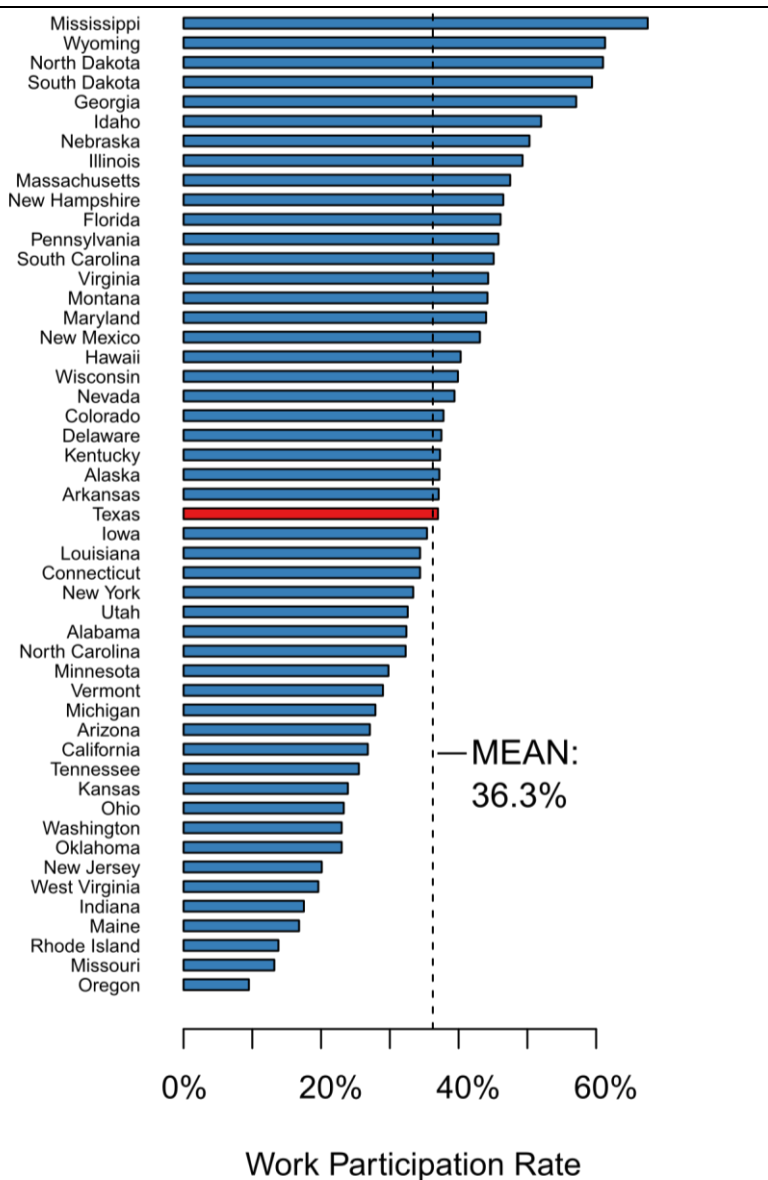


Choices helps TANF applicants, TANF recipients, former recipients and parents of recipient children successfully transition from welfare to work.

Since 1996, the main cash assistance component of the US social safety net has been Temporary Assistance for Needy Families (TANF). TANF funds are provided to the states through the US Department of Health and Human Services (HHS) in the form of a block grant, leaving considerable leeway to the states in terms of program implementation. Most TANF recipients in all states must work or participate in activities that lead to work, usually through a welfare-to-work program tailored to each state's situation. In Texas, this program is Choices, administered by the Texas Workforce Commission (TWC) and Local Workforce Development Boards.¹ Through Choices, TWC provides a range of services to help TANF recipients end dependence on public assistance by promoting job preparation, work, and two-parent families.²

Across states, an important performance measure for TANF is the work participation rate (WPR). Texas, with an official work participation rate of 37 percent, performs well compared to other large states like New York and California, even though the state is in the middle overall (2009 data

Figure 1: TANF Work Participation Rates by State, FY 2009



Source: US Department of Health and Human Services Administration for Children and Families

¹ Cash assistance TANF is administered by the Texas Health and Human Services Commission.

² A detailed description of Choices including requirements and program services is available on the TWC website: <http://www.twc.state.tx.us/welref/choices-program-overview.html>

from HHS). WPR targets became much more stringent when TANF was renewed as part of the Deficit Reduction Act in 2006 (CLASP 2007). Since, several states including Texas have made significant progress in decreasing caseloads and moving TANF recipients toward self-sufficiency. An unintended consequence of the WPR change has been an incentive for states to make policy changes such as moving the individuals with the highest barriers to employment (i.e. disability) to other programs, or providing other forms of assistance to the families besides cash leaving these individuals uncaptured by the WPR metric and decreasing its usefulness (GAO 2010; GAO 2011).

The reduction in Texas TANF adult recipients that we observe in Figure 2 represents real declines in the number of welfare recipients due to Texas’ work-first philosophy and implementation of pay-for-performance. However, the federal Work Performance Rate based on this number may not provide a full picture of TANF participants’ labor market outcomes due to the increasing trend toward non-cash assistance. In fact, as this report demonstrates, Texas TANF-Choices participants are actually employed at a higher rate than the WPR would suggest. Until all changes brought about by DRA and the recession of 2008 work their way through the system, state-level evaluation efforts of TANF employment programs such as Choices are vital due to the lack of unified data collection for participants who receive TANF services other than cash assistance. Documentation of labor market outcomes under SB 281 in Texas is therefore a critical source of data for decisionmakers on the successes of Choices in meeting the goals of welfare reform. Results from these ongoing efforts are below in the body of this report.

Figure 2: Adult TANF Recipients, 2000-2010, Texas and US



Source: US Department of Health and Human Services Administration for Children and Families

Methodology

The Labor Market and Career Information (LMCI) division of TWC received the original program year 2009 (PY2009) file containing 274,606 seed records for the Choices program. Each seed record represents a unique program service event associated with a participant Social Security Number (SSN). Because many participants received more than one service, the input file included many duplicates of the same SSN. The records were grouped by SSN and service code in order to eliminate as much duplication as possible, and records with service codes not used by the Choices program were deleted. We then deleted records with invalid registration dates. Once that was complete, the records were unduplicated by SSN and by activity. If a participant appeared in more than one activity, the record for the activity of priority was retained and other record was deleted. This left 25,900 unique seed records for analysis.

Purpose of the Report

Senate Bill 281 (2003) requires the Texas Workforce Commission (TWC) to, at least annually, issue an analysis of the job placement performance of each workforce development program by occupation and by training provider (possibly including other relevant data), for the previous one-year, three-year, and five-year periods. TWC's Labor Market and Career Information (LMCI) department fulfills this mandate. We provide these data in the spirit of continuous improvement and do not seek to single out or punish any program, provider or geography. LMCI's mission is to improve the way Texans make career and educational decisions by providing useful and reliable information about careers, educational training options and jobs. For more information, visit www.lmci.state.tx.us.

Structure of the Report

This report addresses the set of individuals (cohort) that exited Choices programs in 2008-2009. The report examines a snapshot of the cohort's outcomes, i.e. their employment and median earnings, in the fourth quarter of 2009 (Q42009). Three-year and five-year snapshots of this cohort's outcomes in Q42012 and Q42014 will be added to the report as the data become available. The report's body provides a high-level overview and analysis of the data. Detailed tables of all measures discussed can be found in appendix A. All data are from LMCI's follow-up analysis unless otherwise noted.

Methodology

If the linkage to the Q42009 UI Wage Record database records resulted in a match for any program participant, that participant's earnings and the North American Industry Classification System (NAICS) code for the employer of record were both retained for analysis. If a participant was found employed by more than one employer, the sum of the participant's earnings and the NAICS code of the employer paying the most wages were retained for analysis.

Caveats About the Data and Analysis

To our knowledge, there is no better source of data on labor market outcomes than UI wage records, but these data have some limitations. UI wage records do not cover individuals engaged in certain types of employment ranging from domestic workers to railroads. The collection of UI wage data involves editing to clean incoming data, but

inaccurate records may remain in the system unless and until a claim for UI benefits is filed. SSNs are not validated against a national database: fraudulent SSNs may be present in the data as well as multiple individuals using one SSN (leading to outlandishly high earnings in some cases). Neither occupational title nor hours worked per quarter are reported, preventing us from calculating hourly wage and determining relatedness of training to employment or part-time/full-time status. This characteristic of the data sometimes leads to very low earnings in the case of individuals who worked for only part of a quarter we sampled. Despite these limitations, data from UI wage records provide an invaluable glimpse of post-exit achievements of workforce training participants.

In the fourth quarter of 2009 (Q42009), the period examined in this report, the Texas economy continued to fare better than that of most other states. According to the National Bureau of Economic Research, the U.S. economy peaked in December 2007 and entered the “Great Recession,” which officially ended in July 2009 (although subsequent growth has been anemic, with the remaining effects of the Great Recession strongest in the labor market). The Texas economy proved robust during much of this period, continuing to grow through most of 2008 and maintaining an unemployment rate 1-2 percent lower than the national average. Employment peaked in October of 2008, after which Texas joined the nation in losing jobs. Texas unemployment in Q42009 was 8.1 percent, 2.4 percent higher than Q42008. At the same time, the U.S. national unemployment rate was 10.0 percent, rising 3.1 percent on the year. For purposes of this report, we frequently cite Q42009 median earnings for Choices participants. For reference, the Texas median worker’s 2009 quarterly earnings were \$6,663.³

Many factors, particularly the dynamics of the local economy and interplay with national and international trends all drive the metrics we use. The metrics tell part of the story about performance, but should not be used alone to make judgments about the quality (or lack thereof) of a single provider, Workforce Development Area or program.

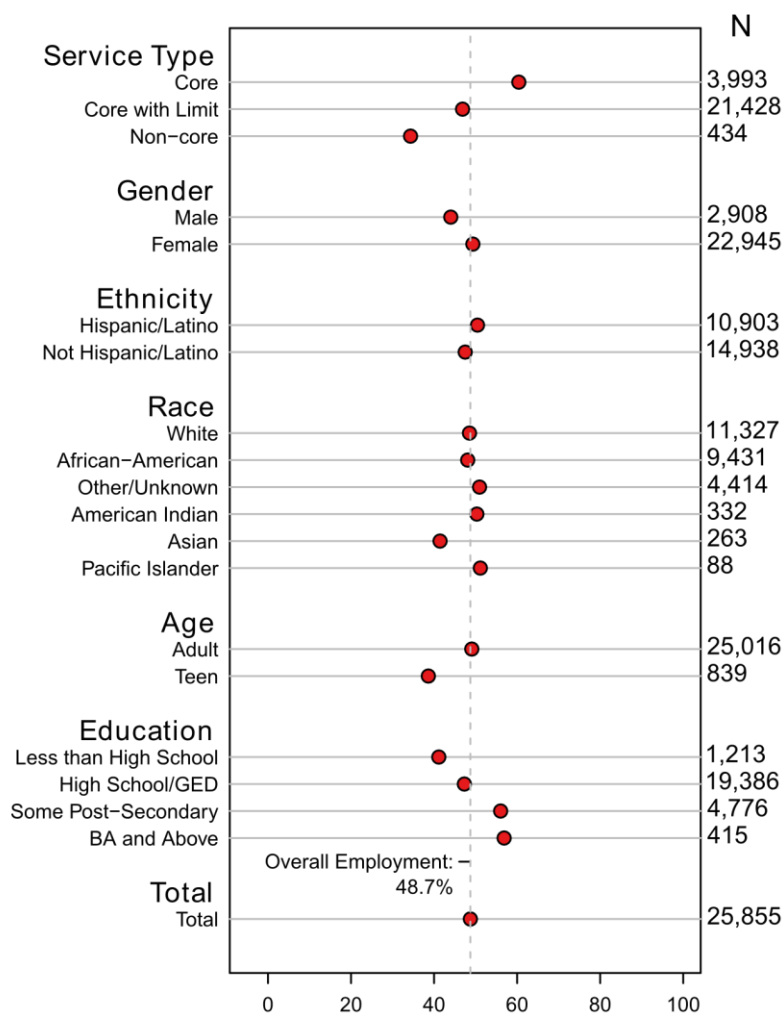
³Texas median quarterly worker earnings were derived by dividing estimates of annual median worker earnings from the US Census Bureau’s American Community Survey (2009 one-year estimates) by four.

Results: Employment

Overall, 48.7 percent of this Choices cohort was found employed in Q42009 (Figure 3). Female participants made up the overwhelming majority of the Choices cohort. Their employment percentage was higher than that of males, 49.3 vs. 44.0 percent.

The lower employment rate of Teen participants (mostly single parents under 18 still in high school) is considerably lower than that of Adults, which is appropriate considering that the primary goal for Teen Choices participants is to finish high school as opposed to Adults whose primary goal is employment. The strong returns to education are again confirmed in this cohort, as a majority of individuals with some post-secondary education or a bachelor's degree were found employed while a minority of those with a high school diploma/GED were found employed. Interestingly, the rate of employment for Choices participants exceeds the TANF work participation rate, 48.7 percent (49.4 percent for Adults), is much higher than the official Work Participation Rate.

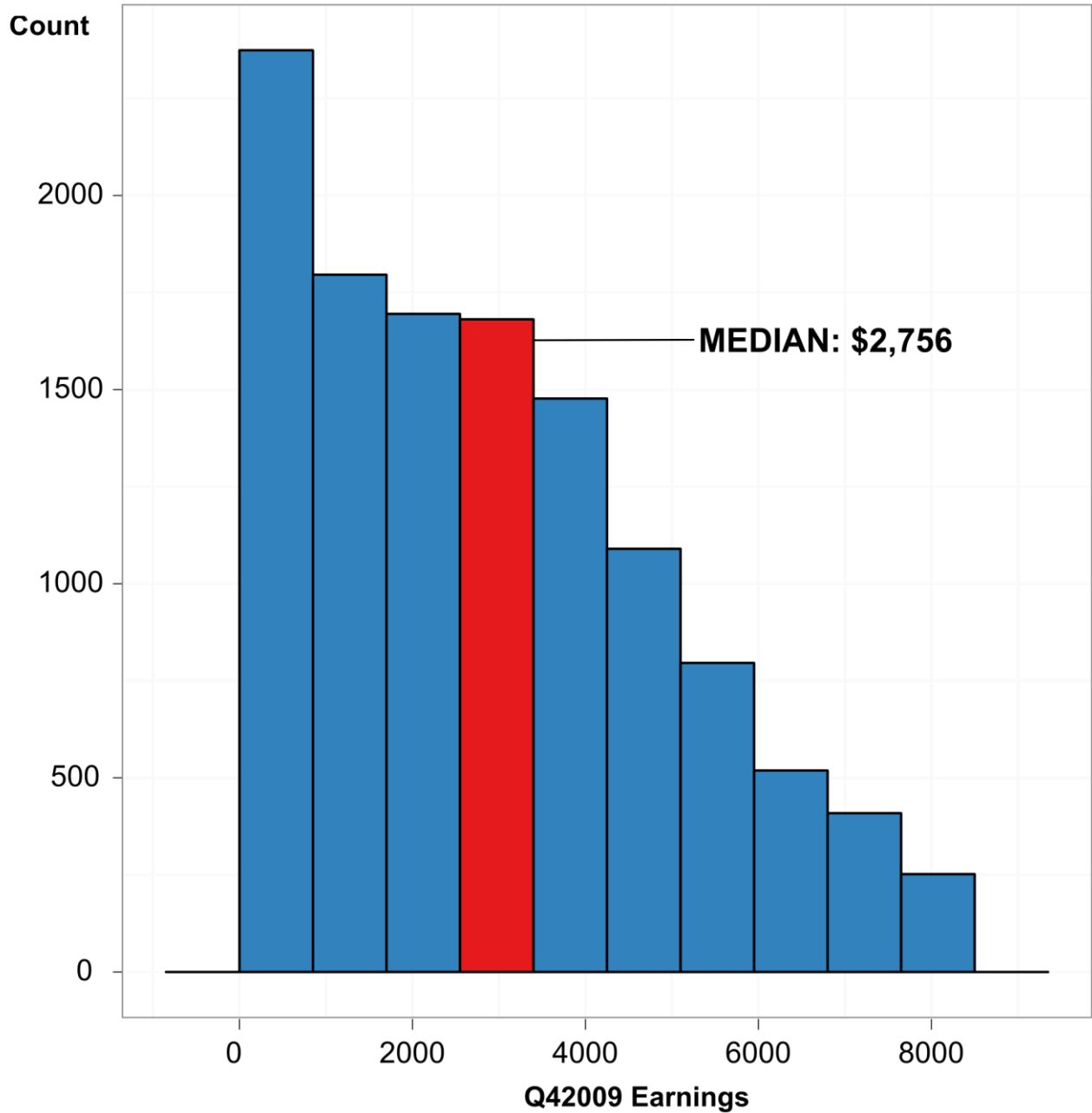
Figure 3: Employment by Selected Characteristics



Results: Quarterly Earnings

The Q42009 distribution of earnings of the cohort is shown in Figure 4. The cohort's median earnings were \$2,756 in Q42009.

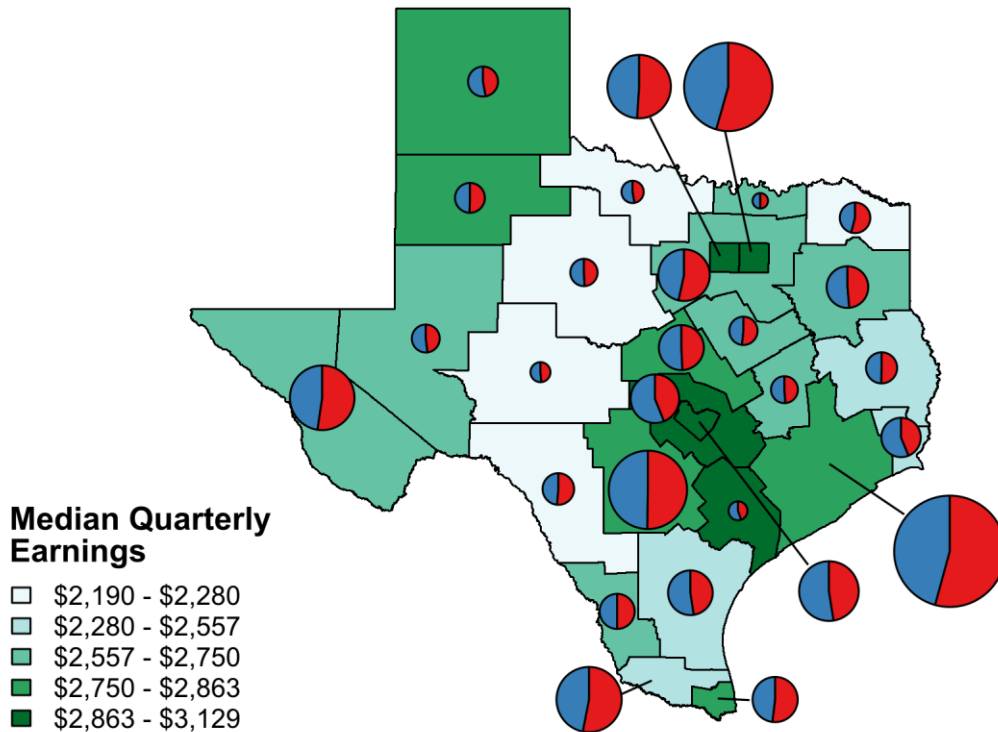
Figure 4: Distribution of (Nonzero) Quarterly Earnings



Results: Outcomes by Local Workforce Development Area

Figure 3 shows employment and earnings for the Choices cohort by Local Workforce Development Area (LWDA). South Plains LWDA and Rural Capital LWDA had the highest employment in 4Q2009 with 56.2 percent and 56.1 percent, respectively. Golden Crescent LWDA had the highest median quarterly earnings in 4Q2009 at \$3,129.

Figure 5. Outcomes by Local Workforce Development Area



Results: Outcomes by Industry of Employment

Limited-Service Eating Places was the most common industry of employment for program participants found working in 4th Qtr. 2009, according to Table 10. Employment Services was the second most common sector, followed by Home Health Care Services. Participants found working in the Nursing Care Facilities industry had the highest median quarterly earnings in the target quarter with \$3,284. Participants employed in the Business Support Services industry had the second highest median quarterly earnings with \$3,190.

Industry of Employment	N Working	Median Earnings	NAICS Code
Limited-Service Eating Places	1,270	\$1,988	7222
Employment Services	1,225	\$2,139	5613
Home Health Care Services	960	\$1,746	6216
Full-Service Restaurants	520	\$2,229	7221
Nursing Care Facilities	509	\$3,284	6231
Other General Merchandise Stores	496	\$2,519	4529
Business Support Services	474	\$3,190	5614
Elementary and Secondary Schools	445	\$2,811	6111
Child Day Care Services	343	\$2,853	6244
Gasoline Stations	308	\$2,950	4471

Appendix A: Detailed Data Tables

Note: Cells with values less than 5 are marked "n/a" to protect the privacy of participants.

Table 2. Employment and Earnings by Choices Group				
Choices Group	N	N Working	% Working	Median Earnings
Adult	25,016	12,279	49.1	\$2,785
Teen	839	324	38.6	\$1,789
Total	25,855	12,603	48.7	\$2,756

Table 3. Employment and Earnings by Gender				
Gender	N	N Working	% Working	Median Earnings
Female	22,945	11,322	49.3	\$2,660
Male	2,908	1,280	44.0	\$3,803
Total	25,855	12,603	48.7	\$2,756

Table 4. Employment and Earnings by Ethnicity				
Ethnicity	N	N Working	% Working	Median Earnings
Hispanic or Latino	10,903	5,502	50.5	\$2,819
Other/Unknown	14	7	50.0	\$4,157
Not Hispanic or Latino	14,938	7,094	47.5	\$2,686
Total	25,855	12,603	48.7	\$2,756

Table 5. Employment and Earnings by Race, Regardless of Ethnicity

Race	N	N Working	% Working	Median Earnings
Native Hawaiian and Other Pacific Islander	88	45	51.1	\$3,285
Other/Unknown	4,414	2,249	51.0	\$3,043
American Indian or Alaska Native	332	167	50.3	\$2,953
White	11,327	5,497	48.5	\$2,693
Black	9,431	4,536	48.1	\$2,634
Asian	263	109	41.4	\$3,526
Total	25,855	12,603	48.7	\$2,756

Table 6. Employment and Earnings by Education Level

Education Level	N	N Working	% Working	Median Earnings
BA and Above	415	236	56.9	\$5,694
More than HS	4,776	2,676	56.0	\$3,332
High School/GED	19,386	9,167	47.3	\$2,596
Elementary/ESL	1,213	499	41.1	\$2,611
No Grade	65	25	38.5	\$4,493
Total	25,855	12,603	48.7	\$2,756

Table 7. Employment and Earnings by Core Category

Core Category	N	N Working	% Working	Median Earnings
Core	3,993	2,412	60.4	\$3,262
Core (with Limit)	21,428	10,042	46.9	\$2,659
Non Core	434	149	34.3	\$1,727
Total	25,855	12,603	48.7	\$2,756

Table 8. Employment and Earnings by LWDA

LWDA	N	N Working	% Working	Median Earnings
South Plains	598	336	56.2	\$2,557
Rural Capital	909	510	56.1	\$2,965
Golden Crescent	137	76	55.5	\$3,129
North Texas	191	101	52.9	\$2,190
Panhandle	346	183	52.9	\$2,838
Capital Area	1,370	719	52.5	\$2,925
Coastal Bend	769	403	52.4	\$2,543
Permian Basin	300	156	52.0	\$2,727
East Texas	667	343	51.4	\$2,684
Concho Valley	154	79	51.3	\$2,280
Brazos Valley	278	142	51.1	\$2,674
West Central	287	146	50.9	\$2,224
Central Texas	780	396	50.8	\$2,780
Southeast Texas	474	237	50.0	\$2,713
Texoma	92	46	50.0	\$2,742
Alamo	2,362	1,175	49.8	\$2,863
Deep East Texas	372	185	49.7	\$2,517
South Texas	343	170	49.6	\$2,825
Tarrant County	1,550	759	49.0	\$3,017
Middle Rio Grande	384	187	48.7	\$2,237
Heart of Texas	308	149	48.4	\$2,703
Cameron County	786	378	48.1	\$2,770
Upper Rio Grande	1,607	766	47.7	\$2,750
Lower Rio Grande Valley	1,637	768	46.9	\$2,531
North Central	1,022	476	46.6	\$2,688
North East Texas	359	165	46.0	\$2,253
Gulf Coast	4,769	2,182	45.8	\$2,783
Dallas	3,004	1,370	45.6	\$2,971
Total	25,855	12,603	48.7	\$2,756

Table 9. Employment and Earnings by Service Received

Service Received	N	N Working	% Working	Median Earnings
On-the-Job Training	n/a	n/a	100.0	\$1,903
Unsubsidized Employment	3,653	2,304	63.1	\$3,310
Job Skills/Training	5	n/a	60.0	\$791
Non-Work-based Literacy	n/a	n/a	50.0	\$723
Job Readiness/Pre-Employment Skills	2,063	978	47.4	\$2,618
Job Search Assistance/Job Search	18,753	8,808	47.0	\$2,683
Supervised Job Search	374	157	42.0	\$2,011
Occupational/Vocational Training	238	99	41.6	\$2,517
Basic Educational Skills/ABE	13	5	38.5	\$3,344
High School	352	125	35.5	\$1,748
Community Service	190	65	34.2	\$1,955
Work Experience/Skills Training	119	36	30.3	\$2,216
GED	69	17	24.6	\$1,426
Job Creation/Subsidized Work	18	n/a	22.2	\$3,379
Middle School	n/a	n/a	n/a	n/a
Work-based Literacy	n/a	n/a	n/a	n/a
English as a Second Language	n/a	n/a	n/a	n/a
Total	25,855	12,603	48.7	\$2,756

Table 10. Employment and Earnings by Activity

Activity	N	N Working	% Working	Median Earnings
Employment	25,051	12,316	49.2	\$2,772
Training	364	139	38.2	\$2,455
Education	440	148	33.6	\$1,722
Total	25,855	12,603	48.7	\$2,756

Table 11. Higher Education Dashboard

Summary of Linkage	N	% of Cohort	Median Earnings
Working Only	11,804	45.7	2,772
Pursuing Higher Education Only	758	2.9	NA
Working & Pursuing High Ed.	799	3.1	2,431
Subtotal for All Working	12,603	48.7	2,750
All Enrolled	1,557	6.0	54
Not Verified	11,730	45.4	NA
Subtotal	25,855	100.0	NA
TX Vital Statistics	45	0.2	NA
Total	25,900	.	NA

N	%	Higher Education Enrollment by Institution Type
1,338	85.9	Community/Technical Colleges & Career Schools/Colleges
219	14.1	Public or Private Universities & Health Science Centers
1,557	100.0	Total Found Enrolled

Top 10 LWDAs by Enrollment	N	Number Enrolled	% of All Enrolled
Gulf Coast	4,769	303	6.35
Dallas	3,004	151	5.03
Alamo	2,362	134	5.67
Upper Rio Grande	1,607	95	5.91
Lower Rio Grande Valley	1,637	90	5.50
North Central	1,022	78	7.63
Capital Area	1,370	74	5.40
Tarrant County	1,550	73	4.71
East Texas	667	60	9.00
Central Texas	780	60	7.69

Top 10 Public Postsecondary Institutions	N	% of All Enrolled	Top 10 Majors (6-digit Classification of Instructional Programs Code)	N	% of All Enrolled
Houston CC	103	6.62	Liberal Arts and Sciences	325	21.35
Austin Community College	94	6.04	Nursing	228	14.98
El Paso CCD	79	5.07	Undeclared	68	4.47
South Texas College	74	4.75	Criminal Justice and Corrections	62	4.07
St. Philip's College	47	3.02	Business Admin, Mgmt & Operations	59	3.88
San Antonio College	43	2.76	Business Operations Support and Assistant	49	3.22
Temple College	36	2.31	Teacher Education	45	2.96
DCCCD El Centro	34	2.18	Allied Health Professions	42	2.76
Navarro College	31	1.99	Multi-/Interdisciplinary Studies, Other	41	2.69
DCCCD Cedar Valley College	30	1.93	Health and Medical Administrative Services	41	2.69

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