

**Self-Sufficiency Fund:
2004-2005 Exit Cohort
Five-Year Longitudinal Study**



The Self-Sufficiency Fund helps families in poverty obtain training, get jobs and become independent of government financial assistance.

Breaking the cycle of poverty is extremely challenging, both for individuals and public policy. A primary reason individuals become mired in this cycle is a lack of education: low incomes lead to low education levels which in turn ensure low incomes, a process which often persists over generations (Marger 2010). In addition, due to negative externalities connected with the structure of the tax code (credits like the Earned Income Tax Credit) and means-tested transfer payments like SNAP/Food Stamps, the effective marginal tax rate for low income individuals can be extremely high, as much as 100 percent for some earners (Kotlikoff and Rapson 2006). Why would an individual earning \$25,000 per year switch to a job where she could earn \$30,000 per year if this increase in earnings led to a net loss in income due to the individual's inability to qualify for government benefits? This phenomenon becomes increasingly pronounced as earners approach the discontinuity for qualifying for transfer payments and/or low-income tax credits, and creates an incentive to remain unemployed or employed part-time rather than move into higher-wage jobs which could lead to self sufficiency.

One way to reduce this problem is to increase individuals' human capital through education, empowering them to find jobs that pay enough to propel them out of poverty. However, without a connection to the dynamics of the local labor market—the workforce needs of local employers and the strongest sectors in terms of job growth and wages—education alone is often insufficient to break the cycle of poverty. Employer-customized training programs are a proven solution to help accomplish the policy goal of moving poor and low-income individuals towards independence from government assistance. The State of Texas' main vehicle to provide customized training to low-income individuals is the Self-Sufficiency Fund (SSF), funded by state general revenue (Texas Labor Code §309.002), with a budget of \$3,243,413 in the most recent fiscal year (2010).

Multiple recent studies have shown that employer involvement, the hallmark of customized training, improves earnings and employment outcomes for trainees (see, e.g. Grubb 1996; Kane and Rouse 1999; Duane and Gill 1997, Mathur et. al. 2004; Holzer and Martinson 2005; Maguire et. al. 2009; Martinson 2010). In addition to employer involvement, the focus on the strongest sectors in and deep understanding of the local economy that SSF grantees can achieve have been empirically demonstrated to particularly benefit SSF's target population of younger, low-income adults (Maguire et. al. 2009; Roder and Elliot 2011).

The type of training provider also matters: sub-baccalaureate training providers like those receiving SSF grants “can be nimble allies of employers and other workforce partners in providing training that is specific to the needs of a particular employer or industry...and allow ‘ownership’ at the company level in order to foster a greater tie-in with local economic development authorities” (Romer 2009). Incumbent worker training programs like SSF are a strategy the literature highlights as particularly effective at improving outcomes for low-skill workers, who might not receive training otherwise (Martinson 2010).

The primary challenge facing these programs is to continue strengthening connections between businesses, training providers and local workforce and economic development entities (Holzer and Nightingale 2009).

INTRODUCTION

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 Self Sufficiency Fund 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 here can be found in the appendix.

METHODOLOGY

LMCI received 28,634 SSF seed records from the Policy and Service Delivery Department of TWC's Workforce Development Division for participants exiting in 2008-2009. Each seed record represents a unique combination of a participant's Social Security Number (SSN) and a program service. Because participants often receive more than one service, the input file includes many duplicate records, which LMCI condenses into one unique record per participant. After removing duplicates, 1,602 unique records remained for analysis. LMCI also links the seed record to Texas Bureau of Vital Statistics data to identify and exclude deceased participants. After performing this exclusion, 1,564 participants remained in the analysis.

LMCI then links the seed record files to several government databases to determine outcomes. The primary database we used for this report is the TWC Unemployment Insurance (UI) database, which contains information on employment status and earnings. We also performed linkages to the Texas Higher Education Coordinating Board (THECB) master enrollment file to identify participants enrolled in post-secondary education, and the Federal Employment Data Exchange System (FEDES) to locate any participants employed in federal civil service or the military.¹ If linkages to these databases result in a match, LMCI retains the participant's earnings and the North American Industry Classification System (NAICS) code of the employer of record for analysis. If a participant has multiple employers, LMCI adds that participant's wages across NAICS codes and uses the NAICS of the employer paying the most wages for

¹ FEDES includes employment data from the Department of Defense, the Federal Office of Personnel Management and the US Postal Service, although linkages to US Postal Service data were not performed for this cohort.

analysis. If a participant has the same earnings across multiple employers, LMCI retains the NAICS of the employer with the most employees.

For the one-year analyses, LMCI defines “performance” as laid out in Senate Bill 281 using two basic metrics: employment and median quarterly earnings in a given period after exit (Q42009 in this case). We report median quarterly earnings rather than mean quarterly earnings due to the wide range of earnings reported. Median quarterly earnings are a more robust measure of central tendency and prevent extreme observations from skewing the results.

In 2010, LMCI made a slight alteration in the way we report services provided for the Skills Development Fund. On average, most participants take multiple courses in multiple programs. However, to effectively calculate participant earnings, the data must be unduplicated. In this process, valuable information regarding courses taken was lost. As a result, starting from the 2010 report on the 2008-2009 exit cohort, we report the total number of times each course was taken rather than assigning one course to each participant. This allows the reader to determine which classes were taken overall, but the sum totals will not match other the cohort total.

For the three-year and five-year (“longitudinal”) analyses, LMCI reports employment and median quarterly earnings three (or five) years after exit and employment retention over the period (i.e., the percentage of individuals employed at program exit still employed three or five years later). We then compare these outcomes across various categories such as industry of employment or occupation which vary with each program’s data collection requirements. LMCI always reports outcomes by training provider and variables capturing occupation to comply with our mandate under SB 281, but we include demographics or other observed participant characteristics when available.

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.² The collection of UI wage data involves editing to clean incoming data. However, inaccurate wage records may remain in the system unless and until a claim for UI benefits is filed. SSNs are not validated against a national database, so 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.

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.

SELF-SUFFICIENCY FUND, 2004-2005 EXIT COHORT ANALYSIS

Of the original SSF 2004-2005 exit cohort, 1,934 were documented by the longitudinal study. Their percent employed fell by 12 while their median earnings grew by 16.8 overall (Table 14). Successful completers had a slightly lower drop in their percent employed while those who did not successfully complete had a much higher loss. However, those who did not successfully complete the program had a larger growth in median quarterly earnings, possibly an artifact of the small sample size.

Figure 7 compares labor market outcomes for SSF 2004-2005 successful completers and non-successful completers to the equivalent measures for the state of Texas. As we can see, SSF participants did not follow the slight downward trend in inflation-adjusted median quarterly earnings over the study period.

On the following page, Figure 8 shows the distribution of earnings for the cohort over the study period. As we can see from the chart, the median shows a steady rightward shift, meaning that earnings for the cohort trended upward. Income distributions tend to be skewed to the left (i.e. many low earners, few high earners), but these distributions become less left-skewed over time.

Figure 7
Outcomes by Completion Status, SSF 2004-2005 Exiters

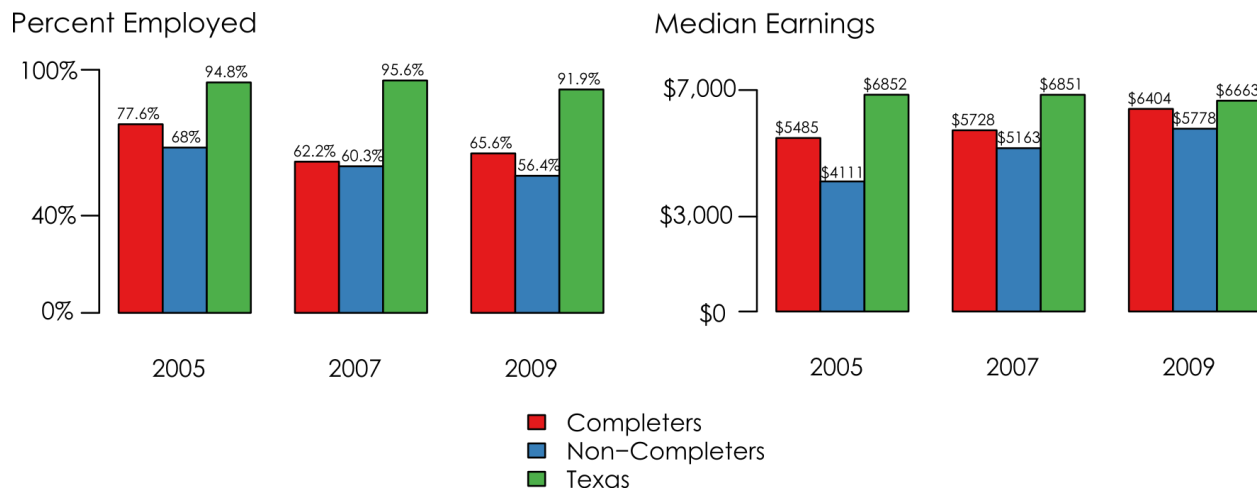
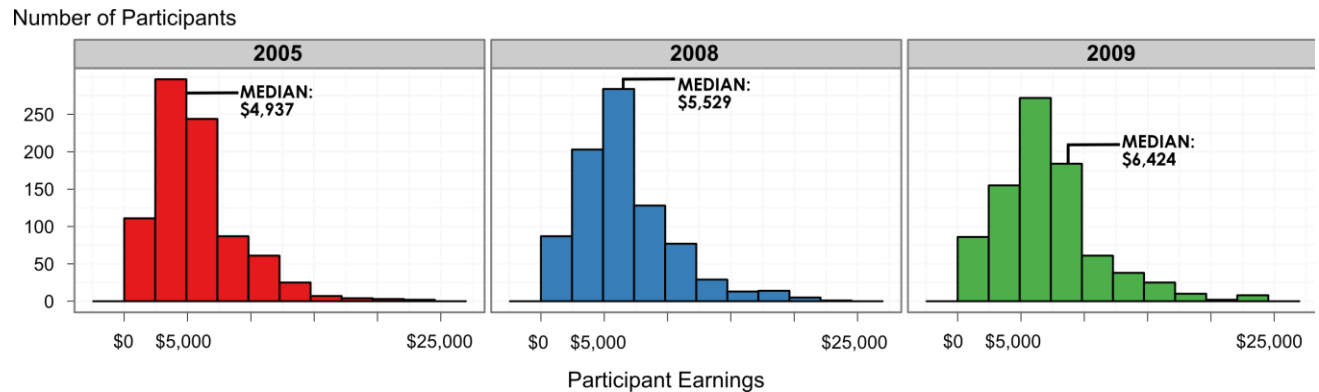


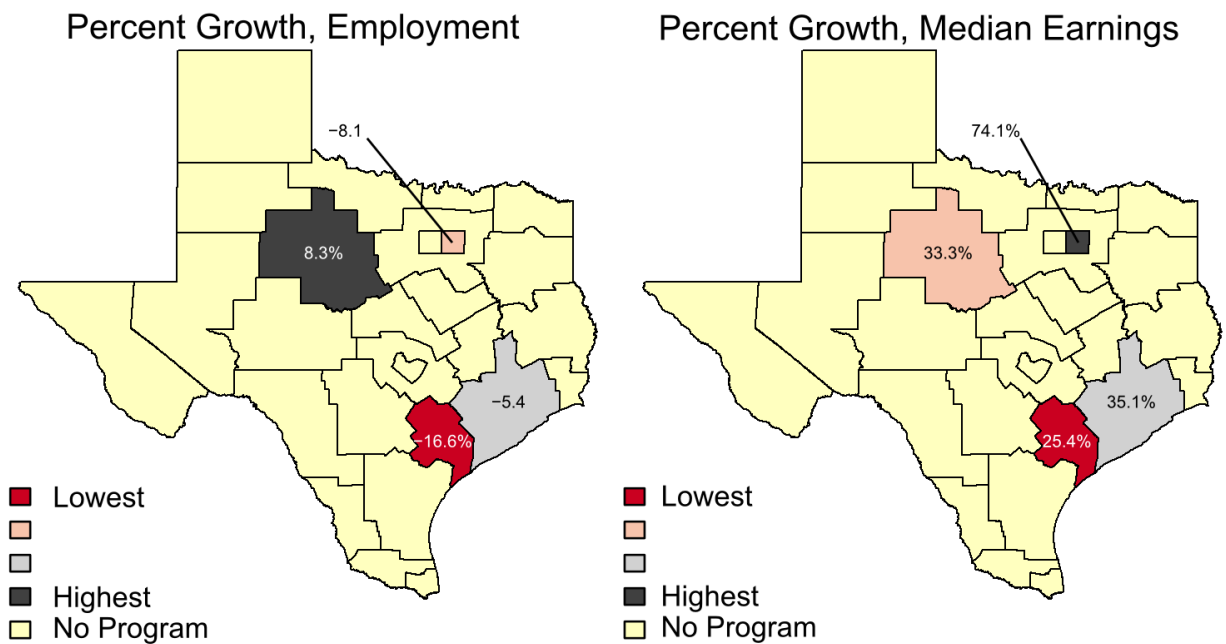
Figure 8
Distribution of Earnings, Skills SSF 2004-2005 Exiters



OUTCOMES BY GEOGRAPHY, SSF 2004-05 EXIT COHORT

Figure 9 shows the four LWDA data linkages found for 2004-2005 SSF exiters. Upper Rio Grande LWDA also had SSF participants, but we have withheld results to protect personal information of the participants due to their low numbers in this LWDA. West Central LWDA actually saw a rise in cohort employment over the period, bucking the overall negative trend. Dallas had the highest median earnings growth, 74.1 percent for the cohort. Table 15 on the following page provides a detailed breakdown of outcomes by training provider.

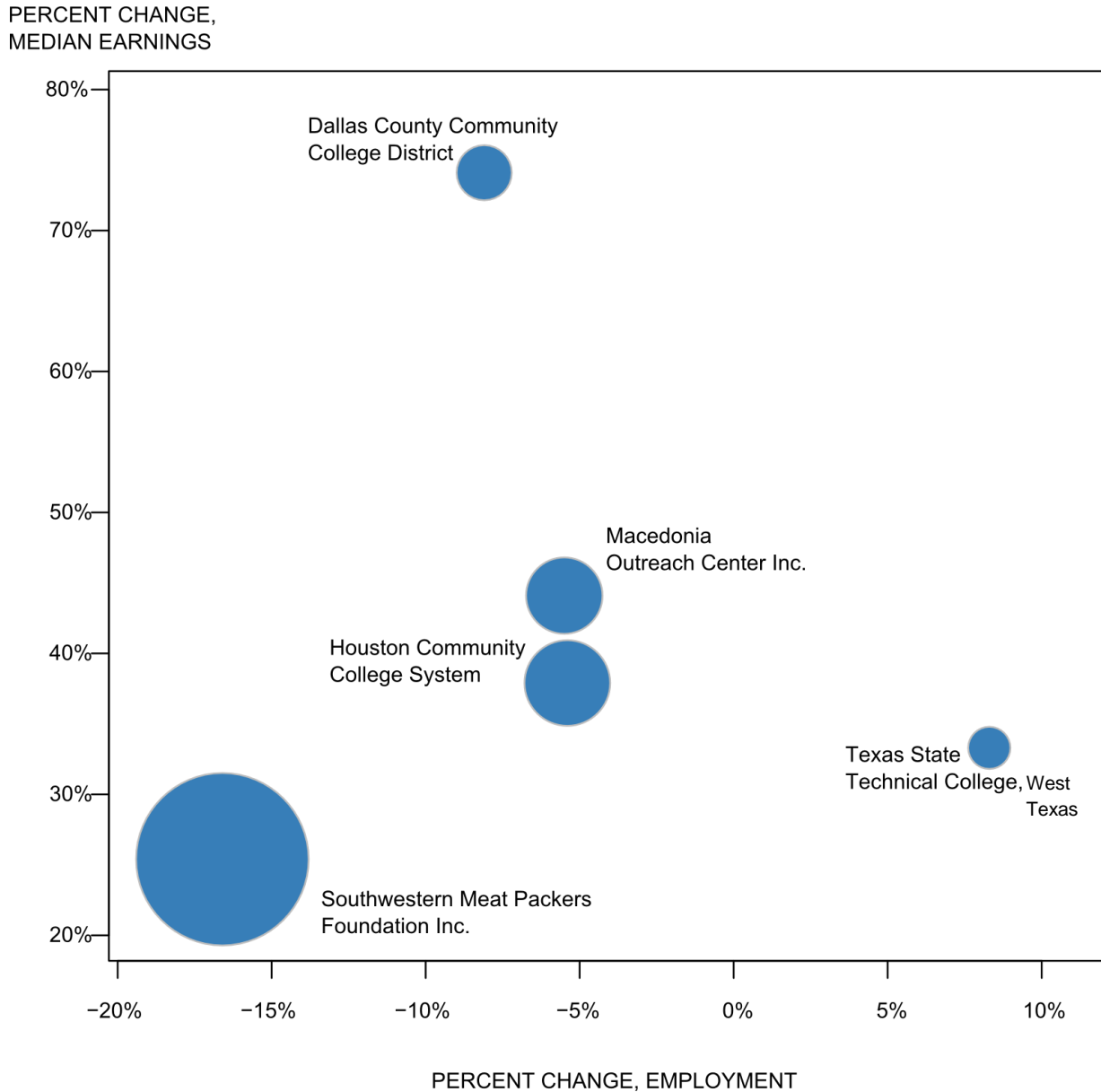
Figure 9
Outcomes by Geography, SSF 2004-2005 Exit Cohort



OUTCOMES BY PROVIDER, SSF 2004-05 EXIT COHORT

Figure 10 compares labor market outcomes by training provider. Dallas County CCD had the highest earnings growth. Texas State Technical College (West Texas) had employment growth, while participants who received training from other providers experienced a loss (the area of the circle is proportional to the number of participants served by the provider). Table 16 on the following page provides a detailed breakdown of labor market outcomes by training provider.

Figure 10
Outcomes by Provider, SSF 2004-2005 Exitters



OUTCOMES BY INDUSTRY OF EMPLOYMENT, SSF 2004-2005 EXIT COHORT

The industries of employment were somewhat skewed towards animal processing given the presence of the Southwest Meatpackers' Association as a training provider (Table 17-18). Limited Service Eating Places (i.e. fast food) dropped out of the top ten, replaced by Elementary and Secondary Schools five years after exit.

Industry (NAICS)	N Working	% of Cohort Employed	Median Earnings
Animal Slaughtering and Processing	514	26.6%	\$5,697
Greenhouse, Nursery, and Floriculture Production	147	7.6%	\$5,620
Poultry and Egg Production	83	4.3%	\$3,702
Employment Services	71	3.7%	\$2,689
General Medical and Surgical Hospitals	62	3.2%	\$6,653
Nursing Care Facilities	45	2.3%	\$3,652
Other Food Manufacturing	44	2.3%	\$5,374
Home Health Care Services	32	1.7%	\$1,246
Other General Merchandise Stores	30	1.6%	\$3,350
Limited-Service Eating Places	25	1.3%	\$2,244

Industry (NAICS)	N Working	% of Cohort Employed	Median Earnings
Animal Slaughtering and Processing	367	19.0%	\$7,038
Greenhouse, Nursery, and Floriculture Production	101	5.2%	\$6,519
General Medical and Surgical Hospitals	53	2.7%	\$8,454
Employment Services	43	2.2%	\$4,498
Nursing Care Facilities	43	2.2%	\$4,524
Poultry and Egg Production	42	2.2%	\$6,022
Home Health Care Services	36	1.9%	\$2,084
Other Food Manufacturing	32	1.7%	\$8,385
Elementary and Secondary Schools	29	1.5%	\$4,089
Other General Merchandise Stores	22	1.1%	\$4,348

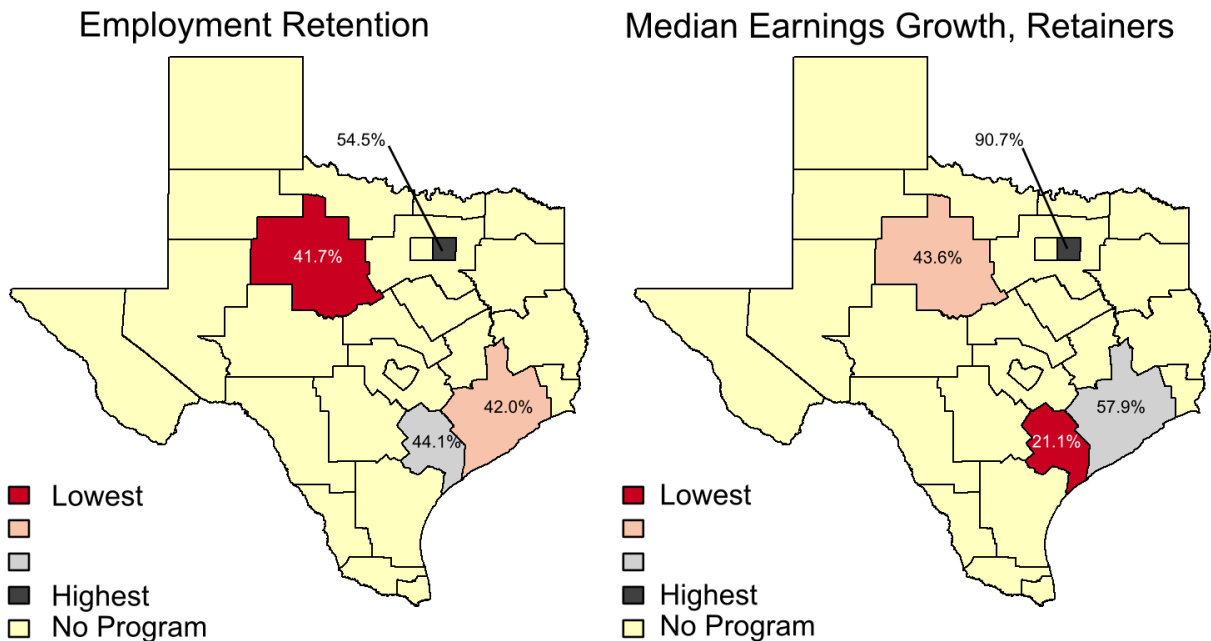
RETAINER ANALYSIS, SSF 2004-2005 EXITERS

Table 20 displays high-level outcomes for SSF 2004-2005 cohort members found employed in both Q42005 and Q42009. The low retention rate, less than 50 percent, underscores the difficult labor market that characterized the period 2005-2009. In spite of the low retention rate, those individuals who managed to stay employed experienced median quarterly earnings growth of 18.2 percent.

OUTCOMES BY GEOGRAPHY, SSF 2004-05 RETAINERS

Retainers in Dallas County had the best overall labor market outcomes among the LWDA's where data linkages found 2004-2005 SSF participants: a retention rate of 54.5 percent and almost a doubling of median quarterly earnings (Figure 11). Table 21 on the following page provides a detailed breakdown of outcomes by LWDA.

FIGURE 11
OUTCOMES BY GEOGRAPHY, SSF 2004-2005 RETAINERS

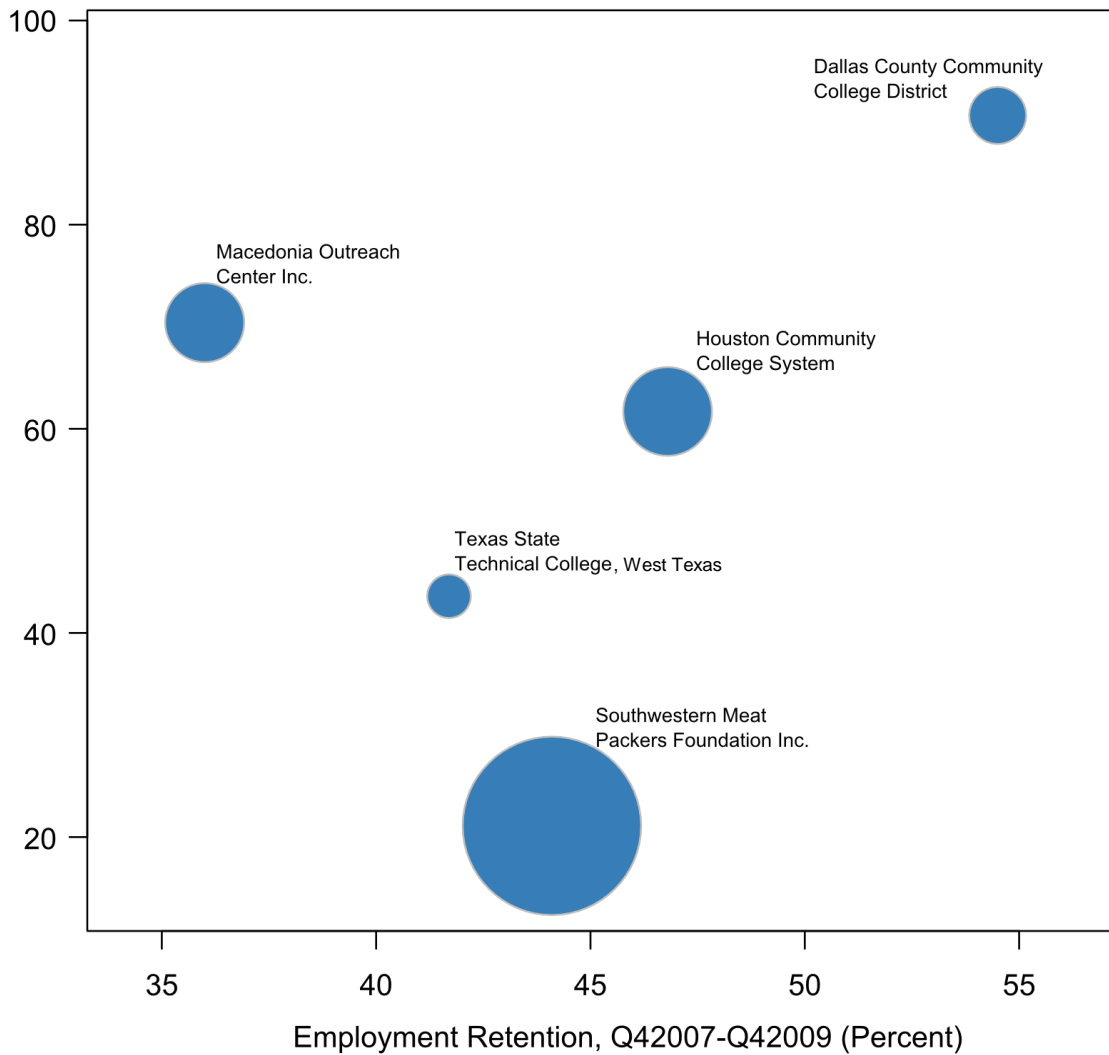


OUTCOMES BY PROVIDER, SSF 2004-05 RETAINERS

An analysis of results for retainers by training provider confirms the high performance of participants in the Dallas WDA (Figure 12). The area of the circles is proportional to the number of participants served by each respective provider. Table 22 on the following page provides a detailed breakdown of outcomes by training provider.

Figure 12
Outcomes by Provider, SSF 2004-2005 Retainers

Percent Growth, Median
Quarterly Earnings



OUTCOMES BY INDUSTRY OF EMPLOYMENT, SSF 2004-2005 RETAINERS

Table 23 shows labor market outcomes for the top ten industries that employed SSF retainers from the 2004-2005 exit cohort. The similarity between the Q42009 employment situation of retainers and the cohort as a whole, largely driven by a lack of newly employed individuals, underscores the difficult economic climate experienced by this exit cohort.

Industry (NAICS)	N Working	% of Cohort Employed	Median Earnings
Animal Slaughtering and Processing	172	8.9	\$6,115
Greenhouse, Nursery, and Floriculture Production	94	4.9	\$6,832
General Medical and Surgical Hospitals	50	2.6	\$8,473
Poultry and Egg Production	38	2.0	\$6,071
Nursing Care Facilities	34	1.8	\$4,732
Employment Services	32	1.7	\$4,560
Elementary and Secondary Schools	28	1.4	\$4,094
Other Food Manufacturing	27	1.4	\$8,131
Other General Merchandise Stores	17	0.9	\$4,848
Home Health Care Services	16	0.8	\$2,490

Appendix A: Detailed Data Tables, Exit Cohort

TABLE 4: OUTCOMES BY COMPLETION STATUS, SSF 2004-2005 EXITERS				
Status	N	% Working, Q42005	Median Earnings, Q42005	Median Earnings, Q42005, 2009 Dollars
Successful Completers	1,847	77.6	\$4,993	\$5,485
Other	78	68.0	\$3,742	\$4,111
Total	1,934	77.3	\$4,937	\$5,463
Status	N	% Working, Q42009	Median Earnings, Q42009	Percent Change, Median Earnings
Successful Completers	1,847	65.6	\$6,404	16.8%
Other	78	56.4	\$5,778	40.5%
Total	1,934	65.3	\$6,381	16.8%

Table 5: Outcomes by Geography (LWDA), 2004-2005 SSF Exit Cohort					
LWDA	Number of Participants	Percent Working, Q42005	Percent Working (Q42009)	Median Earnings, Q42005	Median Earnings, Q42009
Dallas	123	77.2	69.1	\$4,025	\$7,008
West Central	72	59.7	68.1	\$5,074	\$6,765
Golden Crescent	1,203	83.4	66.8	\$5,382	\$6,747
Gulf Coast	533	66.2	60.8	\$3,615	\$4,883
Upper Rio Grande	NA*
Total	1,934	77.3	65.3	\$4,937	\$6,381

*"NA" indicates cell size too small, withheld to protect personally identifiable information.

Table 6: Outcomes by Provider, 2004-2005 SSF Exit Cohort							
Provider	Number of Participants	Percent Working, Q42005	Percent Working, Q42009	Cohort Median Earnings, Q42005	Cohort Median Earnings, Q42009	Cohort Change, Percent Employed	Cohort Change, Median Earnings
Dallas CCD	123	77.2	69.1	\$4,025	\$7,008	-8.1	74.1
TSTC West Texas	72	59.7	68.1	\$5,074	\$6,765	8.3	33.3
Southwestern Meat Packers Foundation Inc.	1,203	83.4	66.8	\$5,382	\$6,747	-16.6	25.4
Houston Community College System	297	71.4	66.0	\$3,978	\$5,486	-5.4	37.9
Macedonia Outreach Center Inc.	236	59.8	54.2	\$2,791	\$4,021	-5.5	44.1
Total	1,934	77.3	65.3	\$4,937	\$6,381	-12.1	29.2

**Table 7: Higher Education Dashboard, Self-Sufficiency Fund
2004 - 2005 Exit Cohort**

Summary of Linkage	N	% of Cohort	Median Earnings
Working Only	1,011	52.3	\$6,424
Enrolled	101	5.2	\$0
Both	251	13.0	\$6,276
All Working	1,262	65.3	\$6,381
All Enrolled	352	18.2	\$4,280
Not Located	571	29.5	.
Total	1,953	.	\$4,232

N	%	Higher Education Enrollment by Institution Type
301	85.5%	Community and/or Technical Colleges
22	6.3%	Public/Private Universities & Health Science Centers
352	100.0	Total Found Enrolled

Top LWDAs by Enrollment	N	Number Enrolled	% of All Enrolled
Dallas	123	27	22.0
West Central	72	63	87.5
Upper Rio Grande	NA	NA	NA
Golden Crescent	1,203	65	5.4
Gulf Coast	533	197	37.0
Total	1,934	352	18.2

Public Postsecondary Institution	N	% of All Enrolled	Program of Study (4-digit CIP)	N	% of All Enrolled
Dallas County Community College District	27	7.7	Ground Transportation	62	17.6
El Paso Community College District	.	.	Business Operations Support and Assistant Services	51	14.5
Houston Community College System	150	42.6	Nursing	44	12.5
Dallas County Community College District	47	13.4	Liberal Arts and Sciences, General Studies and Humanities	41	11.6
Macedonia Outreach Center Inc.	65	18.5	Undeclared	25	7.1
Southwestern Meat Packers Foundation Inc.	63	17.9	Business Administration	13	3.7
Total	352	100.0	Health and Medical Admin. Services	7	2.0
			Allied Health and Medical Assisting Services	7	2.0
			Precision Metal Working	6	1.7
			Allied Health Professions	6	1.7

Appendix B: Detailed Data Tables, Retainers

Table 8: Outcomes by Completion Status, SSF 2004-2005 Retainers

Status	N	% Working,2005	Median Earnings, Q42005	Median Earnings, Q42005 (2009 Dollars)
Successful Completers	1,847	77.6	\$4,993	\$5,485
Other	78	68.0	\$3,742	\$4,111
Total	1,934	77.3	\$4,937	\$5,463

Status	N Still Working, 2009	% Still Working,2009	Median Earnings, 2009	Percent Change, Median Earnings Q42005-Q42009
Successful Completers	816	44.2	\$6,483	18.2
Other	29	37.2	\$6,208	51.0
Total	852	44.1	\$6,483	18.7

Table 9: Outcomes by LWDA, 2004-2005 SSF Retainers

LWDA	Number of Participants	Percent Working, Q42005	Employment Retention (Still Working, Q42009)	Median Earnings, Q42005	Median Earnings, Q42009	Median Earnings Change
Dallas	123	77.2	54.5	\$4,025	\$7,676	90.7%
Golden Crescent	1,203	83.4	44.1	\$5,382	\$6,520	21.1%
Gulf Coast	533	66.2	42.0	\$3,615	\$5,708	57.9%
West Central	72	59.7	41.7	\$5,074	\$7,284	43.6%
Total	1,934	77.3	44.1	\$4,937	\$6,483	31.3%

Table 10: Outcomes by Provider, 2004-2005 SSF Retainers

Provider	Number of Participants	Percent Working, Q42005	% Still Working, Q42009	Median Earnings, Q42005	Retainer Median Earnings, Q42009	Percent Change, Median Earnings
Dallas CCCD	123	77.2	54.5	\$4,025	\$7,676	90.7
Houston Community College System	297	71.4	46.8	\$3,978	\$6,432	61.7
Southwestern Meat Packers Foundation Inc.	1,203	83.4	44.1	\$5,382	\$6,520	21.1
Texas State Technical College, West Texas	72	59.7	41.7	\$5,074	\$7,284	43.6
Macedonia Outreach Center Inc.	236	59.8	36.0	\$2,791	\$4,755	70.4
Total	1,934	77.3	44.1	\$4,937	\$6,483	31.3

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