

Against The Odds Steady Employment Among Low-Skilled Women

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Executive Summary

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) fundamentally altered the safety net for low-income families. PRWORA eliminated the 61-year-old Aid to Families with Dependent Children (AFDC) program and its companion welfare-to-work program—the Job Opportunities and Basic Skills (JOBS) training program. The new law provides states with block grants to establish a Temporary Assistance for Needy Families (TANF) program. PRWORA gives states considerable flexibility to determine the type of safety net they will provide for low-income families in need of assistance. It also includes several mandates designed to transform the existing AFDC program into a work-oriented transitional assistance program.

One of the more difficult challenges states will face as they begin to transform a system focused on disbursing monthly checks to one focused on helping recipients find employment is identifying program strategies to help recipients with low skills gain a firm foothold in the labor market. Almost two-thirds of women between the ages of 26 and 33 who received welfare in 1991 had scores on the Armed Forces Qualifying Test (AFQT)—a measure of basic skills that bears a strong relationship to future earnings and employment—that fell in the bottom quartile of the AFQT distribution; one-third had scores that fell in the *bottom decile* of the AFQT distribution.

To provide some insights into what it might take for states to help low-skilled women make a successful transition from welfare to work, I examine the characteristics and employment patterns of low-skilled women who are successful at finding steady employment by their late twenties. Data for this analysis is from the National Longitudinal Survey of Youth (NLSY).

I find that poor social outcomes such as dropping out of school and teenage childbearing are more prevalent among low-skilled than higher skilled women, but that a substantial portion of low-skilled women avoid these negative outcomes. When one looks more closely at women with low skills, it becomes apparent that poor social and employment outcomes are much more concentrated among women with extremely low skills (AFQT scores in the bottom decile of the AFQT distribution) than among women with low skills in general.

Almost three-quarters of moderately low-skilled women (AFQT scores in the 11th-25th percentiles) work steadily by their late twenties, though primarily in low-paying jobs. In contrast, only about 40 percent of extremely low-skilled women find steady employment by their late twenties. The combination of extremely low skills and not completing high school appears to put extremely low-skilled women at a considerable disadvantage in the labor market. Surprisingly, however, a substantial fraction of moderately low-skilled women who have not completed high school do make the transition to steady employment by their late twenties.

Most women take one of two paths to steady employment. They are either steadily employed from the time they reach early adulthood or they move in and out of the labor force and make a more gradual transition to stable employment. Though a substantial fraction of women with moderately low skills make an immediate transition to steady employment (40 percent), very few extremely low-skilled women do so (17 percent). Almost half of extremely low-skilled women who make the transition to steady employment initially spend more time not working than working, but gradually increase their employment levels until they are working steadily.

To the extent that welfare recipients' employment prospects mirror those of all women with similar skill levels, these data suggest that it is reasonable to expect that most recipients with moderately low skills will be able to work steadily, although most will work primarily in low-paying and/or part-time jobs and may need access to ongoing work or income supports such as child care, transportation, or the Earned Income Tax

Credit (EITC). In contrast, the challenge of helping recipients with the lowest skill levels make the transition to steady employment is likely to be quite formidable. There is limited knowledge on what strategies might work to help this group of recipients find stable employment. In the short-term, states will be on their own to identify potential welfare-to-work strategies that take into account the difficulties these recipients will face in finding employment in an economy with few opportunities that do not require at least minimal levels of basic skills.

I. Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) fundamentally altered the safety net for low-income families. PRWORA eliminated the 61-year-old Aid to Families with Dependent Children (AFDC) program and its companion welfare-to-work program—the Job Opportunities and Basic Skills (JOBS) training program. The new law provides states with block grants to establish a Temporary Assistance for Needy Families (TANF) program. PRWORA gives states considerable flexibility to determine the type of safety net they will provide for low-income families in need of assistance. It also includes several mandates designed to transform the existing AFDC program into a work-oriented transitional assistance program. After 24 months, families receiving TANF assistance are required to work in exchange for benefits. Within a year of enactment, states are required to achieve work participation rates that are considerably higher than those under the JOBS program. In addition, TANF funds can only be used to provide cash assistance to families for a maximum of 60 months during their lifetime.

States are likely to face many challenges as they begin to transform a system focused on disbursing monthly checks to one focused on helping recipients find employment. Perhaps the most difficult challenge they will face will be developing a welfare-to-work strategy that can address the needs of an extremely diverse caseload (Bane and Ellwood 1994). In a favorable economic environment and with child care assistance available, mothers who face no other barriers to employment are likely to find employment quickly once they are required to do so. Other women are also likely to find a job once they are provided with job search assistance, short-term training, or labor market contacts they may have been unable to establish on their own.

But for some women, finding employment is not likely to be that simple. Research shows that a non-trivial portion of the current AFDC caseload faces substantial personal or family challenges that potentially could make it difficult for them to make a permanent transition from welfare to work (Olson and Pavetti 1996). Chief among these personal or family challenges are very low basic skills.¹

Given the large numbers of welfare recipients with low basic skills and the importance of basic skills in determining labor market outcomes, the long-term success of welfare reform will ultimately rest on states' abilities to move low-skilled recipients into jobs. To provide some insights into what it might take for states to help low-skilled women make a successful transition from welfare to work, I examine the characteristics and employment patterns of low-skilled women who manage to gain a firm foothold in the labor market by their late twenties. On average, women with low skills fare worse in the labor market than women with higher skills. However, some women with low skills do, in fact, work steadily. The focus of my inquiry is three-fold: to understand who among low-skilled women actually make the transition to steady employment, to identify the employment paths that lead low-skilled women to steady employment, and to consider ways in which this information might inform the development of welfare-to-work strategies for the least-skilled welfare recipients.

This paper is organized as follows. First, I discuss current research on this topic and then describe the data used for this analysis. In subsequent sections I examine the characteristics of women with low skills; the employment outcomes for low-skilled women at age 26/27; the personal and family characteristics associated with steady employment by age 26/27; and the employment paths that appear to lead to steady employment. Finally, I summarize and discuss the implications of these findings for welfare reform.

II. Review of the Literature

Poor mastery of basic skills may be the characteristic that most distinguishes welfare recipients from other mothers. Olson and Pavetti (1996) show that welfare recipients' test scores on the Armed Forces Qualifying Test (AFQT), a measure of basic skills that bears a strong relationship to future earnings and employment, are three times as likely as non-recipients' scores to fall in the bottom quartile of the AFQT distribution. Almost two-thirds of women between the ages of 26 and 33 who received welfare in 1991 had AFQT scores that fell in the bottom quartile of the AFQT distribution, compared to just 22 percent of women of the same age who did not receive welfare.

Research also shows that poor mastery of basic skills is associated with longer stays on welfare. In an analysis of factors associated with movement on and off the welfare rolls, Pavetti (1993) found that women with higher than average AFQT scores were more likely to leave initial spells of welfare for work, less likely to return to the welfare system, and more likely to leave welfare again if they did return than women with average or lower than average skills. Olson and Pavetti (1996) show that the AFQT scores of 46 percent of women who used welfare for two years or less fell in the bottom quartile of the AFQT distribution, compared to 55 percent of those who received welfare for between two and five years; 66 percent of those who received welfare for longer than five years fell into this portion of the AFQT distribution. In addition, more than one-third (35 percent) of women who received welfare for longer than five years had AFQT scores that fell in the *bottom decile* of the AFQT distribution.

Using the same data but slightly different definitions of welfare receipt, Burtless (1995) and Berlin and Sum (1988) have also documented the over-representation of welfare recipients among women with the lowest skills. Burtless shows that 72 percent of 23-year-old women who received AFDC for 12 months had AFQT scores that fell in the bottom quartile of the AFQT distribution, compared to 52 percent of women who received welfare for less than a year and 22 percent of women who never received welfare. Berlin and Sum (1988) found that 53 percent of women in the lowest fifth of the AFQT skills distribution have received welfare and that 79 percent of welfare recipients have below average AFQT scores. Zill and Moore (1990) note that the mean AFQT score for welfare mothers is significantly below the mean of even the lowest of occupational classes. Nonetheless, they estimate that 60 percent of AFDC recipients are likely to qualify for jobs in the service industry, 69 percent for jobs as manual operatives, and 45 percent for clerical and secretarial jobs.

Research on the relationship between basic skills and employment outcomes suggests that the low basic skills of welfare recipients are likely to substantially influence their success in the labor market. Berlin and Sum (1988) show that mastery of basic skills is related to average earnings, regardless of school completion for both men and women. During their early years in the labor market, the average earnings of female high school dropouts in the bottom quintile of the AFQT distribution were just 34 percent of the average wages of female high school dropouts in the highest AFQT quintile. For female high school graduates the gap was not quite as wide, with women in the lowest quintile earning 49 percent of what high school graduates in the highest quintile earned. Berlin and Sum also found that basic skills accounted for about half of the explained variation in earnings patterns of young men and women during their early employment careers.

Fischer et al. (1996) stress that though basic skills, as measured by the AFQT, are correlated with important outcomes such as education, earnings and poverty status, mastery of basic skills is only one of many factors that influence these outcomes. They note that family background is at least as important and may be more important in determining economic and social success in adulthood. Heckman (1995) finds that basic skills scores predict female wages better than male wages, but that test scores predict at most 30 percent of the variance in measured wages.

III. The Data

This analysis uses data from the National Longitudinal Survey of Youth (NLSY). The NLSY began with a cohort of 12,686 youth including 6,403 men and 6,283 women between the ages of 14 and 21 in 1979 who have been reinterviewed every year since 1979. In this analysis I use 15 years of data, from 1979 through 1993. Since the focus of this research is employment experiences over time for women with various skills levels, I select a sample of women whom I can observe for a full ten-year period, from ages 18 through 27, and who have a valid AFQT score. Thus, women who were over the age of 18 in 1979, women who did not respond to the survey in any one year, and women who did not take the Armed Services Vocational Aptitude Battery (ASVAB) of tests (on which the AFQT score is based) are not included. For this sample of 2,018 women, I assemble employment information over a ten-year period, from the year in which a woman turns 18 through the year in which she turns 27.

Information collected in the NLSY on how much a woman worked and how much she earned on a weekly basis is used to categorize her employment status on a quarterly basis. For each of the 40 sample quarters, I designate a woman as having a good job, having a bad job, or having no job, using the same criteria used by Pavetti and Acs (1997) in their analysis of transitions from "bad" to "good" jobs.

Under this classification scheme, a quarter is classified as a good job quarter if a woman usually works at least 35 hours a week and earns at least \$8 per hour (in real 1993 Consumer Price Index dollars). To qualify as a good job quarter, a woman has to work at least 70 hours in the quarter. If a woman works at all during the quarter but does not meet the good job criteria, the quarter is classified as a bad job quarter. No distinction is made between women who voluntarily choose to stay home and those who want to work but cannot find jobs. Similarly, no distinction is made between women who work in part-time jobs because they cannot find full-time work and women who choose to work part-time while they raise a child or attend education or training programs.

In this analysis I use the Armed Forces Qualifying Test (AFQT) as a measure of basic skills. The AFQT is a composite of scores from sub-tests of the Armed Services Vocational Aptitude Battery (ASVAB), an aptitude test that consists of ten different tests made up of 333 questions that takes three-and-a-half hours to administer. The ASVAB is used by the U.S. Department of Defense to determine eligibility for enlistment in a branch of the armed services and to assign recruits to specific jobs and/or training programs. The AFQT is based on four components of the test: arithmetic reasoning, word knowledge, paragraph comprehension, and mathematics knowledge. Other tests included in the ASVAB measure knowledge in selected occupational or vocational areas such as science or automotives. Individuals who score in the upper quintile of the AFQT distribution read at about a 12th grade level while those in the bottom quintile have less than a sixth grade reading ability (Berlin and Sum 1988).

The AFQT has been used in numerous research studies over the years that examine the relationship between skills and various social and economic outcomes, and is generally accepted as an effective measure of achievement. However, the AFQT gained prominence and became the subject of much controversy with the publication of *The Bell Curve* by Richard J. Herrnstein and Charles Murray in 1994. Herrnstein and Murray, defining the AFQT as an intelligence test, used the relationship between the AFQT and various social and economic outcomes to make the argument that differences in innate, immutable intelligence (for which they use the AFQT as a proxy) could explain racial inequality and variations in performance in society. Since its publication, many prominent academicians have refuted the main arguments of *The Bell Curve*, primarily on

technical grounds. They have presented widespread evidence showing that the AFQT is a measure of academic achievement that increases with education and age, rather than a measure of innate intelligence (for example, see Heckman 1995 and Fischer et al. 1996).

I initially divide the sample used for this analysis into four groups, each representing one quartile of the AFQT distribution. For several analyses, I further divide the bottom quartile into two parts, one representing the 1st through 10th percentiles and one the 11th through 25th percentiles. I refer to women whose scores fall in the 1st to 10th percentiles as extremely low-skilled women and those whose skills fall in the 11th to 25th percentiles as moderately low-skilled women. The AFQT was administered to all women in the NLSY in 1980. Because young women in the NLSY represent a relatively broad span of ages (from 14 to 22 in 1979), some women took the AFQT test after they had completed their formal schooling while others were several years away from high school completion. To account for the difference in ages when the young women in the NLSY took the AFQT, I determine a woman's AFQT percentile rank based on a comparison to women of the same age, rather than to the sample of women as a whole. Thus, a 15-year old who is in the bottom quartile had an AFQT score that fell in the bottom quartile when only AFQT scores for all 15-year old women are considered; the AFQT scores for older women or younger woman have no impact on her skill ranking.

IV. Characteristics of Women with Low Skills

The data presented in [table 1](#) indicate that the characteristics of women with the lowest basic skills are quite different than those of women with higher skills. Women with low basic skills are more likely than women with higher skills to have children by the time they reach age 27, are more likely to be a member of a racial or ethnic minority, and are more likely to experience poor social outcomes that are associated with long-term welfare receipt. Nonetheless, the majority of low-skilled women manage to complete high school, delay childbearing until their early to late twenties, and raise children without ever seeking assistance from the welfare system.

In keeping with previous research in this area, these data suggest a substantial link between a woman's skill level as measured by the AFQT and her educational attainment. The greatest concentration of women who have some education beyond high school (80.6 percent) is found among women with the highest AFQT scores, while the greatest concentration of women who have not completed high school (36.2 percent) is found among women with the lowest AFQT scores. Minority women, including black non-Hispanic, Hispanic, and other minority women are over-represented among women in the bottom quartile of the AFQT distribution, reflecting, among other things, the poorer quality of schools they attend and their lower levels of education.

As shown in [table 1](#), almost three-quarters of women with low basic skills have had a child by the time they reach age 27. In stark contrast, only 31 percent of women with the highest skill levels have given birth by age 27. Among women with children, those with low skills are more likely to have had a child when they were a teenager and/or when they were not married. As a result of high rates of repeat births, low-skilled mothers are far more likely than other mothers to have three or more children by age 27. Low-skilled mothers are also substantially more likely than other mothers to receive AFDC.

Even though poor social outcomes such as dropping out of high school or giving birth as a teenager are more prevalent among women with low skills than among women with higher skills, a substantial fraction of women with low skills avoid these negative outcomes. In fact, almost two-thirds of women with low skills have completed high school and, among those, a small but not insignificant number (15.7 percent) have some education beyond high school. Among low-skilled women with children at age 27, 70 percent were either currently married or had been married in the past. Almost half gave birth to their first child after age 20. The majority of low-skilled mothers have also managed to care for their children without assistance from the welfare system.

When one takes a closer look at women with low skills, it becomes quite apparent that poor social outcomes are substantially more concentrated among women with extremely low skills than among women with low skills in general ([table 2](#)). More than half (52.6 percent) of extremely low-skilled women have not completed high school compared to just 23.2 percent of moderately low-skilled women. Extremely low-skilled women with children are also substantially more likely to have never married by the time they turn 27 than women with somewhat higher skills (37.9 percent versus 21.7 percent). In addition, the majority of women with extremely low skills gave birth to their first child before they turned 20, with 30 percent giving birth before they turned age 18.

One-third of extremely low-skilled mothers compared to one-fifth of moderately low-skilled mothers were caring for three or more children at age 27. Almost two-thirds of mothers with extremely low skills turn to the welfare system for support at some point in time, compared to 43.7 percent of mothers with moderately low skills.

Minority women are more concentrated among women with extremely low skills than among women with low skills in general. Black, non-Hispanic women account for 48.8 percent of extremely low-skilled women, even though they account for only 15 percent of the sample as a whole and 39 percent of all low-skilled women. The over-representation of Hispanic and other minority women among women with extremely low skills is not nearly as high as it is for black women. Hispanic and other minority women account for 6.1 percent of the sample as a whole, 12.2 percent of all low-skilled women and 14.1 percent of extremely low-skilled women.

V. Employment Outcomes for Women at Different Skill Levels

For young women, the period between their early and late twenties is a time of transition, when women make important decisions about how much education they will pursue and what kind of career path they will follow. Pavetti and Acs (1997) show that by their late twenties, most women have already made the transition to steady employment and a substantial fraction are actually employed steadily in good jobs.

To examine the employment outcomes for women by skill level, I divide women into four different employment groups based on their employment experiences at ages 26 and 27:

Limited employment: Women who work in 25 percent or less of the quarters during the two-year period.

Intermittent employment: Women who work for more than 25 percent but less than 75 percent of the two-year period.

Steady employment in a bad job: Women who spend 75 percent of the two-year period working and at least half of the quarters in which they are employed working in a bad job.

Steady employment in a good job: Women who spend 75 percent of the two-year period working and more than half of the quarters in which they are employed working in a good job.

Not surprisingly, the data presented in [table 3](#) show that there are substantial differences in employment outcomes for women by skill level. By far, the biggest differences in outcomes occur for women with extremely low skills. A sizable fraction of women with the lowest skills spend very little time employed by the time they reach their late twenties: 44.2 percent of women with extremely low skills spend most of the two-year period not working, compared to just 15 percent of women with moderately low skills and fewer than 10 percent of higher skilled women. Although extremely low skilled women are far less likely to work steadily than other women, 40.9 percent do manage to find steady employment by their late twenties, albeit primarily in bad jobs.

The employment outcomes for women with moderately low skills are substantially better than those for women with extremely low skills. Almost three-quarters of women with moderately low skills are steadily employed by their late twenties and only 15 percent spend most of their time not working. Although the level of employment among women with moderately low skills is comparable to women with higher skills, the quality of their employment is not. Moderately low-skilled women work primarily in bad jobs. Only 25.7 percent of moderately low-skilled women compared to 52.3 percent of women whose AFQT scores fall in the third quartile of the AFQT distribution and 65.6 percent of women with scores in the upper quartile work steadily in good jobs by their late twenties.

The data in [table 4](#) show that, regardless of skill level, women who have completed high school, delayed childbearing, and avoided the welfare system are the most likely of all women to be steadily employed by the time they reach their late twenties. Overall, women with extremely low skills, however, do fare far worse than other women with similar characteristics, including women whose skills fall only slightly higher in the AFQT distribution. In many cases, moderately low-skilled women are as likely or almost as likely as women in the top three quartiles with similar characteristics to make the transition to steady employment by their late twenties.

By the time they reach their late twenties, regardless of skill level the vast majority of women who have some education beyond high school make the transition to steady employment. For women who have completed exactly 12 or fewer than 12 years of schooling, there is far more variation in the likelihood of being steadily employed by skill level, with the least-skilled women faring far worse than women with higher skill levels. Women who have completed exactly 12 years of schooling have about a 75 percent chance of being employed steadily if their skills are high enough to put them above the bottom decile of the AFQT skills distribution, but less than a 50 percent chance of being steadily employed if they are in the bottom decile.

The combination of extremely low skills and not completing high school appears to put extremely low-skilled women at a considerable disadvantage in the labor market. Surprisingly, however, a substantial fraction of women with higher skills who have not completed high school do make the transition to stable employment by their late twenties. While 58.5 percent of women with moderately low skills and 66 percent of women with higher skills who have not completed high school make the transition to steady employment by their late twenties, only 27.6 percent of extremely low-skilled women who have not completed high school do so ([table 4](#)).

The majority of women without children also make the transition to steady employment by their late twenties, regardless of skill level. However, skill levels still matter: as shown in [table 4](#), the rates of steady employment for women without children rise from 61 percent for women with extremely low skills to 86 percent for women with moderately low skills to 91 percent for those with higher skills. Perhaps because of the high costs of child care, especially for women who may only be able to find relatively low-paying jobs, or because mothers prefer to stay home with their children, mothers are less likely to work steadily. About two-thirds of moderately low-skilled and higher skilled mothers are employed steadily by their late twenties compared to just one-third of mothers with extremely low skills.

Some women who turn to the welfare system for support do manage to make the transition to steady employment by their late twenties, and the likelihood of doing so appears to increase with skill level. Almost two-thirds of higher skilled women who ever use welfare make the transition to steady employment, compared to about half of moderately low-skilled women and one-quarter of extremely low-skilled women.

VI. The Paths to Steady Employment

The early work experiences of low-skilled women who make the transition to steady employment are characterized by early entry into the labor market and relatively quick re-entry after periods of joblessness. As the data in [table 5](#) show, the majority of women who were steadily employed by the time they reached their late twenties were employed during the year in which they turned 18. However, women with lower skill levels found employment more slowly than women with higher skills. Two-thirds of extremely low-skilled women worked during the year in which they turned 18, compared to about three-quarters of women with moderately low skills and almost 90 percent of women with higher skills. Although the rates of early employment were lower among women who were not steadily employed by their late twenties, many did work during the year in which they turned 18: among these women, half with extremely low skills and almost two-thirds with moderately low skills worked during the year they turned 18.

Women who make the transition to steady employment by ages 26/27 have far longer periods of employment and shorter periods of joblessness during their early years in the labor market than women who do not make the transition to steady employment. Women with extremely low skills appear to have more difficulty making the transition to steady employment than other women, including women with moderately low skills. As shown in [table 5](#), women with extremely low skills who make the transition to steady employment experience periods of employment that last an average of 7.6 quarters, and periods of joblessness that last for 4.9 quarters. Moderately low-skilled and higher skilled women experience substantially longer periods of employment but similar periods of joblessness. On average, the employment spells of women with moderately low skills last for 10.3 quarters and their jobless spells lasted for 3.9 quarters; for higher skilled women the comparable averages are 11.4 and 3.1 quarters, respectively.

For extremely low-skilled women who have not made the transition to steady employment, on average, periods of joblessness last over twice as long (8.3 quarters) as periods of employment (4.1 quarters). For moderately low-skilled women who have not transitioned to steady employment, jobless spells last only slightly longer than their periods of employment: 6.3 quarters versus 5.3 quarters. For women with higher skills who are not employed steadily by their late twenties, their periods of joblessness last for shorter periods of time (5.3 quarters) than periods of employment (7.5 quarters).

To further examine the relationship between women's early labor market experiences and their employment status at ages 26/27, I classify women's employment experiences from ages 18 through 25 into six different employment paths, based on their level of employment over time (see [table 6](#)).

Most women take one of two paths to steady employment. They either find steady employment immediately or they move in and out of the labor force, only gradually making the transition to stable employment. A small fraction of women with extremely low skills make an immediate transition to steady employment, though the majority of higher skilled women do so. As seen in [table 6](#), only 17.2 percent of extremely low-skilled women who are steadily employed by ages 26/27 were also steadily employed from ages 18 through 25. In contrast, over half of higher skilled women and more than 40 percent of moderately low-skilled women who were employed steadily by ages 26/27 were also employed steadily from ages 18 through 25. The most common path to steady employment for women with extremely low skills is a gradual attachment to the labor market. The 48.7 percent of extremely low-skilled women who follow this employment path start out with a relatively weak attachment to the labor force, but their attachment builds over time.

The early employment experiences of women who are not steadily employed by ages 26/27 vary substantially among women with different skill levels. The vast majority of extremely low-skilled women who are not steadily employed by their late twenties have been continually out of the labor force or have had at most a very tenuous hold in the labor market since they turned 18. While 41.5 percent of moderately low-skilled women have only limited employment or have worked intermittently, it appears that a substantial portion of moderately low-skilled women who have not made the transition to steady employment by age 26/27 may actually be on their way to steady employment, albeit at a relatively slow pace ([table 6](#)). More than half of this group of women have shown steady progress toward stable employment or have worked steadily for some period of time between the ages of 18 and 25.

The labor market experiences of higher skilled women who have not made the transition to steady employment are much more diverse. A relatively small fraction (13.3 percent) have been out of the labor force continually since they turned 18, but a substantial number have had periods of steady employment in the past, including almost 20 percent who have been steadily employed through their mid-twenties. Some may make a slow transition to employment because they initially spend more time in school, while others make a relatively quick transition to steady employment but are out of the labor force in their late twenties because they are at home caring for young children.

VII. Summary

Although poor social outcomes such as dropping out of school and teenage childbearing are more prevalent among low-skilled than higher skilled women, a substantial fraction of low-skilled women avoid these negative outcomes. When one looks more closely at women with low skills, it becomes apparent that poor social and employment outcomes are substantially more concentrated among women with extremely low skills than among women with low skills in general. Almost three-quarters of moderately low-skilled women work steadily by their late twenties, although they work primarily in bad jobs. In contrast, only about 40 percent of extremely low-skilled women find steady employment by their late twenties. The combination of extremely low skills and not completing high school appears to put extremely low-skilled women at a

considerable disadvantage in the labor market. Surprisingly, however, a substantial fraction of moderately low-skilled women who have not completed high school do make the transition to steady employment by their late twenties.

Most women take one of two paths to steady employment. They are either steadily employed from the time they reach early adulthood or they move in and out of the labor force and make a more gradual transition to stable employment. A substantial fraction of women with moderately low skills make an immediate transition to steady employment (40 percent), but very few extremely low-skilled women do so (17 percent). Almost half of extremely low-skilled women who make the transition to steady employment initially spend more time not working than working, but gradually increase their employment levels until they are working steadily.

VII. Lessons for Welfare Reform

There are several lessons from these results that can inform current efforts to reform the welfare system. First, to the extent that welfare recipients' labor market prospects mirror those of all women with similar skill levels, these data suggest that *it is reasonable to expect most welfare recipients with moderately low skills (about one-third of the AFDC caseload) to find steady employment and for a substantial fraction to do so relatively quickly.* Some will, however, require a more gradual transition to steady employment. Recipients who make a more gradual transition to steady employment are likely to continue to need government support during periods of joblessness, but the need for such assistance should decline over time. Recipients with moderately low skills primarily will hold relatively low-paying and/or part-time jobs. Thus, for this group, work supports such as child care and transportation assistance and income supplements such as the Earned Income Tax Credit (EITC) may be especially important and may be needed for an extended period of time.

Second, the *employment prospects of the one-third of the welfare caseload with extremely low skills look far less promising.* The challenge of helping recipients with the lowest skill levels make a successful transition from welfare to work, especially in the face of time limits, is likely to be quite formidable. Women with extremely low skills stand apart even from women with just slightly higher skill levels. Few make the transition to steady employment and those who do take a long time to do so. Unfortunately, there are few lessons from past welfare-to-work efforts that offer insights into program strategies that might help women with the lowest skills make an easier transition to steady employment.

Programs that have attempted to raise the skill levels of women with low basic skills have produced relatively small or no changes in women's skill levels, especially among women with the lowest skill levels (Martinson and Friedlander 1994). Although California's Greater Avenues to Independence (GAIN) Program did produce significant increases in earnings for welfare recipients deemed in need of basic education, these increases were generally lower than for women who were not deemed in need of basic education. In addition, earnings impacts were generally not realized for recipients who were the most disadvantaged—those who had not completed high school, had no recent work experience, and had received welfare for the last two years (Riccio et al. 1994). In a recent review of the evidence on the impacts of government training programs, Heckman et al. (1997) recommend wage subsidies rather than government training programs as a tool to increase the employment and earnings of the lowest skilled welfare recipients, primarily because the returns to training investments in women past a certain age and below a certain skill level are so low. However, this recommendation largely ignores the question of whether employers will be willing to hire welfare recipients who may not possess the skills needed to perform the tasks required by most available jobs.

In a recent survey of employers in four large cities, Holzer (1996) estimated that only about 10 percent of the jobs available to non-college graduates did not require that the employee read or write paragraphs, do arithmetic, or use computers. Only 4 percent required no high school diploma, training, experience, or references. In addition, while the vast majority of employers indicated that they would hire welfare recipients or participants of government training programs, less than half said they would hire a person with only part-time or short-term work experience. This suggests that welfare recipients with extremely low skills are likely to have a difficult time finding employment, because few jobs will be available to them.

Nonetheless, the results presented here do not suggest that women with extremely low skills will not be able to work at all. *Most women with extremely low skills have found jobs at some point during their early adulthood, although their periods of employment are punctuated with long periods of joblessness.* Welfare-to-work programs that focus primarily on providing short-term job search assistance may need to be extended to provide the least skilled recipients with sufficient time to find employment in a labor market that offers few job opportunities for them. Specialized job placement services may help recipients who are the least likely to be hired on their own to gain a foothold in the labor market. For recipients with no recent labor market experience, structured unpaid work experience may provide the work experience needed to qualify for some jobs that do not require high levels of basic skills. Since there is no evidence available that indicates which of these strategies might work best, in the short-term states will be on their own to assess which strategies they believe are most likely to produce the best results.

Even if states can modify their existing welfare-to-work programs to help recipients find employment, the results presented here echo one of the key lessons learned from Project Match, an employment assistance program for poor single mothers in a large housing project in Chicago called Cabrini-Green: *"leaving welfare is a process, not an event"* (Herr and Halpern 1991). Unlike women with higher skills who found steady employment almost immediately upon entering the labor market, women with extremely low skills only made the transition to steady employment after going through substantial periods of working only intermittently. Thus, most recipients with extremely low skills are likely to need support long after they find their first job. Like recipients with moderately low skills, recipients with extremely low skills who do manage to find stable

employment are likely to find themselves primarily working in low-wage and/or part-time jobs, and in need of work and income supports for an extended period of time.

This analysis provides some insight into the employment prospects of welfare recipients with low basic skills and into some strategies that may help them make a successful transition from welfare to work. At the same time, however, it highlights how little we know about the kinds of strategies that might help low-skilled women become self-sufficient over time. Substantial attention has been paid to the difficulties low-skilled men face in today's labor market, but little attention has been given to the difficulties faced by women, primarily because the employment prospects for low-skilled women have not worsened over time in the way they have for men. Women with low skills have always been employed in low-paying, unstable jobs, and there is no indication that this is likely to change in the near future (Blank 1997). Successful transformation of the current welfare system into a work-oriented system may, in the end, help focus more attention on developing a coherent set of policies to help families who work steadily but earn far less income than is required to achieve more than a poverty-level existence.

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Tables

Table 1

Selected Characteristics of Young Women by Age-Adjusted AFQT Quartiles					
	Percent Distribution				
	Bottom Quartile	Second Quartile	Third Quartile	Top Quartile	All Women
Education at Age 27					
Less than high school	36.2%	15.8%	8.9%	2.1%	15.5%
High school graduate	48.1	52.9	37.4	17.3	38.8
Education beyond high school	15.7	31.3	53.7	80.6	45.7
Parental Status at Age 27					
One or more children	73.5	61.7	48.8	31.4	53.6
No children	26.5	38.3	51.2	68.6	46.4
Number of Children (Mothers Only)					
1 or 2	72.3	85.9	88.7	91.1	82.8
3 or more	27.7	14.1	11.3	8.9	17.2
Age at First Birth (Mothers Only)					
Before age 18	23.2	13.0	11.1	4.8	14.8
18-20	27.9	24.9	13.8	12.8	21.6
21-22	22.0	23.4	24.9	19.9	22.8
23+	26.8	38.6	50.3	62.4	40.9
Marital Status (Mothers Only)					
Never married	29.8	9.9	6.2	9.3	15.6
Separated, divorced or widowed	25.2	19.8	19.5	9.8	20.0
Currently married	45.1	70.3	74.3	80.9	64.4
AFDC Receipt (Mothers Only)					
Ever received AFDC	46.3	28.1	18.5	14.7	32.5
Never received AFDC	53.8	71.9	81.5	85.3	67.5
Race/Ethnicity					
White, non-Hispanic	48.7	78.9	91.0	95.6	78.9
Black, non-Hispanic	39.0	13.9	5.3	2.7	15.0
Other	12.2	7.2	3.7	1.7	6.1
Unweighted N	762	507	389	360	2018

Table 2

Selected Characteristics of Young Women with Extremely and Moderately Low Skills			
	Extremely Low Skills	Moderately Low Skills	Extremely and Moderately Low Skills
Education at Age 27			
Less than high school	52.6%	23.2%	36.2%
High school graduate	37.4	56.6	48.1
Education beyond high school	10.0	20.2	15.7
Parental Status at Age 27			
One or more children	82.8	66.2	73.5
No Children	17.2	33.8	26.5
Number of Children (Mothers Only)			
1 or 2	66.4	78.1	72.3
3 or more	33.6	21.9	27.7
Age at First Birth (Mothers Only)			
Before age 18	30.0	16.5	23.2
18-20	27.8	28.0	27.9
21-22	20.3	23.8	22.0
23+	21.9	31.7	26.8
Marital Status at Age 27 (Mothers Only)			
Never married	37.9	21.7	29.8
Separated, Divorced or Widowed	23.7	26.7	25.2
Currently Married	38.4	51.7	45.1
AFDC Receipt (Mothers Only)			
Ever received AFDC	63.9	43.7	53.8
Never received AFDC	36.1	56.3	46.3
Race/Ethnicity			
White, non-Hispanic	37.2	58.0	48.7
Black, non-Hispanic	48.8	31.4	39.0
Other	14.1	10.7	12.2
Unweighted N	387	375	762

Table 3

Employment Status at Age 26/27 by Skill Level						
Labor Force Status	Skill Level (AFQT Percentile Rank)					
	Extremely Low Skills	Moderately Low Skills	Second Quartile	Third Quartile	Top Quartile	All Women
Limited Employment	44.2	15.0	12.9	9.5	8.6	14.6
Intermittent Employment	15.0	12.3	11.2	8.6	4.8	9.5
Steady Employment, Bad Job	28.4	47.0	35.7	29.7	21.0	31.2
Steady Employment, Good Job	12.5	25.7	40.3	52.3	65.6	44.8
Total	100.1	100.0	100.1	100.1	100.0	100.1

Table 4

Proportion of Women with Selected Characteristics Working Steadily by Age 26/27 by Skill Level				
	Percent Working Steadily			
	Extremely Low Skills	Moderately Low Skills	Higher Skills	All Women
Education at Age 27				
Less than high school	27.6%	58.5%	66.0%	50.4
High school graduate	48.5	73.5	76.9	73.2
Education beyond high school	82.7	87.1	87.0	86.9
Parental Status at Age 25				
One or more children	33.6	63.7	66.0	59.8
No Children	61.5	86.0	91.0	89.0
Number of Children (Mothers Only)				
1 or 2	42.1	68.0	70.6	66.4
3 or more	20.3	50.0	45.5	38.3
Age at First Birth (Mothers Only)				
Before age 18	33.4	58.0	57.5	49.4
18-20	24.0	65.5	73.9	61.2
21-22	39.9	61.9	69.9	64.0
23+	42.2	66.0	61.4	60.6
Marital Status at Age 25 (Mothers Only)				
Never married	27.7	50.7	65.2	46.5
Currently married	39.0	68.3	65.0	62.7
Separated, divorced or widowed	35.2	65.9	69.7	62.3
AFDC Receipt (Mothers Only)				
Ever received AFDC	24.9	50.9	62.3	47.6
Never received AFDC	53.5	75.6	67.4	67.4
Race/Ethnicity				
White, non-Hispanic	39.4	73.4	81.7	78.7
Black, non-Hispanic	42.0	72.9	81.8	65.3
Other	40.6	68.7	77.2	66.1

Table 5

Characteristics of Young Women's Early Employment Experiences (Ages 18 through 25) by Employment Status at Ages 26/27 and Skill Level			
	Employment Characteristics		
	Percent with work experience at age 18	Average length of employment spells (in quarters)	Average length of jobless spells (In quarters)
Steadily Employed at Ages 26/27			
All Women	85.7%	11.0	3.4
Extremely Low Skills	66.2	7.6	4.9
Moderately Low Skills	74.8	10.3	3.9
Higher Skills	88.8	11.4	3.1
Not Steadily Employed at Ages 26/27			
All Women	71.2	6.3	6.3
Extremely Low Skills	50.4	4.1	8.3
Moderately Low Skills	62.6	5.3	6.3
Higher Skills	77.0	7.5	5.3

Table 6

Employment Paths for Young Women (Ages 18 through 25) by Employment Status at Ages 26/27 and Basic Skill Level

Employment Paths	Extremely Low Skills	Moderately Low Skills	Higher Skills	All Women
Steadily Employed at Ages 26/27				
Limited employment	12.7	4.9%	1.8%	2.9
Intermittent employment	6.8	7.4	3.2	3.9
Primarily intermittent employment with some periods of steady employment	6.8	5.0	4.1	4.4
Steadily increasing employment	48.7	35.4	29.8	31.6
Primarily stable employment with some periods of intermittent employment	7.8	3.4	9.8	8.8
Ongoing steady employment	17.2	43.9	51.4	48.4
Total	100.0	100.0	100.1	100.0
Not Steadily Employed at Ages 26/27				
Limited employment	58.2%	32.3%	13.3%	28.2%
Intermittent employment	13.2	9.2	12.5	12.2
Primarily intermittent employment with some periods of steady employment	12.5	23.4	24.8	21.3
Steadily increasing employment	9.9	20.8	14.2	14.1
Primarily stable employment with some periods of intermittent employment	4.7	8.6	17.8	12.9
Ongoing steady employment	1.5	5.7	17.4	11.4
Total	100.0	100.0	100.0	100.1

Notes

1. Other personal or family challenges include medical problems of the household head or of a child in the household, mental health and substance abuse problems, domestic violence, involvement with the child welfare system, and housing instability including homelessness.

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