

# Exploring Welfare-to- Work Challenges in Five Metropolitan Regions

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## 1. BACKGROUND AND PURPOSE

As states and local governments implement the eligibility restrictions, work requirements and time limits mandated by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), decisionmakers (both public and private) need reliable information at a local scale — to understand what it takes to link welfare recipients with suitable employment opportunities, to forge links between employment training, child care, transportation, and other assistance providers, and to anticipate how emerging policy decisions are likely to affect vulnerable people and neighborhoods. More specifically, community-based organizations need detailed information about opportunities available to poor residents as they attempt to find jobs and achieve economic independence. Area employers need information about the characteristics and training requirements of welfare recipients to determine whether and how they can become credible job candidates. City and county agencies responsible for implementing welfare reform need to know more about where welfare recipients live and their access to the training, support services, and employment opportunities they need. And federal policymakers need concrete information about the specific challenges and barriers involved in helping city welfare recipients make the transition to work and self-sufficiency.

### The National Neighborhood Indicators Partnership

The National Neighborhood Indicators Partnership (NNIP) is an ongoing collaborative project of the Urban Institute with seven local institutions to collect and analyze current and reliable information about urban neighborhoods. All seven of the local partners have built advanced information systems with integrated and recurrently updated information on neighborhood conditions in their cities. And all seven are committed to the goal of *democratizing information*, facilitating the practical use of data by city and community leaders, and building the capacity of institutions and residents in distressed urban communities to analyze and address neighborhood conditions and trends.

#### **LOCAL NNIP PARTNERS**

**Atlanta, Georgia** — The Atlanta Project

**Boston, Massachusetts** — The Boston Foundation's Persistent Poverty Project

**Cleveland, Ohio** — The Center for Urban Poverty and Social Change at Case Western Reserve University

**Denver, Colorado** — The Piton Foundation

**Oakland, California** — The Urban Strategies Council

**Providence, Rhode Island** — The Providence Plan

**Washington, D.C.** — DC Agenda

The initial planning phase for NNIP was launched in 1995. Findings and conclusions from the planning phase are documented in Kingsley (1996). Ongoing activities include the development of capacity-building tools and guidebooks, assistance to neighborhood indicators groups in other cities, and a cross-site analysis effort focusing on challenges involved in linking welfare recipients to work.<sup>1</sup>

### **Cross-Site Analysis of Welfare-to-Work Challenges**

This report presents findings from the NNIP's cross-site analysis project, which is designed both to build data and analytic capacity at the local level, and to provide new information and insights about the challenges and impacts of welfare reform in urban neighborhoods and regions. In each of five metropolitan areas (Atlanta, Denver, Oakland, Providence, and Washington, D.C.),<sup>2</sup> local research teams are assembling data and conducting analysis to address two broad sets of questions about the local challenges of welfare reform:

- 1) ***Where do the people live who are at greatest risk under welfare reform?*** What are their family characteristics and service needs? Is the assistance they need — such as child care or job training — accessible from the neighborhoods in which they live? What assets and supports do their communities offer?
- 2) ***Where are the job openings that welfare recipients are potentially qualified to fill?*** What are the skill requirements and wage rates of these jobs? What actions are needed to link welfare recipients to jobs that they could win? What jobs are potentially available close to the neighborhoods in which recipients live?

Answers to these questions will provide a baseline for longer-term, dynamic monitoring of the implementation and impacts of welfare reform from the community perspective in each metropolitan area. In the future, NNIP partners expect to build upon their baseline analyses to explore how welfare reform affects both people and neighborhoods over time.

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<sup>1</sup> For more information about NNIP, see its newly established web site at <http://www.urban.org/nnip> or send an email to [ptatian@ui.urban.org](mailto:ptatian@ui.urban.org). Interested organizations and individuals are also invited to join the NNIP listserv. For enrollment information, send an email to [ptatian@ui.urban.org](mailto:ptatian@ui.urban.org).

<sup>2</sup> The NNIP partner in Boston chose not to participate in this cross-site project because of other competing priorities. In addition, data for Cleveland are not reported here because they have been extensively reported elsewhere. See, for example, Coulton, Leete, and Bania 1999, which provided the model for work reported here.

The primary goal of this research is to inform decisionmaking and action at the community, city, and metropolitan level. Each of NNIP's local partners is an active participant in community building and policymaking in their metropolitan regions and is committed to making reliable information available and accessible locally. At the same time, this project provides federal policymakers with new insights from a local perspective on the challenges of welfare reform in five very different metropolitan regions.

The findings reported here show that welfare reform presents particularly daunting challenges for central city welfare recipients, many of whom are clustered in high-poverty, predominantly minority neighborhoods. Many of these challenges appear to be the same across cities, and reinforce the need for welfare-to-work strategies that explicitly address the geographic realities of poverty concentration and suburbanizing employment. However, our findings also reflect major differences between cities — particularly with respect to employment opportunities — that highlight the importance of tailoring welfare-to-work strategies to local needs and conditions. In order to craft these strategies, local decisionmakers clearly need reliable information about geographic patterns and trends for their own cities and regions.

### **Five Study Sites**

NNIP offers a unique platform for investigating welfare-to-work challenges in five very different metropolitan regions across the country. Although there is a tremendous amount to be learned from state and national analysis, the challenges of welfare reform vary dramatically across metropolitan regions and across neighborhoods within those regions. The extent to which welfare-dependent families are concentrated in distressed inner-city neighborhoods, the availability and skill requirements of entry-level jobs in the regional economy, the accessibility of employment to poor neighborhoods, and the capacity of local child care and employment training systems will all play a role in determining how welfare reform plays out across the country and how poor families and poor neighborhoods are affected. This project — which focuses not only on individual metropolitan regions but on differences among neighborhoods within those regions — helps call attention to key implementation issues and solutions that might otherwise be overlooked.

Although the NNIP partner cities do not constitute a formal sample of U.S. metropolitan regions, they do reflect considerable diversity of demographic and socio-economic conditions, as illustrated in Exhibit 1. The study sites range in size from Providence — a city of only 160,000 in a metro area of 1.1 million — to the District of Columbia — a city of about 600,000 in a metro area of almost 4 million. Minorities consistently represent a disproportionate share of central city populations, but the racial and ethnic composition of our study sites varies quite dramatically. Specifically, Washington and Atlanta both have large black populations, which account for the vast majority of their central city residents, and relatively few Hispanics. Denver, Providence, and Oakland, on the other hand, all have much larger Hispanic populations, although blacks are also well represented in the city of Oakland. Moreover, in both Oakland and Providence, one of every five central city residents is foreign born.

**Exhibit 1: Selected 1990 Characteristics of Study Sites**

	Atlanta		Denver		Oakland		Providence		Washington		Mean for 100 Lgst MSAs	
	MSA	CC	MSA	CC	MSA	CC	MSA	CC	MSA	CC	MSA	CC
Population (000)	2834	394	1623	468	2083	372	1142	161	3924	607	1429	500
% Black	26	67	6	13	15	44	3	15	27	66	13	27
% Hispanic	2	2	13	23	13	13	4	15	6	5	9	12
% Foreign Born	4	3	5	7	16	20	10	20	12	10	8	10
Poverty Rate	10	27	10	17	9	19	10	23	6	17	12	19
Unemployment	5	9	5	7	6	9	7	9	4	7	6	8
% Hhs on Public Assistance	5	14	5	8	9	18	8	16	4	9	7	11
% Males not in Labor Force	26	40	26	32	30	41	31	40	24	38	31	36
% Female-Headed Families	24	56	22	32	24	42	22	40	23	54	23	36
% 16-19 HS Dropouts	12	13	11	16	9	15	12	14	9	14	11	14

Source: Urban Institute tabulations of 1990 Census data

Not surprisingly, poverty rates are consistently higher in the central cities of our study sites than in the surrounding suburbs. But again, the differences between cities are quite significant. Poverty rates (as of 1990) range from a low of 17 percent in Denver and Washington, D.C., to a high of 27 percent in Atlanta. Other indicators of social and economic distress also vary across cities. For example, Atlanta and D.C. have particularly high shares of female-headed families; Denver and D.C. have relatively low shares of households on public assistance.

### **Data Sources and Comparability**

As a starting point for understanding welfare-to-work challenges at the neighborhood scale, the NNIP partners in Atlanta, Denver, Oakland, Providence, and Washington, D.C., assembled reasonably comparable data sets on welfare caseloads in their respective central cities<sup>3</sup> and on job opportunities in their respective metropolitan area labor markets. Because of differences across cities in data availability, these data sets do not all have exactly the same data items or variable definitions. Instead, we have built a cross-site database from data sets that our local partners had in hand or were able to obtain. Exhibit 2 summarizes these data sources and the availability of key data items across the five study sites.

All five sites obtained data on the demographic characteristics and addresses of city welfare recipients at a recent point in time from city or county administrative data systems. The oldest of these files is Oakland's (December 1997) and the most current is Denver's (October 1998). Each local partner aggregated these data to produce summary files containing the number and characteristics of welfare recipients at the census tract level. This intermediate analysis step is essential to protecting data confidentiality, since the local partners are prohibited from releasing or sharing information that could be used to identify individual welfare recipients. The welfare data are not completely consistent across the study sites. As Exhibit 2 indicates, local administrative systems could not all provide data for the same basic recipient characteristics. Nevertheless, the cross-site database contains a core of reasonably comparable information about the characteristics and residential locations of welfare recipients in five central city jurisdictions.

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<sup>3</sup> The Atlanta Project and the Piton Foundation both assembled data on welfare caseloads for their larger metropolitan areas, as well as for the central cities of Atlanta and Denver. These enhanced databases support analysis of larger spatial patterns in the residential location of welfare recipients, discussed briefly in section 2.

Data on jobs in each of the five metropolitan regions were obtained either from state unemployment compensation files (generally known as ES-202 data) or from the Dun & Bradstreet MarketPlace data system. The NNIP partners in Atlanta and Denver have been able to negotiate access to their states' ES-202 files, which are widely believed to provide the most complete and accurate information on employment by location and industry.<sup>4</sup>

### Exhibit 2: Data Sources and Comparability Across Metro Areas

	Atlanta	Denver	Oakland	Providence	Washington
<b>Welfare recipients</b>					
source	administrative records from city and county human services departments				
area	9-county metro area	4-county metro area	city of Oakland	city of Providence	District of Columbia
date	2/98	10/98	12/97	1/98	1/98
race/ethnicity	yes	yes	yes	no	yes
age	yes	yes	yes	yes	yes
age of children	no	yes	yes	yes	yes
education	yes	no	no	yes	no
language	no	no	yes	yes	yes
<b>Employment opportunities</b>					
source	ES-202	ES-202	D&B	D&B	D&B
area	9-county metro area	7-county metro area	2-county metro area	7-county metro area	25-county metro area
date	2 <sup>nd</sup> quarter of 1997	1996	4/98	4/98	4/98
industry	yes	yes	yes	yes	yes

<sup>4</sup> For more information on the strengths and limitations of ES-202 data, see Kingsley (1999).

Our Providence partner is in the process of negotiating access to these data, while Oakland and Washington do not expect to be able to gain access to ES-202 files in the foreseeable future. Both ES-202 data and the Dunn & Bradstreet data have been scaled to yield comparable estimates of the total number of jobs in the metropolitan region, using control totals from the Bureau of Labor Statistics' Current Employment Survey for April–June 1998. It is important to note that our data may *underestimate* regional employment opportunities for cities such as Oakland and Providence, where residents may work in other major cities (San Francisco and Boston) that are nearby.

### **Summary of Findings**

The data and analysis presented here confirm that welfare reform presents significant challenges for central city welfare recipients and for the communities in which they live. Many of these challenges appear to be the same across cities. For example,

- ▶ city welfare populations are dominated by racial and ethnic minorities, and most welfare households include preschool children;
- ▶ city welfare recipients tend to be quite highly clustered, with a large proportion concentrated in minority neighborhoods with moderate to high poverty rates;
- ▶ fewer than one in five jobs in the regional economy match the entry-level qualifications of most welfare recipients;
- ▶ even where employment growth is robust, the number of central city welfare recipients entering the labor market is likely to absorb at least half of new entry-level jobs created regionwide; and
- ▶ the majority of these jobs are located in areas distant from central city welfare populations.

These common findings highlight the need for local welfare-to-work strategies that explicitly address locational realities. For example, cities should consider targeting work readiness and skills training programs to neighborhoods where welfare recipients are clustered, possibly taking advantage of community-based organizations to reach out to residents and support them as they make the transition from welfare to work. Most recipients will need reliable and affordable child care, which may not be available in the neighborhoods where they live. And many low-skilled workers in central city neighborhoods are likely to need special help finding out about suburban job opportunities, applying for these jobs, and commuting to them over the long term.

However, our findings also show major differences between cities that highlight the importance of assembling reliable information on geographic patterns and tailoring welfare-to-work strategies to local needs and conditions. To illustrate:

- ▶ Although the **Atlanta** region has enjoyed considerable economic growth over the last ten years, the central city's poverty rate remains high. The vast majority of city welfare recipients are black, and these families are highly concentrated in predominantly black, high-poverty neighborhoods. Job growth on the other hand is far more decentralized, with most entry-level job creation occurring more than 10 miles from the primary neighborhoods where welfare recipients are clustered. These findings have helped focus local attention on the need for welfare-to-work transportation services. The Atlanta region recently won a \$2 million grant to develop specialized bus routes that will transport central city welfare leavers to job-rich areas of the suburbs.
- ▶ **Denver's** welfare caseload amounts to only a tiny fraction of the city's total population and consequently the density of welfare recipients in any given neighborhood is relatively low. A substantial share of entry-level job opportunities are located within the city, and annual growth in the number of entry-level jobs regionwide far exceeds the number of city recipients likely to join the labor market each year. These conditions have enabled many Denver residents to leave welfare for work, dramatically increasing the need for affordable child care. Local estimates indicate that the capacity of licensed child care providers in Denver falls far short of need, especially for infants and toddlers.
- ▶ The welfare population in **Oakland** is ethnically diverse, including whites, blacks, Hispanics, and Asians. One of the most striking aspects of Oakland's welfare population is the unusually large number of children — more than three children for every adult welfare recipient. In addition, more than half of welfare households include preschool children. Thus, the availability of child care in neighborhoods where recipients are concentrated represents a particularly important challenge. In addition, the diversity of Oakland's welfare population — and the substantial share for whom English is a second language — exacerbates the challenges involved in designing effective job training and placement services.

- ▶ Welfare recipients account for 16 percent of all **Providence** residents and 42 percent of all children. Although manufacturing industries represent the largest source of jobs in the Providence region, the number of entry-level manufacturing jobs is expected to decline over the next decade. Consequently, the number of welfare recipients in the city of Providence who can be expected to enter the labor market annually as a result of welfare reform substantially exceeds the number of new entry-level jobs being created each year in the region as a whole. This has encouraged policymakers and community leaders in Providence to focus on economic development as a component of their welfare reform strategy, in order to expand the number of employment opportunities in the city and the surrounding region.
- ▶ In **Washington, D.C.** — like Atlanta — the welfare population is predominantly black and is highly concentrated in poor black neighborhoods. However, because it is the nation's capital, Washington continues to offer significant numbers of jobs relatively close to its welfare population. Although the city's share of regional jobs has declined substantially over the last decade, central city job clusters offer a large number of entry-level positions that could potentially be performed by city welfare recipients. However, many entry-level jobs located inside the city limits appear to be held by suburban residents, raising serious concerns about the District of Columbia's workforce development system, including its public school system.

The differences between these five study sites illustrate why local welfare-to-work strategies must be “customized” to reach out to welfare recipients in the neighborhoods where they live, prepare recipients for work in the region's most promising industries and occupations, and strengthen both information and transportation linkages between areas of entry-level employment growth and the neighborhoods where welfare recipients are located. Exhibit 3 summarizes the major cross-cutting findings that emerge from this analysis, as well as the important differences between sites that are revealed.

The remainder of this report consists of three sections. Section 2 describes the characteristics of the central city welfare populations in the five study sites and explores their residential location patterns. Section 3 summarizes key characteristics of the regional labor markets, including the industrial and occupational mix, sources of entry-level jobs, and the geographic dispersal of employment opportunities. Finally, section 4 highlights key challenges confronting welfare-to-work strategies, presenting forecasts for entry-level job growth and comparing the location of these new job opportunities to concentrations of central city welfare families.

### Exhibit 3: Summary of Findings

Central City Welfare Populations	Variations on the Theme				
	Atlanta	Denver	Oakland	Providence	Washington
At least one in ten city residents are welfare recipients	✓	less than 4% of residents receive welfare	✓	✓	✓
Almost all city welfare recipients are minorities	✓ mostly black	✓ mostly Hispanic	✓ black, Hispanic, and Asian	NA	✓ mostly black
Most adult welfare recipients are under 40	✓	✓	✓ largest share of adults over 40	✓	✓
Children outnumber adults in the welfare caseload	✓ lowest ratio of children to adults	✓	✓ highest ratio of children to adults	✓	✓
Most welfare households include preschool children	NA	NA	✓	✓ three-quarters include an infant	✓

(Exhibit 3 continued)

Residential Location Patterns	Variations on the Theme				
	Atlanta	Denver	Oakland	Providence	Washington
Welfare recipients are geographically clustered and live at high densities	✓ highest clustering	low density but still quite clustered	✓	✓	✓ highest clustering
Most recipients live in moderate- to high-poverty neighborhoods	✓ highest share in high-pov neighbs	✓	✓	✓	✓
Most recipients live in neighborhoods that are majority black or Hispanic	✓ black	✓ Hispanic	✓ black and Hispanic	✓ Hispanic	✓ black
Minority recipients are more geographically clustered than whites	✓ Blacks are most clustered	✓ Hispanics are most clustered	✓	NA	✓
Black recipients are the most likely to live in high-poverty neighborhoods	✓	✓ Both blacks and Hispanics live in high poverty	Asian recipients are the most likely to live in high poverty	NA	✓

(Exhibit 3 continued)

Metropolitan Job Opportunities	Variations on the Theme				
	Atlanta	Denver	Oakland	Providence	Washington
Job growth is high in the metropolitan region	✓	✓	✓	job growth low	✓
Trade is the single biggest source of jobs in the region	✓	✓	✓	Manufacturing is the biggest source of jobs	Public administration and professional services are the biggest sources of jobs
Entry-level jobs account for fewer than one in five jobs in the region	✓	✓	✓	✓	✓ lowest share of entry-level jobs
Most jobs — including most entry-level jobs — are located in the suburbs	A large share of total jobs, but few entry-level jobs are in the city	Two-fifths of region's entry-level jobs are in the city	✓	✓	✓
Entry-level jobs are widely dispersed	✓	✓ Jobs are clustered, but less than welfare recipients	✓	Entry-level jobs are just as clustered as welfare recipients	✓ Jobs are clustered, but less than welfare recipients

(Exhibit 3 continued)

New Jobs for Welfare-to-Work	Variations on the Theme				
	Atlanta	Denver	Oakland	Providence	Washington
City welfare recipients entering the job market would absorb at least half of new entry-level jobs regionwide	✓	Regional job growth is high and the city welfare population is small	✓	Welfare recipients entering the labor market exceed new entry level jobs regionwide	✓
Trade is the biggest source of new entry-level jobs	✓ almost half of new entry-level jobs are in the city	✓ almost half of new entry-level jobs are in the city	✓	✓ manufacturing is losing entry-level jobs	Professional services are the primary source
Most entry-level job creation is occurring in the suburbs	✓	✓	✓	✓	✓
Few entry-level jobs are being created near concentrations of city welfare recipients	✓	✓	✓	Almost half of new entry-level jobs are close to welfare concentrations	✓

## 2. CENTRAL CITY WELFARE RECIPIENTS

Although the welfare caseloads in our five study sites are similar in many important respects, they also differ significantly. These differences have important implications for the design of welfare-to-work strategies. In particular, patterns of geographic concentration among welfare recipients and the characteristics of neighborhoods in which they live highlight the importance of locally designed strategies.

### Minorities and Children Dominate the Central City Welfare Populations

In comparing the central city welfare populations of the five study sites, two important patterns emerge: children significantly outnumber adults and minorities dominate the central city caseloads. However, there are also significant differences among the five study sites. In particular, these cities vary with respect to the relative size of the welfare caseload, the racial and ethnic diversity of recipients, and the prevalence of very young children among welfare families.

**Exhibit 4: Central City Welfare Caseloads**

	Atlanta	Denver	Oakland	Providence	Washington
Total adults	20,743	5,405	13,731	7,789	18,573
Total children	38,787	15,815	44,321	16,026	41,857
Chldrn per adult	1.9	2.9	3.2	2.1	2.3
% of city pop	14.8%	3.6%	12.5%	15.6%	10.0%
% of city chldrn	40.9%	12.3%	34.6%	41.7%	30.7%
% of state welf	16.9%	18.0%	1.7%	41.1%	NA

Source: NNIP Cross-Site Caseload Database

Although welfare caseloads range in size from only about 21,000 recipients in Denver to 60,000 in D.C., children consistently outnumber adults in the welfare population. Atlanta has the lowest ratio of children to adults in the welfare caseload, at 1.9, while in Oakland, there are more than 3 children for every adult in the welfare population.<sup>5</sup> Moreover, children are far more likely

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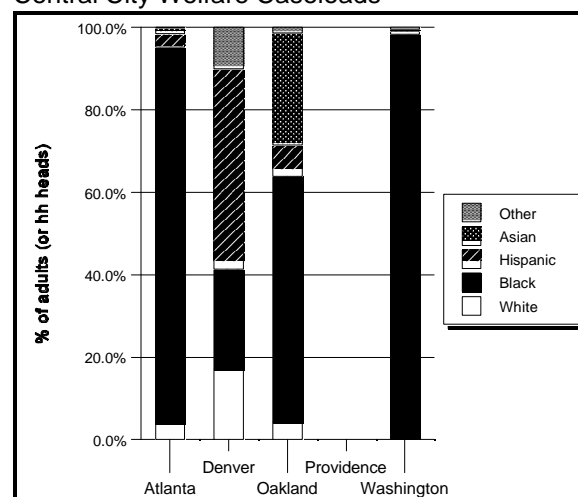
<sup>5</sup> In Oakland, a significant share of welfare cases are “child only.” Adults in these households are not eligible to receive welfare benefits but children in the household are. Possible examples could include families in which parents are not citizens and families in which grandparents or other relatives are caring for children.

than adults to be welfare recipients in all five study sites. For example, more than 40 percent of all children living in the cities of Providence and Atlanta receive welfare, compared to only about 15 percent of the population as a whole.

The size of the central city welfare caseload varies significantly across the five sites studied here, both in relation to the total city population and in relation to the total welfare caseload of the state. In Denver, for example, the welfare caseload is very small, accounting for less than 4 percent of the city's population, compared to a high of almost 16 percent in Providence. Moreover, the welfare caseload in Providence accounts for a large share (41.7 percent) of the state's total caseload. In contrast, Oakland's welfare population represents less than 2 percent of all recipients in California.

Four of the study sites were able to obtain data on the racial/ethnic characteristics of welfare recipients. Although the composition of the caseload differs significantly across these cities, minorities dominate the central city welfare cases in all of them. In Atlanta and the District of Columbia, the vast majority of recipients (over 90 percent) are African American. Denver and Oakland's welfare populations are far more diverse; in Oakland African Americans account for about 60 percent of household heads, Asians account for over one-quarter, and Hispanics account for about 8 percent. Denver has the largest share of white recipients (17 percent); in the other cities, whites account for less than five percent of the welfare population.

Exhibit 5: Racial and Ethnic Composition of Central City Welfare Caseloads



It is important to note that the racial and ethnic composition of central city welfare populations is not reflective of the composition of total welfare caseloads. Two of our study sites — Atlanta and Denver — were able to obtain detailed caseload data for the metropolitan region as a whole. These data illustrate that minorities — and particularly African Americans — tend to be over-represented in central city caseloads. Specifically, 91 percent of welfare recipients in the city of Atlanta are African American and only 4 percent are white, while in the Atlanta region as a whole, 70 percent of recipients are African Americans and 19 percent are white. Similarly, in central city Denver, only 17 percent of welfare recipients are white, 24 percent are black, and 48 percent are Hispanic, while in the four-county metropolitan area, 51 percent are white, only 13 percent are black, and 25 percent are Hispanic.

All of the study sites were able to obtain data on the age of household heads for welfare cases. And in all of these cities, half of the adult recipients are between the ages of 25 and 39. Younger adults (18 to 24) account for a somewhat larger share in Atlanta, Denver, and Washington than in Oakland and Providence. But the share of young adults does not exceed 35 percent in any of these cities. In Oakland, a substantial share of adult recipients (about one in four) are older, between the ages of 40 and 54. But very few welfare recipients in any of these cities are 55 or over.

Data are available from three study sites on the ages of children in welfare households. In all three of these sites, the majority of welfare cases include preschool children. This fact could have important implications regarding the availability and accessibility of affordable child care. In Oakland, 55 percent of cases include a child under 6, and in the District of Columbia, 60 percent of cases include a preschool child. Providence is unusual in that almost three-quarters of the welfare cases include an infant (less than one year) and a total of 88 percent of cases include a child under 6.

Exhibit 6: Age Distribution of Central City Welfare Caseloads

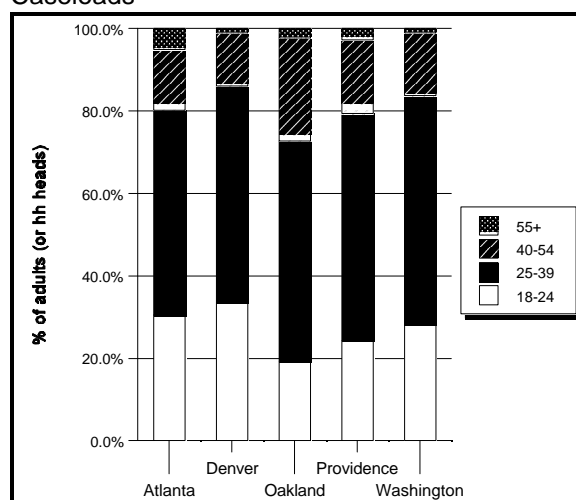
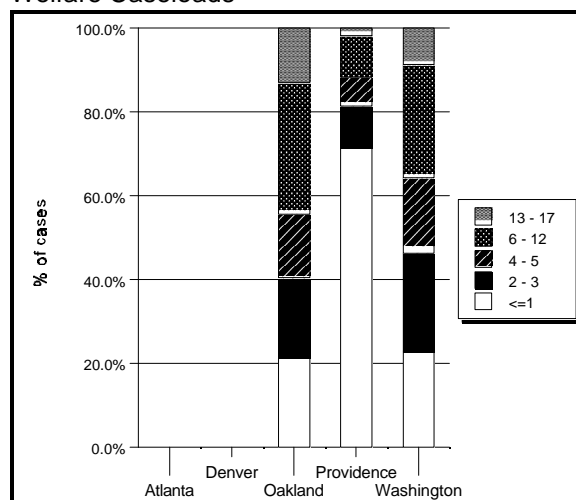


Exhibit 7: Age of Youngest Child for Central City Welfare Caseloads

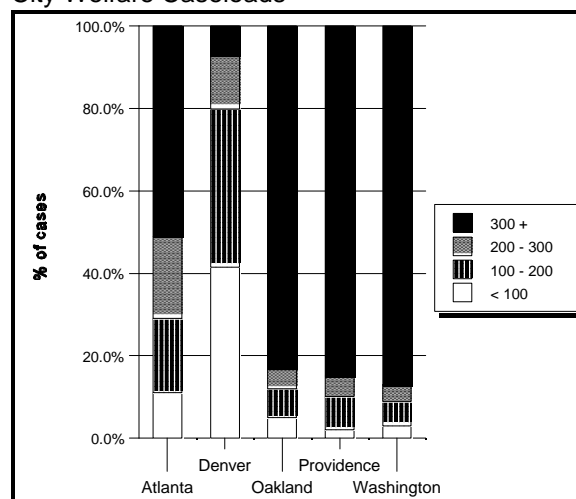


### **Geographic Clustering Among Welfare Recipients Varies Substantially Across Cities**

Welfare recipients in D.C., Providence, and Oakland are highly concentrated, geographically, while recipients in Denver are far more dispersed and Atlanta represents an intermediate picture. In all five study sites, however, the majority of welfare recipients live in neighborhoods with poverty rates over 20 percent and unemployment rates over 10 percent. Other research suggests that living in these types of distressed neighborhoods may make it harder for families to advance economically.<sup>6</sup> The racial and ethnic composition of the neighborhoods in which recipients live varies significantly, depending upon the composition of the welfare population. In cities where the welfare population is predominantly black, recipients are highly concentrated in predominantly black neighborhoods, where cities with more diverse welfare populations have more recipients living in ethnically diverse neighborhoods. These patterns reflect the persistence of racial segregation in urban housing and the spatial isolation of many poor African Americans.<sup>7</sup>

Welfare recipients in D.C., Providence, and Oakland are the most densely concentrated of the five study sites. The vast majority of recipients in these three cities live in census tracts where the total number of recipients exceeds 300 per square mile. In D.C., where recipients are the most densely concentrated, almost 90 percent of recipients live in tracts with more than 300 recipients per square mile. In contrast, only 7 percent of Denver recipients live in such high concentrations, and 41 percent live in tracts where the total number of recipients is below 100 per square mile. Welfare recipients in Atlanta are moderately concentrated, with 51 percent in high-density census tracts and 11 percent living in low-density tracts.

Exhibit 8: Recipients per Square Mile in Central City Welfare Caseloads



Welfare recipients are also highly *clustered* in Washington, D.C., and Atlanta, but less so in the other study cities. Geographic clustering reflects the extent to which tracts with large numbers of welfare recipients are located close together or scattered across the city. Exhibit 8 reports a standardized index of spatial clustering; this index (Moran's I) ranges from zero to one,

<sup>6</sup> See Ellen and Turner (1998) for a review of the empirical literature on how neighborhood environment affects outcomes for individual families and children.

<sup>7</sup> See Massey and Denton (1993) and Jargowsky (1996).

where values close to one mean that tracts with large numbers of welfare recipients are contiguous to one another, and low values mean that tracts with large numbers of recipients are more widely scattered across the city as a whole.<sup>8</sup> In Washington and Atlanta, index values exceed 0.3, while in Providence, the value is less than 0.2. Map 1 further illustrates the extent of geographic clustering among welfare recipients in the five study sites.

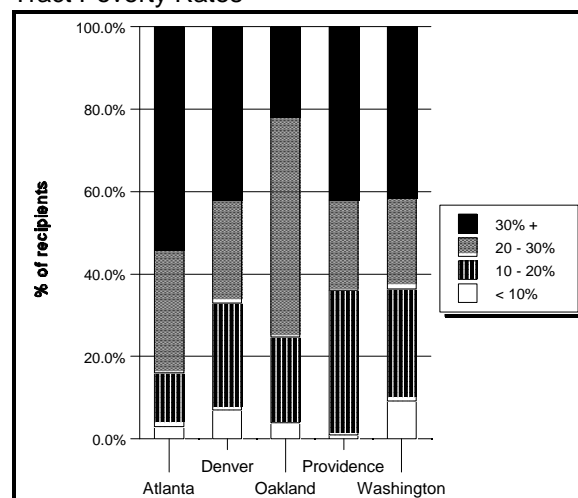
### Exhibit 9: Index of Clustering for Central City Welfare Caseloads

	Atlanta	Denver	Oakland	Providence	Washington
Clustering Index	0.305	0.275	0.237	0.188	0.328
Probability	0.000	0.000	0.000	0.000	0.017

Source: NNIP Cross-Site Caseload Database

The majority of welfare recipients in all five sites live in neighborhoods with poverty rates over 20 percent. Few central city welfare recipients live in low-poverty neighborhoods (census tracts that are less than 10 percent poor). Recipients in Atlanta are the most likely to live in tracts with high poverty rates. Specifically, 84 percent of Atlanta recipients live in neighborhoods with poverty rates over 20 percent, and 54 percent live in neighborhoods with poverty rates above 30 percent. The share who are concentrated in very high poverty neighborhoods (more than 30 percent poor) varies considerably across study sites. In Atlanta, approximately half of all recipients live in very high poverty neighborhoods. In Providence, Washington, and Denver, about four in ten recipients are concentrated in very high poverty areas of the city. In Oakland, on the other hand, the share of recipients living in very high poverty neighborhoods is substantially lower — only about two in ten.

Exhibit 10: Central City Welfare Recipients by Tract Poverty Rates



<sup>8</sup> For more information on the calculation and interpretation of Moran's I, see Anselin (1992).

Because the five study sites differ significantly in terms of racial and ethnic composition, there is also substantial variation in the race/ethnicity of neighborhoods in which welfare recipients live. In general, neighborhood racial and ethnic characteristics correspond to the racial and ethnic make-up of the welfare population, suggesting that welfare recipients (like most other Americans) tend to live in neighborhoods where their own racial or ethnic group predominates. Thus, in Atlanta and D.C., the majority of recipients live in predominantly black neighborhoods. In fact, fewer than 10 percent of recipients in Atlanta and fewer than 5 percent of those in D.C. live in neighborhoods that are less than half black. In contrast, most Denver recipients live in tracts that are majority Hispanic, and in Providence, the bulk of recipients live in neighborhoods where Hispanics account for 10 to 50 percent of the population. Oakland exhibits the greatest diversity in neighborhood racial and ethnic composition, with about half of recipients living in neighborhoods that are majority black and about half living in neighborhoods that are 10 to 50 percent Hispanic.

Exhibit 11: Central City Welfare Recipients by Tract Percent Black

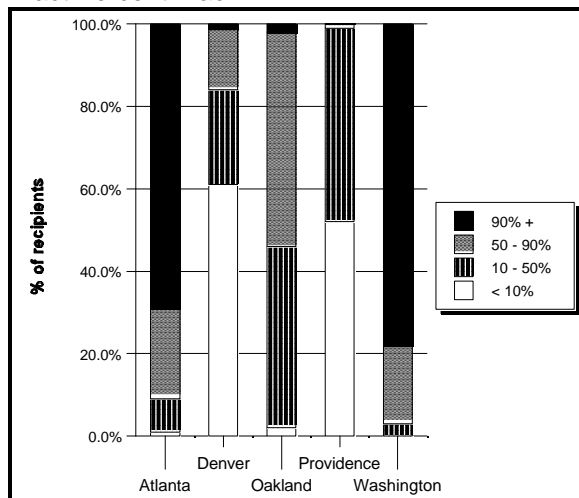
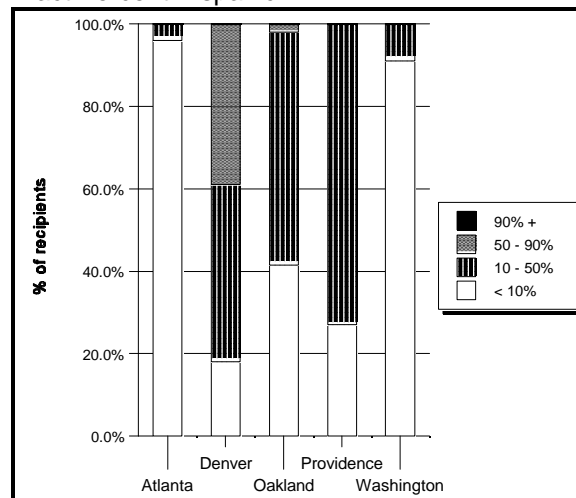
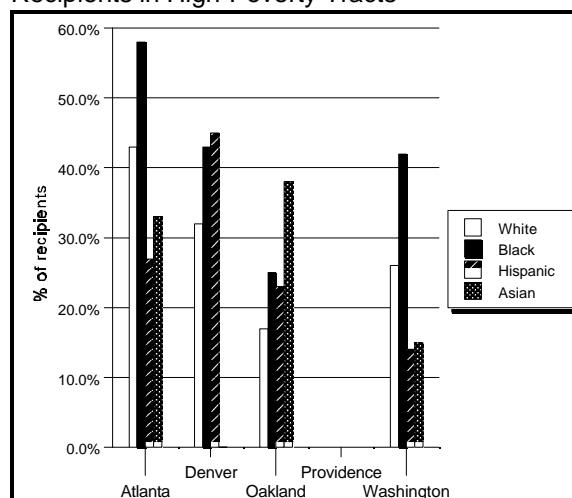


Exhibit 12: Central City Welfare Recipients by Tract Percent Hispanic



The extent to which central city welfare recipients live in high-poverty neighborhoods appears to vary significantly with their race or ethnicity. In Atlanta and Washington, D.C., where the welfare caseloads are overwhelmingly African American, African American recipients are the most likely to live in high-poverty neighborhoods, and Hispanics are the least likely. In Atlanta, 58 percent of black recipients live in high-poverty neighborhoods, compared to only 27 percent of Hispanics. And in Washington, 42 percent of black recipients but only 14 percent of Hispanic recipients live in high-poverty neighborhoods.

Exhibit 13: Share of Central City Welfare Recipients in High-Poverty Tracts



The picture appears to be very different in Oakland, however, where the welfare population is considerably more diverse. Although African Americans account for the largest share of welfare recipients in Oakland, the share of Asians and Hispanics is far greater than in either Atlanta or Washington. In fact, over one-quarter of recipients are Asians, and they are the most likely to be concentrated in high-poverty neighborhoods. Specifically, 38 percent of Asian recipients live in high-poverty tracts, compared to only 17 percent of whites, and 25 and 23 percent of blacks and Hispanics, respectively. In Denver, where roughly half of all welfare recipients are Hispanic, Hispanics are slightly more likely than blacks to live in high-poverty neighborhoods.

Map 2 and Exhibit 14 further illustrate the critical role of race and ethnicity in shaping locational patterns among welfare recipients. In both Atlanta and the District of Columbia, where the welfare caseloads are overwhelmingly black, African American recipients are highly clustered and tend to live in predominantly high-poverty neighborhoods. Although Hispanic welfare recipients in both of these cities are less likely to live in areas of high poverty, they nevertheless appear to quite tightly clustered in Washington, D.C. In Oakland, African Americans, Hispanics, and Asians are all highly clustered (in different areas of the city), while Asians are most likely to live in areas of high poverty. In Denver, Hispanics and blacks are both highly clustered (in distinct areas), with very high clustering among Hispanics. In all four sites, white recipients are the least clustered, geographically.

**Exhibit 14: Index of Clustering by Race/Ethnicity  
for Central City Welfare Caseloads**

	Atlanta	Denver	Oakland	Providence	Washington
Whites	0.029	0.168**	0.192**		0.044
Blacks	0.305**	0.261**	0.311**		0.337**
Hispanics	0.069**	0.420**	0.313**		0.446
Asians	0.119*		0.308**		0.426**

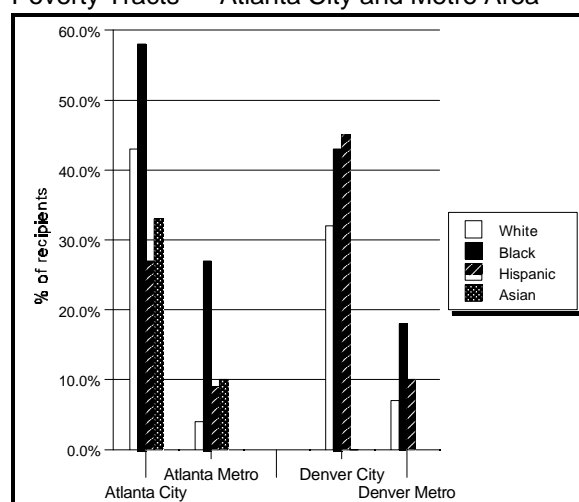
\* statistically significant at a 95% confidence level

\*\* statistically significant at a 99% confidence level

Source: NNIP Cross-Site Caseload Database

In Atlanta and Denver, where data on welfare recipients were assembled for the metropolitan region as a whole, differences in locational patterns by race and ethnicity are far greater at the metropolitan scale than within the central city. As discussed earlier, the welfare caseloads of both regions are considerably more diverse than those of their respective central cities. And the geographic concentration of African American recipients and the dispersal of whites and Hispanics is even more evident. While black recipients are highly concentrated in the central city and in higher-poverty suburban areas, white and to some extent Hispanic recipients are more widely scattered throughout the region. At the regional level, the share of blacks living in high-poverty neighborhoods substantially exceeds the share of whites and Hispanics. In the Atlanta region as a whole, nearly one-third of African American welfare recipients live in high-poverty areas, compared to less than 5 percent of white recipients and about 10 percent of Hispanics. In metropolitan Denver, 18 percent of African American recipients live in high-poverty neighborhoods, in contrast to only 7 percent of whites and 10 percent of Hispanics. Map 3 further illustrates the dramatic contrast in residential location patterns for white, black, and Hispanic welfare recipients in the Atlanta and Denver regions.

**Exhibit 15: Share of Welfare Recipients in High-Poverty Tracts — Atlanta City and Metro Area**



### 3. REGIONAL EMPLOYMENT OPPORTUNITIES

Successful welfare-to-work strategies need to respond not only to the characteristics and needs of the recipient population, but also to the opportunities offered by the metropolitan economy. In all five of the metro areas considered here, the vast majority of jobs are now located outside the central city, posing obvious challenges for central city welfare recipients. Moreover, the industrial and occupational mix varies substantially across these five regions, with significant implications for the availability and location of entry-level or low-skilled job opportunities.

#### **The Five Study Sites Reflect the Diversity of Metropolitan Economies Nationwide**

The labor markets of the five metropolitan areas studied here vary greatly in size and employment growth. The total size of the regional labor market ranges from 516,000 jobs in the Providence area to 2.5 million in metropolitan Washington, D.C. Moreover, Providence has experienced very little growth during the 1990s, while Atlanta and Denver have grown dramatically. Oakland and Washington have experienced more moderate growth rates during this decade. Despite these differences, however, unemployment rates are very low in all five metro areas — 4 percent or lower.<sup>9</sup>

**Exhibit 16: Metropolitan Labor Markets**

	Atlanta	Denver	Oakland	Providence	Washington
Total jobs (000)	2,036	1,099	976	516	2,550
% growth (90–98)	33.2%	30.2%	11.0%	3.2%	8.7%
% unemployment	3.6%	3.2%	4.0%	4.0%	3.4%

Source: 1998 Current Employment Survey

The major differences among these five metropolitan areas reflect the impressive employment gains enjoyed in the South and Mountain regions of the United States over the last 20 years and the relative stagnation of the Northeast. Cities in the South and West have either had fewer job losses or have added jobs — including jobs in industries with lower educational requirements (Wilson 1987). Many businesses have moved to regions where overall labor costs

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<sup>9</sup> It is important to note that the labor market data presented here do not include in San Francisco or Boston, cities which provide significant employment opportunities for residents in Oakland and Providence, respectively.

are lower and local regulations are less burdensome. Atlanta and Denver have also benefitted from their increased importance as airline hubs, which strongly correlate to positive metropolitan employment growth.

### Exhibit 17: Distribution of Metropolitan Jobs by Industry

	Atlanta	Denver	Oakland	Providence	Washington
Agric & Mining	0.96%	1.9%	1.3%	0.8%	0.9%
Construction	5.3%	5.3%	4.6%	4.0%	4.9%
Manufacturing	12.4%	11.5%	13.0%	23.4%	4.9%
Transp & Communic	9.1%	7.8%	6.3%	3.6%	5.9%
Trade	24.6%	21.1%	24.1%	21.4%	16.2%
FIRE*	7.3%	8.5%	7.3%	5.3%	7.0%
Personal Srvcs	1.7%	1.4%	1.7%	0.2%	1.3%
Business Srvcs	8.4%	8.8%	7.9%	4.3%	9.1%
Health Srvcs	6.2%	7.1%	7.5%	11.5%	6.2%
Educ Srvcs	5.0%	4.6%	6.6%	6.9%	4.9%
Social Srvcs	1.5%	1.8%	2.1%	2.5%	2.0%
Other Srvcs	13.1%	14.5%	14.4%	9.5%	20.1%
Public Admn	4.4%	5.8%	3.3%	5.3%	16.6%

\*FIRE is an abbreviation for Finance, Insurance, and Real Estate.

Source: NNIP Cross-Site Employment Database

The regional economies of our five study sites also differ with respect to their industrial composition, and reflect national — and global — economic trends. The importance of wholesale/retail trade and the service industries in all five regional labor markets reflects the nationwide shift away from goods-producing industries to service-producing activities. Providence — which had little employment growth over the last eight years — has the largest manufacturing base, at almost 25 percent of overall employment. In contrast, fewer than 5 percent of Washington-area jobs are in manufacturing. Wholesale and retail trade represent important sources of employment in all five metro areas, amounting to almost one-quarter of the jobs in Atlanta and Oakland. Trade is the largest employment sector in Denver and is the second

highest sector in Providence. Washington, as the national capital, reflects a unique sectoral pattern. Public administration accounts for almost 17 percent of all employment, and other services — which include hotels, recreation activities, legal services, and management-related services — account for one in five jobs in the region.

### **Entry-Level Jobs Represent a Small Share of All Employment Opportunities**

Because of the differences between metro areas in industry composition, the occupational mix varies as well. Data on the distribution of jobs by industrial sector were used to estimate the distribution of jobs by occupational category, using a three- step process. First, we converted four-digit SIC Industry categories into three-digit Census Industrial Classification (CIC) codes using a concordance file that matches each SIC code to the corresponding CIC code. Then we constructed an industry-occupation matrix for each region, using 1990 Census Public Use Microdata files (PUMS). For each industry category, this matrix reports the percentage of employees in each occupational category. Finally, this industry-occupation matrix was applied to the most current available data on employment by industry category to yield estimated counts of employment by occupational category.

The most numerous occupations in all five metropolitan areas are executive and managerial positions, professional specialty occupations, and administrative support positions. In the Washington metropolitan area, almost one in four jobs are executive or managerial, consistent with the important role of public administration in the regional economy. Providence enjoys a much larger share of precision production jobs and operator or laborer jobs, largely because manufacturing still plays a larger role in its economy than in other metropolitan regions. As American cities have transformed themselves from industrial centers into knowledge centers, the need for highly educated workers has increased. Thus, the occupational categories with the highest percentage of jobs tend to be professions requiring higher-level degrees. Even administrative support positions require at least a high school diploma and some level of training, especially in computers.

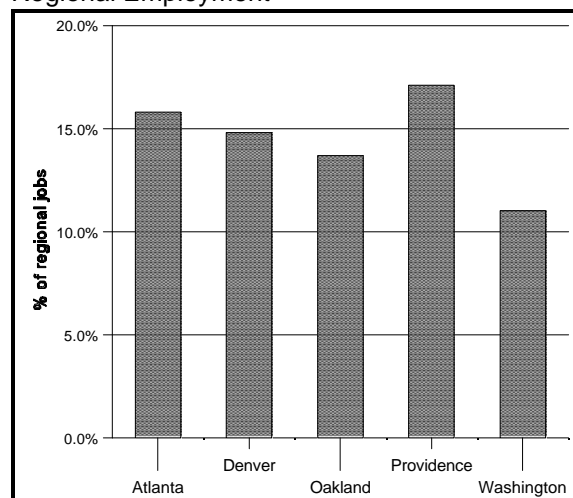
**Exhibit 18: Distribution of Jobs by Occupation**

	Atlanta	Denver	Oakland	Providence	Washington
Exec & Admn	16.4%	16.9%	18.1%	12.3%	22.3%
Prof Specialty	13.8%	18.2%	17.4%	15.1%	20.5%
Technicians	4.4%	4.9%	0.5%	3.5%	5.4%
Sales	14.7%	12.2%	13.7%	11.6%	9.8%
Admn Supp, Clerical	18.2%	18.2%	16.7%	12.9%	17.9%
Service	10.3%	11.7%	10.2%	13.0%	10.5%
Agricultural	0.9%	0.5%	0.1%	0.8%	0.6%
Prod, Craft & Repair	9.0%	7.7%	9.0%	14.4%	7.0%
Operators, Laborers	12.4%	9.7%	9.6%	13.6%	6.0%

Source: NNIP Cross-Site Employment Database

Building upon our estimates of jobs by occupational category, we calculated the number and share of “entry-level” jobs in each metropolitan region. These represent jobs for which significant numbers of welfare recipients are most likely to be qualified. The methodology for estimating entry-level jobs was developed by Laura Leete and Neil Bania at Case Western Reserve University (Leete and Bania 1999). They constructed a job content index based on education, training, and experience requirements, ranked occupations according to this index, and established a set of four basic skill categories. Entry-level jobs constitute the lowest category in this ranking scheme, and include jobs that require less than a high school diploma, little or no experience, limited reading and math proficiency, and less than six months of specialized training.

Exhibit 19: Entry-Level Jobs as a Share of Regional Employment



Entry-level jobs account for fewer than one in five positions in the five metropolitan areas under consideration here. Providence and Atlanta offer the largest share of entry-level opportunities, at 17 percent and 16 percent of all jobs, respectively. But the source of entry-level jobs is dramatically different in these two labor markets. In Providence, manufacturing firms generate significant numbers of entry-level positions in production, craft, and repair occupations and as operators and laborers. In contrast, entry-level opportunities in the Atlanta region stem primarily from the large numbers of sales, administrative, and service jobs. In the Washington metropolitan area, where public administration and high-tech service occupations predominate, only 11 percent of jobs are classified as entry-level.

### **Most Jobs Are Located Outside the Central City**

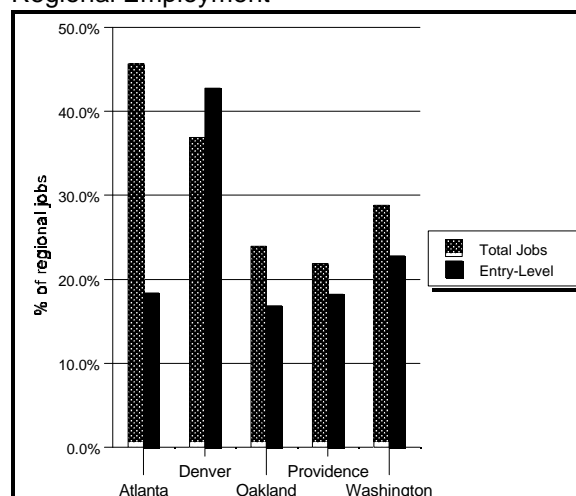
Metropolitan regions throughout the United States have experienced a steady trend toward suburbanization of both population and employment over the last three decades. The central cities' declining share of regional jobs reflects three important trends. First, many types of economic activity simply follow population, since individual households are their primary customers. Thus, as population grows in the suburbs, the number of suburban grocery stores, dry cleaners, gas stations, schools, and libraries grows as well, inevitably increasing suburban employment totals. In addition, many new businesses in urban areas have chosen to locate in the suburbs, even if they do not serve a primarily residential customer base. And finally, many established employers have left central cities for suburban locations over recent decades, some following the "pull" of residential suburbanization and others responding to perceived "push" factors such as crime, burdensome regulations, high taxes, and ineffective city services.

In all five of our study regions, the majority of employment opportunities are located in the suburbs. Atlanta accounts for the largest share of its region's jobs — with almost half of all jobs (45.7 percent) located in the central city. In contrast, the cities of Oakland and Providence account for much smaller shares of employment in their regions — closer to 20 percent. To some extent, the share of a region's jobs that are located in the central city is an artificial indicator, since central city boundaries encompass differing shares of a region's population and economic activity, depending on historical and political factors. In the five metro areas studied here, the central city's share of regional population ranges from a low of 13.9 percent in Atlanta to a high of 28.8 percent in Denver. The city's share of regional employment is consistently higher than its share of regional population. Thus, the central city may offer ample employment opportunities for central city residents, even though the majority of regional employment is

located in suburban areas.<sup>10</sup> The ratio between central city jobs and population is highest in Atlanta (where the central city counts for an unusually large share of jobs and a small share of population) and lowest in Denver (where the city accounts for a relatively large share of both jobs and population).

The distribution of entry-level jobs between central city and suburbs also varies dramatically across metropolitan areas.<sup>11</sup> Although the city of Atlanta accounts for almost half of its region's total jobs, it claims only 15.8 percent of entry-level jobs. In contrast, the city of Denver claims an even larger share of entry-level jobs (42.8 percent) than total jobs (36.9 percent). In Oakland, Providence, and Washington, the central city's share of entry-level jobs falls just slightly below its share of all jobs. Of the five sites studied here, the city of Oakland accounts for the smallest share of its region's entry-level jobs — only 16.8 percent.

Exhibit 20: Central City Jobs as a Share of Regional Employment



Although the majority of entry-level jobs in all five metro areas are located in the suburbs, the extent of deconcentration varies. For example, half of all entry-level jobs in Atlanta are located in tracts with less than 100 entry-level jobs per square mile. This pattern poses major logistical challenges for programs designed to link city welfare recipients to suburban jobs. In contrast, the Washington region has several significant concentrations of employment, both inside and outside the central city. As a result, almost one in ten of the region's entry-level jobs are located in tracts with very high concentrations of entry-level opportunities (more than 2,500 per square mile), suggesting greater potential to connect central city welfare recipients to these

<sup>10</sup> Analysis for the Washington region indicates that the number of low-skilled jobs located within the District of Columbia exceeds the number of low-skilled residents (employed or not) who are living there (Rubin and Turner 1998).

<sup>11</sup> We estimated the location of entry-level jobs based on the location of jobs in the occupational categories designated as entry-level. More specifically, data for each region provided counts of jobs by industry category in each zip code. We then applied the distribution of occupations by industry to these counts, yielding estimates of jobs by occupational category in each zip code. Finally, jobs in occupations designated as entry-level were tallied by zip code to yield estimates of entry-level opportunities by zip code.

suburban employment clusters. Entry-level employment is also quite highly concentrated in the Providence region, where three-fifths of all these jobs are located in tracts with at least 250 jobs per square mile.

Measures of geographic clustering confirm that entry-level opportunities are significantly more likely to be clustered in the Providence, Washington, and Denver regions than in Atlanta or Oakland. As discussed earlier, geographic clustering reflects the extent to which tracts with large numbers of entry-level jobs are located close together or scattered across the region. The clustering index reported in Exhibit 22 ranges from zero to one, where values close to one mean that areas with large numbers of entry-level jobs are contiguous to one another, and low values mean that these areas are more widely scattered across the metropolitan area as a whole.<sup>12</sup> Providence exhibits the highest level of entry-level job clustering; in fact, entry-level jobs in the Providence region are just as tightly clustered (Moran's  $I = 0.210$ ) as are central city welfare recipients (Moran's  $I = 0.188$ ). In Washington and Denver, entry-level jobs are substantially less clustered than central city welfare recipients, but several areas (both within in the central city and in the surrounding suburbs) appear to offer significant concentrations of employment opportunities. In Atlanta and Oakland, however, there is *no* statistically significant clustering of entry-level employment opportunities, despite high levels of clustering among central city welfare recipients. In these two regions, job opportunities are widely dispersed across the suburban landscape, creating significant challenges for central city jobseekers and complicating the design of transportation strategies linking central city neighborhoods to suburban work sites. Map 4 further illustrates variations across sites in the geographic dispersal of entry-level employment.

Exhibit 21: Entry-Level Jobs Per Square Mile

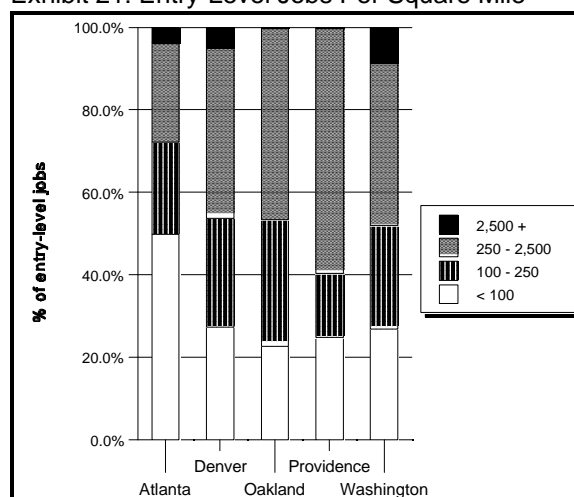


Exhibit 22: Index of Clustering for Entry-Level Employment Opportunities

	Atlanta	Denver	Oakland	Providence	Washington
Clustering Index	0.029	0.129	0.004	0.210	0.120
Probability	0.220	0.001	0.361	0.001	0.000

Source: NNIP Cross-Site Employment Database

<sup>12</sup> For more information on the calculation and interpretation of Moran's  $I$ , see Anselin (1992).

#### **4. LINKING CENTRAL CITY WELFARE RECIPIENTS TO ENTRY-LEVEL JOB OPENINGS**

Today, welfare recipients throughout the United States face increasing pressure to find and keep jobs, as the work requirements, time limits, and other sanctions of welfare reform go into effect. Despite booming economic growth in most parts of the country, the demands of welfare reform pose real challenges for many welfare families, who may have limited education, job skills, or work experience. In the early years of welfare reform, central city caseloads have been declining less rapidly than suburban and rural caseloads, suggesting that central city welfare recipients face particularly daunting barriers to getting and keeping jobs (Katz and Carnevale 1998). The suburbanization of entry-level employment opportunities in most metropolitan areas certainly contributes to these barriers, although discrimination, poor education and training, lack of affordable child care, criminal records, drug abuse, and lack of fluency in English are all important factors as well. Thus, initiatives that improve informational and transportation linkages between central city welfare recipients and entry-level employment opportunities in the suburbs have an important role to play in regional welfare-to-work strategies. But they should not be viewed as the whole solution to the challenge of helping large numbers of central city families make the transition from welfare to work.

##### **Services and Trade Are the Primary Sources of Entry-Level Job Growth**

Over the next decade, significant numbers of new entry-level jobs are expected to be created in four of the five metropolitan areas studied here — ranging from about 2,800 new positions annually in the Oakland region to almost 6,000 in the Atlanta region. Providence is the exception, with less than 1 percent annual growth in entry-level jobs (or about 815 new entry-level jobs per year). We estimated the number of new entry-level job openings based on regional industry growth estimates from the Commerce Department's Bureau of Economic Analysis (1995). Each state's expected growth rate was applied to industry job totals to estimate new openings by industry. We then used our estimates of skill levels by industry category (discussed in section 3) to forecast the number of new entry-level jobs created annually in each metropolitan region. It is important to note that these forecasts do *not* include estimates of expected turnover in the existing pool of jobs, which represents an important source of job openings. Thus, these estimates do not reflect the total number of entry-level jobs likely to open up annually. But they do reflect the *net growth* in entry-level employment expected for each region.

**Exhibit 23: Estimated Annual Growth in Entry-Level Employment**

	Atlanta	Denver	Oakland	Providence	Washington
New entry-level jobs created (metro-wide)	5,964	3,587	2,776	815	4,107
Annual % increase in entry-level jobs	1.9	2.2	2.1	0.9	1.5
Central city adult welfare recipients	20,743	4,174	13,731	7,789	18,573
Est flow of recipients to job market (15%)	3,111	626	2,060	1,168	2,786
Ratio new cc workers to new metro jobs	0.52	0.17	0.74	1.43	0.68

Source: NNIP Cross-Site Employment Database

The pace of new entry-level job creation varies significantly across sites, relative to the size of the central city welfare caseload. In the Denver region, the number of new entry-level jobs created annually is almost as large as the total central city welfare caseload (adults only). In contrast, Providence's central city caseload is almost ten times as large as the number of new entry-level jobs expected to be created annually for the region as a whole. If we assume that approximately 15 percent of adult recipients enter the labor market annually,<sup>13</sup> then the number of new entry-level jobs regionwide exceeds the number of city welfare recipients joining the workforce everywhere except Providence, where the estimated number of city recipients joining the workforce substantially exceeds the number of new entry-level jobs forecast for the region as a whole. Of course, central city welfare recipients are not the only candidates for new job openings in a metropolitan labor market. So these ratios should not be interpreted to reflect the share of welfare recipients who can be absorbed annually. Instead, they represent more approximate indicators of the adequacy of entry-level job creation relative to the size of the central city welfare population.

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<sup>13</sup> See Lerman, Loprest, and Ratcliffe (1999), who estimate the number of welfare "leavers" for selected metro areas under varying assumptions. They find substantial variations in the share of recipients *required* to leave welfare, due to differences in state welfare reform policies. In some metro areas, the estimated number of recipients required to seek jobs annually is substantially lower than the 15 percent estimate used here, primarily because of caseload declines that have already occurred.

In the five metropolitan areas studied here, the trade and service sectors constitute the major sources of new entry-level jobs. As shown in Exhibit 24, manufacturing industries are generally not experiencing significant growth and should not be seen as the source of large numbers of new entry-level employment opportunities. In particular, Providence — which has the largest existing manufacturing base — is forecast to *lose* entry-level manufacturing jobs during the 1990s. The emergence of flexible manufacturing systems has created a demand for technicians, engineers, and programmers who are familiar with the latest computer technology. It has also spawned an increase in temporary help supply services, as firms seek to increase their hiring flexibility (OhUallachain 1988).

**Exhibit 24: Distribution of New Entry-Level Openings by Industry**

	Atlanta	Denver	Oakland	Providence	Washington
Agric & Mining	4.4%	3.8%	4.4%	3.4%	2.8%
Construction	2.7%	2.3%	5.6%	4.3%	3.8%
Manufacturing	1.9%	4.6%	6.8%	-28.4%	-1.1%
Transp & Communic	14.8%	10.6%	11.1%	4.3%	5.4%
Trade	34.4%	34.1%	38.8%	53.3%	22.2%
FIRE*	1.4%	2.1%	1.9%	3.4%	2.2%
Personal Svcs	2.2%	1.6%	2.1%	3.2%	1.8%
Business Svcs	17.2%	16.5%	9.9%	15.4%	23.6%
Health Svcs	3.8%	3.4%	2.9%	15.9%	4.6%
Educ Svcs	3.0%	2.3%	3.1%	6.4%	4.0%
Social Svcs	0.7%	1.4%	2.0%	1.9%	1.1%
Other Svcs	13.0%	16.5%	10.8%	19.5%	28.3%
Public Admn	0.5%	0.9%	0.5%	0.7%	1.3%

\*FIRE is an abbreviation for Finance, Insurance, and Real Estate.

Source: NNIP Cross-Site Employment Database

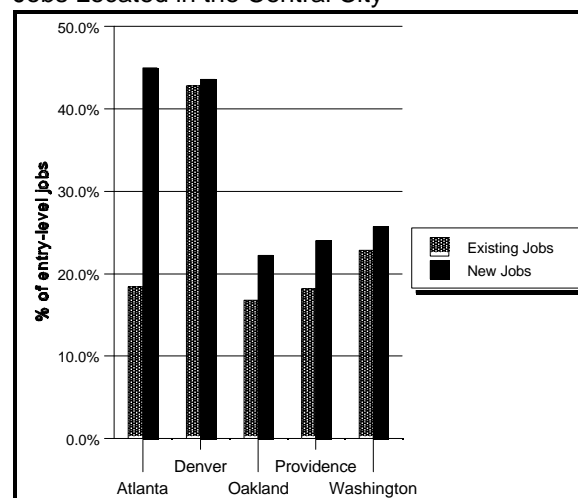
In contrast to the manufacturing sector, wholesale and retail trade consistently accounts for a substantial proportion of new entry-level jobs, ranging from 22.2 percent in the Washington region to 38.8 percent in the Oakland area. Business services and other services (which include legal, entertainment, and repair firms) are also expected to generate significant shares of new entry-level jobs, especially in the Washington metropolitan area, where over half of all new entry-level jobs are forecast for these two sectors. Although firms in these sectors are typically seen as employing highly skilled workers, they also generate jobs for many low-skilled employees. For example, medical centers and universities employ physical plant workers, security guards, food-service workers, and cleaning workers. Downtown office complexes employ janitors and repair workers as well as transportation workers (truck drivers, cab drivers, messengers). Nonprofit and for-profit service enterprises also stimulate other businesses, such as hotels and restaurants that employ large numbers of food-service and cleaning service workers (Cohn and Fosset, 1996).

The transportation and communication sector constitutes a significant source of entry-level job creation, especially in Atlanta, where it accounts for almost 15 percent of new entry-level positions forecast. This likely reflects Atlanta's position as an airline hub. Hubs concentrate airline activities to reduce overall labor costs, thereby increasing the number of locally based jobs in that industry. And in Providence, which is losing manufacturing employment, health services emerges as an important source of entry-level job openings, accounting for about 16 percent of expected new positions.

### **Most Entry-Level Openings Are Far from Central City Welfare Recipients**

If the location of new entry-level jobs corresponds to current geographic patterns, most of the new entry-level jobs being created in the five metro areas studied here are likely to be located in the suburbs, not the central city. However, in Atlanta and Oakland, new entry-level jobs are actually *more* likely to be located in the central city than are existing entry-level jobs. Specifically, 45.0 percent of Atlanta's new entry-level positions are expected to be located within the central city, compared to less than 20 percent of existing entry-level employment. And 22.2 percent of new entry-level jobs in the Oakland metropolitan area are forecast for the city of Oakland, compared to only about 15 percent of

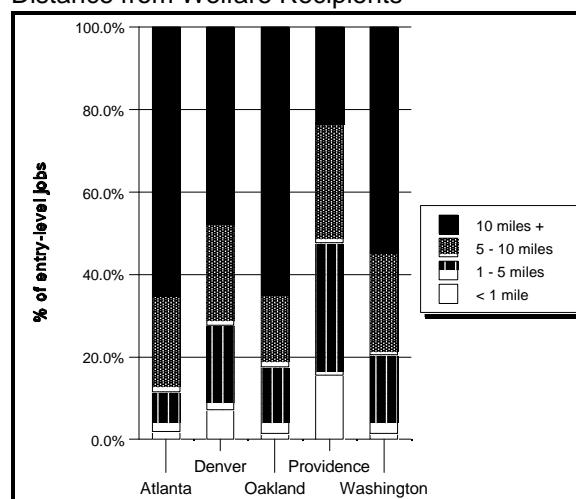
Exhibit 25: Share of New and Existing Entry-Level Jobs Located in the Central City



existing positions.<sup>14</sup> This reflects the fact that industry sectors expected to generate significant numbers of entry-level positions still have a significant presence in the central city of these metro areas, and reinforces earlier findings that even when the suburbs account for the majority of a region's jobs, the central city may represent a substantial (and growing) source for employment opportunities.

Nevertheless, few new entry-level jobs are being created in close proximity to concentrations of central city welfare recipients. In fact, with the exception of Providence, most entry-level job creation is located more than 10 miles away from the geographic center of central city welfare recipients' residential locations. For each of the metro areas studied here, we determined the "mean center" of locations where central city welfare recipients live, and then estimated the number of new entry-level jobs located within one mile, five miles, and ten miles of this location.<sup>15</sup> In Atlanta, three-quarters of new entry-level jobs are more than 10 miles away from the mean center for city welfare recipients, and in Oakland the share of new entry-level jobs at this distance exceeds 70 percent. Only in Providence, where entry-level job creation is particularly low, are new entry-level jobs located close to central city welfare populations.

Exhibit 26: Share of New Entry-Level Jobs by Distance from Welfare Recipients



Map 5 further illustrates the locational distribution of entry-level job growth relative to the central city welfare population. In all five metropolitan areas, efforts to link central city welfare recipients to work clearly need to include strategies that help them find out about and commute to suburban jobs that may be quite far away (as in Oakland) and widely scattered (as in Atlanta). However, these strategies should not overlook potential clusters of entry-level employment growth occurring inside central<sup>16</sup> cities (such as Atlanta and Denver), and they should attempt to capitalize on any suburban employment clusters that may exist in the region (as in the Washington suburbs).

<sup>14</sup> We estimated the number of new jobs by zip code by applying rates of job growth by industry to current counts of jobs by industry by zip code.

<sup>15</sup> The mean center represents the average x,y coordinates of a welfare recipient in the city.

<sup>16</sup> We estimated the number of new jobs by zip code by applying rates of job growth by industry to current counts of jobs by industry by zip code.

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