

TANF LABOR MARKET SURVEY

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSIONS

A. JUSTIFICATION

1. Need and Legal Basis

A considerable body of research has examined how welfare leavers and other low-skilled workers have fared in the labor market and what barriers they must overcome. Most research has focused on the workers themselves—the supply side of the labor market—but this is only half the equation. Understanding the motivations, hiring practices, and workplace policies of employers—the demand side—can provide considerable information to policymakers interested in promoting work and advancement among welfare recipients and other less-skilled workers. To date, research on employers who hire or might hire welfare recipients is limited. Although there are many small-scale, qualitative studies of employers, there are few large-scale survey efforts, and those that do exist are limited to private employers in specific geographic areas.

A national survey of employers in the low-wage labor market will provide a considerable amount of useful information to policymakers and employers as well. A national survey could identify common or “best” screening practices used by employers that actually hire such workers. This might include the use of workforce intermediaries, screening examinations, interviewing techniques, and various forms of employee references. It will also be useful to learn the extent to which newly hired less-skilled workers receive either formal training or mentoring or are eligible for benefits like paid leave. All these factors could contribute to employee retention and advancement. A national survey of employers that measures how the

last less-skilled worker hired fared on the job could provide key information on what employer practices and policies are associated with workplace success for less-skilled workers.

2. Information Users

Information for the national survey of business establishments will be collected and analyzed by the Urban Institute and Mathematica Policy Research, Inc. (MPR), under contract number 233-02-0092, Task Order No. HHSP23300012T, with the U.S. Department of Health and Human Services (DHHS), titled “Understanding the Demand Side of the TANF Labor Market.”

3. Use of Information Technology

Data collection is to be achieved through a telephone survey of business establishments using computer-assisted telephone interviewing (CATI). A computerized system for keeping track of mail versions of the questionnaire will also be used on the survey.

4. Duplication of Efforts

This survey will only be administered to a national sample of business establishments selected exclusively for this study. We therefore find no duplication of our efforts.

5. Small Businesses

All sections of the questionnaire apply equally to both large and small entities, so development of a shorter version for small entities was not feasible. The survey was designed to place a minimal burden on any business establishment.

6. Less-Frequent Collection

Not conducting this survey would limit DHHS’s understanding of the demand side of the Temporary Assistance for Needy Families (TANF) labor market.

7. Special Circumstances

There are no special circumstances that would cause the collection of information to be inconsistent with 5 CFR 1320.6.

8. Federal Register/Outside Consultation

The notice required in 5 CFR 1320.8(d) was published in the Federal Register on April 13, 2006 (vol. 71, no. 71, p. 19188). The notice is attached as Appendix C.

Pursuant to the Federal Register notice, DHHS received formal comments from The Workforce Alliance (TWA) and the Texas Workforce Commission (TWC). These comments are attached as Appendix D.

In the main, TWA expressed concern about the survey's focus on jobs that require a high school degree or less. Specifically, TWA worried that the survey would not capture employers who want to hire more skilled workers.

In response to TWA's comments, the survey instrument was revised to include several questions that ask specifically about specific skills training and whether such training is a requirement of the job. However, for several reasons, the survey's focus remains on employers filling jobs requiring a high school degree or less. First, although the jobs may not require more than a high school degree, the workers themselves may have more education, and the survey asks about this. Second, $\frac{2}{3}$ to $\frac{3}{4}$ of TANF recipients have a high school degree or less. And finally, expanding the skill requirements of the job greatly expands the pool of "last hired" workers. Given how low the TANF rolls are today, broadening the sample will make it difficult to obtain enough employers whose last hired worker was a TANF recipient to perform meaningful subgroup analyses.

TWA also noted that the survey will not provide the Department with information it needs to craft policies to help families reach self-sufficiency; however, many such policies are likely to be worker-based rather than employer-based. This employer survey will provide a considerable amount of information on the types of jobs available to less skilled workers and TANF recipients, and the types of employers (industries, firm sizes) that offer less skilled workers the highest wages, benefits, services, and opportunities for advancement. This will surely help the Department in formulating policies to match TANF recipients with appropriate types of employers and to help ensure they have the skills that those employers want.

Comments from TWC centered on the importance of acquiring information on the skill demands of employers in low-wage industries. By oversampling industries that employ low-wage workers and by screening out employers that have not filled a position requiring a high school degree or less in the past two years, the survey sample is geared toward identifying employers that are likely to hire less-skilled workers. To obtain information on skill demands, the survey instrument contains a series of questions about the skill demands of the most recent job filled requiring a high school degree or less. Specifically, the survey asks about the importance of the hired worker having a high school degree, prior work experience, and specific training and certifications. The survey also asks about the specific skills used on that job. In addition, the survey also gathers information about difficulties the employer has in finding qualified workers. Finally, the survey also asks employers about their use of workforce intermediaries and whether these intermediaries provide skills training to potential less-skilled hires. As such, the survey will provide useful information on the skill demands of employers in the low-wage labor market.

In addition to receiving comments pursuant to the federal register notice, DHHS also received input from The Urban Institute and MPR for the study. Senior technical staff from the Urban Institute and MPR who have furnished assistance are:

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|----------------|----------------|
| Gregory Acs | (202) 261-5522 |
| Pamela Loprest | (202) 261-5659 |
| Todd Ensor | (609) 275-2326 |
| Frank Potter | (609) 936-2799 |

9. Payment/Gifts to Respondents

There are no plans for payment of any kind to respondents.

10. Confidentiality

This is an “establishment” survey, and the questions asked will refer to the sampled business establishment and not to individuals. Although an establishment’s representative is asked about the worker most recently hired into a job requiring a high school degree or less education, the worker’s identity is never requested. Further, although the survey will also not ask any questions of a proprietary or sensitive nature about the operation of the business establishment, such as with regard to profit margins or other competitive information, we will inform respondents that their responses will be kept confidential because we believe this assurance will increase our response rate. We will follow data security protocols established by the Urban Institute’s Institutional Review Board. Specifically, we will inform respondents that data will be presented only in aggregated, tabular form and any public use data files will be stripped of all unique identifying information. All parties with access to the raw data including interviewers and analysts will sign confidentiality pledges and data files with identifying information will be password protected and kept under lock and key.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Burden Estimates (Hours and Wages)

Table 1 presents estimates of respondent burden. Because this is a one-time data collection effort, “total response burden” is merely the time taken to provide information once. Time required to complete the telephone interview was based on five sample interviews conducted during a pre-test of the attached survey instrument.

TABLE 1
RESPONSE BURDEN

| Respondent Type | Number of Respondents | Responses per Respondent | Hours per Response | Total Response Burden (Hours) |
|-----------------|-----------------------|--------------------------|--------------------|-------------------------------|
| Businesses | 1,300 | 1 | 0.33 | 429 |
| Total | 1,300 | 1 | 0.33 | 429 |

The questionnaire will typically be completed by the person responsible for hiring and supervision of employees with a high school degree or less. This would be someone at the personnel office or at the supervisory level. Using an approximate wage, from the Bureau of Labor Statistic’s National Compensation Survey, of about \$34 per hour for this position, the estimated cost per respondent is 0.33 hours × \$34 per hour, or \$11.22.

13. Capital Costs

There are no direct costs to respondents other than their time to participate in the study.

14. Cost to the Federal Government

The estimated cost of the study to the Federal Government is \$496,652 over a period of 24 months (October 2005 to September 2007). This estimate includes contractor’s and subcontractor’s costs for labor, other direct costs, and indirect costs for conducting and tabulating the survey.

15. Changes to Burden

This is a new data collection.

16. Publication/Tabulation Dates

Data collected through the employer survey will be analyzed using basic tabular techniques and a limited number of multivariate regressions. Because the data will be based on a statistical sample with stratification and unequal sampling weights, we will conduct all analysis using statistical software taking into account the sample design (such as SUDAAN, STATA or SAS). All analysis will show estimates and some measure of the precision for the estimates, such as standard errors or confidence intervals, as appropriate for the specific analysis or tabular presentation.

The goal of these analyses is a better understanding of the demand side of the labor market facing less-skilled workers, such as women leaving public assistance. The tabulations will be used to describe the types of employers that hire such workers (industry, establishment size, etc.), the hiring techniques they use, the post-employment training and supervision they provide, and their provision of pay and worker benefits. We will also compare employers by location (urban, suburban, and ex-urban), and assess the extent to which employer characteristics, hiring practices, pay, benefits, and post-employment training are linked to employee retention and advancement for the last less-skilled worker hired. Findings from the analyses will be disseminated in a report to the funding agency (DHHS). With permission of the agency, findings will also be disseminated through policy briefs published by the Urban Institute. Publication of findings in a scholarly journal is also under consideration.

a. Project Schedule

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|---------------------|-----------------------------------|
| OMB Approval | September 2006 |
| Survey in the Field | October 2006 through January 2007 |
| Submit Final Report | September 2007 |

17. Expiration Date

The OMB expiration date will be displayed on the introductory letter, questionnaire, fact sheet, and any advance material sent to respondents.

18. Certification Statement

The data collection will conform to all provisions of the Paperwork Reduction Act.