

**“SPATIAL MISMATCH, LOCAL ECONOMIC CONDITIONS, & JOB SEARCH OUTCOMES
OF WELFARE RECIPIENTS”**

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ABSTRACT

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 abolished Aid to Families with Dependent Children (AFDC), the program through which eligible families were entitled to cash assistance, and replaced it with Temporary Assistance to Needy Families (TANF), a time-limited block grant program. TANF requires recipients to participate in work or work-based activities in order to receive cash assistance. TANF's work requirements and participation mandates have led most states and localities to implement programs that focus on job search assistance.

This paper investigates the effects of job accessibility, local economic conditions, and other search-related variables on the search duration of a sample of former/current welfare recipients. Job search behavior and its effects on search duration are analyzed to investigate the role that access to employment opportunities has on the labor market outcomes of less-educated individuals. Most of the previous spatial mismatch literature focuses on men. Low-income single mothers' job search patterns are likely to be more geographically constrained due to child care considerations. The findings of this study on the role of access and dimensions of job search have important policy implications for the success of welfare reform, given the programmatic emphasis on job search assistance.

The empirical analysis in this paper combines survey data from employers and longitudinal data from former/current welfare recipients covering the period 1997-early 2004. The Women's Employment Study (WES), administered by the University of Michigan Poverty Research Center, contains the panel data of former/current sample of welfare recipients; and the

Michigan Employer Survey (MES), administered by Harry Holzer, contains the employer survey data utilized in the paper. Both sets of data are drawn from the same large metropolitan area in Michigan.

For each respondent, geographic measures of job accessibility are developed using the spatial distribution of the sample of recently filled non-college jobs from the Michigan Employer Survey, which approximates the sample of jobs available to current/recent job searchers. The measures also account for the spatial distribution of the competing workforce for these non-college jobs. This work builds on the work of Johnson (2004) in the spatial modeling of job accessibility.

Of particular interest, in 1997, the metropolitan area analyzed in this paper received a pilot-planning grant from the Federal Transit Administration to "identify job access problems and develop strategies to solve those problems" (DOT, September 4, 1997). The Mass Transit District will transport inner-city residents to jobs in outlying areas. Thus, this metropolitan area has already been identified as a metropolitan area suffering from spatial mismatch. The WES data contains information on how many minutes the respondent lives from the nearest bus stop, along with reports of whether the bus route include the places the respondent needs to go. These survey questions are particularly important, as a significant fraction of the WES sample do not own or have regular use of a car.

In this paper, I examine the interaction between job accessibility and child care accessibility. Specifically, I use data containing the spatial distribution of child care providers and explore various ways to integrate the joint distribution of job accessibility and child care accessibility into the model of job search.

There are a number of unique attributes of both the WES and MES survey data sets that make available the opportunity to investigate the effects of spatial factors and local economic conditions on job search outcomes. First, the WES allows for a unique analysis of job search behavior and search outcomes because it contains detailed information about how and where

individuals searched for jobs, as well as extensive information about the search methods used on the individual's most recent job search and the length of the job search spell (including, when search began, when it ended, and whether the search culminated in obtaining a new job, or whether the search spell was still on-going at the time of the interview). This information was collected from both individuals who were employed and unemployed, allowing a distinction to be drawn between individuals who obtained transitional employment while continuing to search, and those who successfully complete a job search. This job search analysis is only one of a handful of studies that analyzes the search durations of both individuals searching while employed and those searching while unemployed.

I merge monthly county unemployment rate information and use the job search histories over the seven-year analysis period of WES to examine the effects of changing economic conditions on the job search behavior and search outcomes (search duration) of former/current welfare recipients.

I exploit the longitudinal dimension of the WES data in several ways and extend the job search analyses contained in Johnson (2004). First, there was a considerable amount of residential location changes that occurred among the WES sample over the five waves of the study (time period 1997-2004), creating potential changes in job accessibility (__% of the sample moved at least once over this period). As well, I have multiple job search information over the waves for nearly all respondents. This allows me to estimate a fixed-effect Cox proportional hazard model using the multiple job searches for the same individual to difference out unobserved heterogeneity. In this way, I estimate the effects of job accessibility, local economic conditions, and the other search-related variables on search duration, explicitly taking into account unobserved heterogeneity.